INFLUENCE OF CUSTOMER RETENTION STRATEGIES ON THE ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS IN THIKA TOWN

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DECLARATION AND APPROVAL

I understand that plagiarism is an offense and I therefore declare that this project report is my original work and has not been presented to any other institution for any other award

Signature ______________________ Date ____________________

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

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DEDICATION

This project is dedicated to my parents, Charles and Susan Gitahi, who have made great sacrifices in their lives to get me to where I am today.

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I would like to express my gratitude to the Almighty God for the wisdom, resilience, and perseverance He has bestowed upon me throughout my life.

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ABREVIATIONS AND ACRONYMS

ATM	Automatic Teller Machine
BIN	Bank Identification Number
CBK	Central Bank of Kenya
CBR	Central Bank Rate
CSR	Corporate Social Responsibility
CRM	Customer Relationship Management
IT	Information Technology
KCB	KCB Bank Group Limited
POS	Point of Sale Terminal
STD DEV	Standard Deviation

DEFINITION OF TERMS

Corporate Image: This symbolizes a state of mind that stakeholders have about an organization. It is what the stakeholders view as a mental picture in relation to the way they identify an organization (Dick & Basu, 2014).

Loyalty and Rewards Programs: These are organizational plans designed to allow clients to amass free prizes when they purchase in numerous occasions with an organization to enhance customer loyalty (Liu, 2017).

Organizational Performance: This comprises investigation of the output of a firm in relation to the projected outputs. It is measured through the efficiency and effectiveness of the firm to realize the preferred outputs (Armstrong, 2010).

Quality Service: This refers to what the consumer acquires and is ready to pay towards it in place of what the seller puts in to sell. Subsequently, service quality links the anticipated service and the concrete perceived service (Al Ababneh, 2017).

Service Distribution Channels: These are channels used to bridge the gap between producers and consumers by adding value to services and at the same time support firms in satisfying their customer's preferences and tastes (Neslin et al., 2016).

ABSTRACT

Customer retention, as a concept, has grown in acceptance by players in the services sectors. Extensive research studies have been conducted on strategies employed in customer retention. However, there is insufficient research on what links organizational performance of firms and customer retention strategies. The research objectives were to establish how strategies employed in customer retention influenced commercial banks' organizational performance of in Thika Town of Kiambu County. In the literature review, the researcher reviewed three theories in the theoretical framework to demonstrate the connection between customer retention strategies and organizational performance of commercial banks. Among the concepts were the Loyalty Effect, Social Exchange, and Customer Bonding. The study's population consisted of 227 employees from Thika's 22 commercial banks, and it was conducted using a descriptive research method. The study used purposeful sampling, which included branch management, supervisors, and other customer-facing staff from the 121 target institutions at the time. A questionnaire with both open-ended and closed-ended questions was used as the study tool. Version 21 of the Statistical Package for Social Sciences was used to analyze the data. To determine the direction and connection of variables, the researcher used correlation and regression analysis. Based on the objectives, the findings were recorded using frequencies, charts, and tables. Commercial banks used a variety of distribution channels for their services, including mobile banking, POS Terminals, Agency banking, and Automatic Teller Machines, according to the survey. According to the findings, the success of Commercial Banks in Thika town was aided by the development of loyalty and rewards programs, a strong corporate image, and the supply of high-quality services. As a result, banks must continue to innovate in distribution and implement high-quality service methods. Banks can also continue to improve their performance by investing in loyalty and rewards programs and enhancing their corporate image.

CHAPTER ONE

1.0 INTRODUCTION

Customer retention, as a concept, has grown in acceptance by players in the services sectors. Extensive research studies have been conducted on strategies employed in customer retention. However, there is insufficient research on what links organizational performance of firms and customer retention strategies. This chapter opens the research study by assessing customer retention techniques used by commercial banks in Thika town and how this affects their organizational performance. The problem and aims of the study, as well as the research questions the researcher seeks to answer, are discussed in this part. The significance, scope, limits, and assumptions of the study will be reviewed next.

1.1 The Study's Background

The current global economy has seen the increased impetus by organizations to ensure retention of their clients due to reduction in client loyalty and due to lower rates of growth on clients. This development is attributed mainly by the existence of organizations within the market that tend to offer products that are virtually homogenous in addition to the ease and comparatively seamless swinging by client from one firm to the next. Effectively, organizations loss of a client to its rivals leads to a direct impact on the organizations bottom line. As a result, organizations have heightened their emphasis on client retention more than their efforts to acquire new clients. The effort therefore for most of the organizations in the service industry primarily remains on the client since businesses cannot exist without them. The banking industry is one of the industries where this concept is well presented. Financial institutions offer uniform products, which necessitates the maintenance of successful relationships with customers (Abratt & Russell, 2014).

According to Gummerson (2012), organizations should utilize customer retention tactics that are highly tailored to their customers in order to increase client retention. The author contends that it is essential for service providers to place emphasis on establishment of close and strong client relationships in order for the firms to retain customers over a longer period of time. Customer retention strategies in Gummerson's opinion are an organization's capability to keep their clients engaged, their ability to convey confidence and deliver superior services. The research findings by Gummerson show that firms engage the switching barriers and the creation of customer satisfaction as the major strategies firms employ to retain customers.

The costs associated with switching from one organization to the next and the appeal of the other choices coupled with the enhancement of service and the institution of the switching barrier have a substantial influence on customer retention (Gwinner, 2010). Consequently, the expectations of clients about the services offered are greater which effectively makes it easier to move between banks. It has been empirically verified that customer retention is linked to customer satisfaction within service industry. However, clients' commitment and contentment on services offered exceeds client satisfaction.

1.1.1 Customer Retention Strategies and Organizational performance

The strategies that firms employ in order to guarantee that their clients do not move to the competition are called customer retention strategies. According to Dawkins (2015), the banking sector exhibits a great degree of competition amongst the players in the industry. Consequently, banks find that it is inherently more profitable to retain an existing client than the process of acquiring a new one in order to replave one who has left. The costs usually incurred by organization in the process of acquiring additional customers are often sustained in the process of development of the commercial relationship (Reichfield,2016).

Amandu and Anwar (2015) researched the Malaysian mobile telephony industry and the constituents of customer retention strategy in the country. These authors found that client solidarity, trust, relational investment and satisfaction were key elements of customer retention strategies. The authors contended that organizations must ensure that these elements are fully executed in order to ensure customer retention. It is therefore vital for organizations to retain existing clients since in the current unpredictable and exceedingly competitive industry it is costly to recruit new ones. Subsequently, the players in the services sector need to be cognisant of the important and pertinent essentials of effective customers’ retention.

Mukwada and Motshedisi (2015) focused on client retention methods used by the South African mobile phone industry, which included MTN, Vodacom, and Cell C as prominent service providers. The authors established that the South African mobile phone sector, in recent years, had seen a considerable rise in the number of subscribers, with some service providers experiencing over 30% growth in subscriptions. The authors believed that there had been an extraordinary upsurge in mobile phone enrolments from the year 2012 to 2014. The data showed a 34% growth in enrolments for Cell C, which more than doubled enrolments for Vodacom and MTN, companies that were regarded as having the highest market share at the time. Mukwada and Motshedisi hypothesized that switching of subscribers from MTN and Vodacom was the factor mainly attributed to the subscriber growth for Cell C.

Momanyi, Kemunto, and Ogutu (2015) investigated the efficiency of client retention tactics in Kenya. Financial institutions used staff training, product innovation, and customer relationship management as effective client retention methods, according to the authors. The authors recognized that firms must generate value for their client and establish employee reward programs related to the enhancement of customer retention. They established that financial institutions must evaluate their clients needs to better develop effective customized strategies that would enhance retention. These authors maintained that commercial banks in Kenya face a challenging mission of obtaining new clients, building their confidence and maintaining key value customers while continuing to post robust financial performance in the changing dynamics in the banking industry. Though there are numerous studies on customer retention strategies, there is inadequate experimental studies examining the relationship between organizational performance and customer retention strategies in the banking sector.

1.1.2 The Banking Industry in Kenya

Commercial Banks have the critical role of providing financial services to individuals and businesses. Maleche (2014) argued that with a large number of companies in the financial services industry and policies by Central Bank of Kenya (CBK) that encourage financial institutions that are not licensed as banks to convert into commercial banks, the banking sector has developed in to a very competitive industry. Furthermore, financial institutions in the Kenyan banking sector have increasingly adopted information technology (IT) in running of their processes, effectively leading to a considerable saving on cost, improved service speeds, flexibility and convenience.

Keaveney (2015) postulated that as a result of the aforementioned challenges in the banking sector overall, most financial institutions resorted to a change from the traditional strategies primarily focussed on the potential customer such as promotional marketing campaigns, rebranding, diversification and product development since they generally became insufficient as a competitive advantage. As a result, customer retention as a strategy grew in popularity as the most cost-effective technique for gaining a competitive edge over time.

1.1.3 Kenyan Commercial Banks

The banking industry in Kenya is governed by the Central Bank of Kenya Act, the Banking Act, the Companies Act, and the Central Bank of Kenya prudential guidelines. The Kenyan banking sector's policies and guidelines are aimed at ensuring that financial services are managed effectively (CBK, 2015). According to Kamau (2015), the Kenyan banking industry has seen an increase in the number of financial products available, as well as an increase in the financial system's efficiency. Furthermore, the number of commercial bank branches, ATM network, deposit volume, loan facilities, and staff in these companies have all expanded (CBK, 2015).

The period between the year 2000 and now may be considered as the era of emerging financial instruments and technological innovation. This period has had the emergence of new services and products within the banking sector including internet banking, mobile banking, electronic commerce (e-commerce) amongst many others.

The basic function of any bank is to deposit funds in to their customer's accounts and thereafter utilize the funds to offer loans to other customers in order to generate interest. In addition, banks offer various types of services including savings and checking accounts that facilitate transactions that in turn generate income through transaction fees. Banks also offer tools and services including cheque books, internet banking, ATM cards and mobile banking to name a few, in order to make it convenient for their customers to transact.

1.1.4 Thika Town Profile and Commercial Banks in Thika

Thika is an industrial town within the County of Kiambu located to the northeastern side of Nairobi, the capital city Kenya. The town has experienced rapid growth in the population owing to the ever-mushrooming industries within the area and the vicinity of the town to the city of Nairobi. As a sub-county, Thika has Gatundu North, Gatanga, Gatundu, Kakuzi, Municipality, and Ruiru as its six divisions. The town, that serves as the sub-county headquarters of the Thika Sub-county, is recognized for the large presence of commerce and industry, operating as an industrial satellite node of Nairobi City.

According to Mosoti & Murabu (2014), Thika town leads other Kenyan towns in new business registration and is known for horticulture, light industry and food processing among others. As at 2019, the Kenya National Bureau of Statistics data showed a populace of 279,429 in Thika as a sub county of Kiambu county.

Thika town surroundings have seem tremendous growth in the real estate sector owing to the increasing need for housing for individuals working within the town and the neighbouring counties such as Nairobi. The town had 22 commercial bank branches and several microfinance institutions at the time of the study serving as units for banks whose head offices are located in the neighbouring Nairobi City.

1.2 Statement of the Problem

Service failures have been identified as one of the most significant barriers to customer retention in the financial services business. These service outages occur when service providers provide poor service that falls short of their clients' expectations (Hollensen, 2013). Commercial banks face extreme competition within the industry with the players presenting homogenous products in addition to increasing demands from their clients and the fast evolving technological advancements. They are also met by the challenges related to technological advancements that are seen to change dramatically in addition to the ever-demanding customers. The service business has a well-documented empirical relationship between customer retention, satisfaction, and loyalty. Customer retention, however, appears to be underutilized in Kenya, according to some studies (Ioanna, 2012).

Although commercial banks within Thika town have made considerable effort to recognize customers with issues, and are cognisant of their general customer retention goal, customer retention is not adequately realized. In Thika town, the ratio of closed accounts to opened accounts was 1:5.2 in 2014, but it had dropped to 0.1:1 in the next two years, indicating that client retention measures were gradually paying off (Commercial banks in Thika, 2015). Savings accounts opened for salaried customers, which accounted for 26% of all closed accounts at the time, had the lowest account retention rates. The majority of closed accounts were discovered to be those of salaried individuals in any given month, with the sum of closed accounts exceeding the number of accounts opened in any given month by 19%. (Commercial banks in Thika, 2015). These statistics presented a gap in the customer retention strategies for the banks.

Customer retention techniques have been the focus of most studies. Amandu and Anwar performed a survey in 2015 on customer retention techniques used by Malaysian mobile phone service providers. Solidarity, customer trust, satisfaction, relational investment, and were identified to be critical parts of client retention methods by the writers. In South Afirca, Mukwanda and Mukwada (2015) found that although the mobile phone sector employed numerous customer retention strategies, cost strategy, excellence and delivery strategies on customer excellence are the most effective strategies. In Kenya, Momanyi, Ogutu and Kemunto (2015) established that commercial banks employed customer relationship management in addition to staff training strategies to improve customer retention. Because a small number of research papers have focused on how customer retention tactics affect commercial bank performance, this study aims to evaluate the link between organizational performance and customer retention methods for commercial banks in Thika town.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective of this study was to examine customer retention strategies and their effect on the organizational performance of Commercial Banks in Thika town.

1.3.2 Specific Objectives

The specific objectives of the study were:

i. To evaluate the influence of service distribution channels on the organizational performance of Thika town's commercial banks,

ii. To determine the influence of service quality on the organizational performance of Thika's commercial banks.

iii. To evaluate the influence of loyalty and rewards programs on the organizational performance of Thika town's commercial banks.

iv. To determine the influence of corporate image on the organizational performance of Thika town's commercial banks..

1.4 Research Questions

The study's goal was to find out the answers to the following research questions:

i. To what extent does the quality of service influence the organizational success of Thika town's commercial banks?

ii. How do service distribution routes influence the organizational performance of Thika town's commercial banks?

iii. How do loyalty and rewards programs influence the organizational performance of Thika town's commercial banks?

iv. Does the corporate image of Thika's commercial banks have an influence on performance?

1.5 Significance of the Study

Local bank policymakers and senior management will become more aware of what they need to do in order to boost client retention and, as a result, improve bank performance. Commercial bank senior management will design ways to beat the competition using this knowledge. As a result, managers from other banks will have a better understanding of what has to be done to deliver exceptional customer care to their clients, as well as enough guidance on how to implement excellent customer retention tactics. The research focuses on the impact of client retention tactics on Thika's commercial banks' performance. This study will be used as a reference for scholars in this discipline. Academics will be able to gain extra insights from the study because it focuses on commercial banks.

1.6 Study Limitations and Delimitations

1.6.1 Limitations

During the collection of data by the researcher, a number of participants were unenthusiastic about sharing any data worried that it would lead to an adverse situation for themselves or the bank or the information being used to intimidate them. The problem was remedied by sending the respondents a letter from the university stating that the data was being collected solely for academic purposes and that each individual's information would be kept private. Because bankers have limited time during work hours, several of the participants were unable to complete the questionnaire in a timely manner, causing the data collection period to be extended. The researcher solved this by encouraging a select group of respondents to complete and return questionnaire forms.

1.6.2 Delimitations

The researcher appreciates that banks are management by similar practices and governance structures set by each head office. So what happens in the main headquarters is automatically cascaded for implementation at the branch level. It is for this reason that the researcher studied the 22 banks in Thika Town. On confidentiality of the respondents, the researcher did not include any names on questionnaire and this was clarified in the introduction section of the questionnaire.

1.7 Scope of the study

Customer retention techniques used by Commercial Banks in Thika town were investigated, as well as how they relate to organizational success. During the research period, personnel from all 22 bank branches in Thika town were targeted, as mentioned in appendix vii.

1.8 Study Assumptions

In this study, it was assumed that: Respondents were straightforward and candid in their answers, Respondents were eager to answer the survey forms and provide reliable and usable data; untruthfulness was managed by clarifying the resolve of the study to the respondents to better understand how customer retention strategies employed by Commercial Banks in Thika town linked to organizational performance.

CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

In the literature review chapter, the scholar references three theories to demonstrate how organizational performance links with customer retention strategies employed by commercial banks. These theories are; The Social Exchange Theory, the Customer Bonding Theory and The Loyalty Effect Theory. The empirical literature includes citations from other studies in the scholar's area of research.

2.2 Theoretical Framework

2.2.1 The Loyalty Effect Theory

The Loyalty Effect Theory, introduced by Reichheld (1996), calls for a three-tiered strategy to administering a client retention campaign. According to the author, companies that thrive in customer retention include investors, customers, and employees who all see the relationship as long-term. During the acquisition of new consumers, firms should carefully research the economic dynamics affecting various types of clients and the various "loyalty coefficients," according to Reichheld. According to the author, the most straightforward customers to win are expectedly those swiftest to move to competition. The author further acknowledges some customers do not necessarily require lasting relationships. However, customers who pay the services or goods promptly may demand less attention and are likely to spend more.

Reichheld postulates that employees who have no loyalty to the organization are not expected to build, create and maintain a portfolio of loyal customers. The author found that seasoned staff create seven economic benefits: they offer employee and customer referrals, they are generally more efficient,; they reduce the average cost of hiring and training; they are appropriate skilled at locating and enlisting the best value clients; and they maintain clients by offering superior quality products and services (Parasuraman, 2008).

Disloyal investors in the Reichheld’s judgement do not sustain lasting programs. The temporary investors deter the creation and maintenance of lasting relationships with clients because of their indifferent outlook to temporary business unpredictability. Temporary investors, according to DeSouza (2012), often demand a high annual return on investment since they have a short-term vision for the company they are investing in. The loyalty effect is important in this circumstance because it advocates for a shared hope of a long-term relationship between investors, employees, and customers, which leads to higher performance of the organization.

2.2.2 Theory of Social Exchange

The relationship between customer loyalty, service quality, satisfaction, and perceived value is described by the Social Exchange Theory. All human ties are established through cost-benefit analysis, according to the idea, which borrows models from Homan's theory of social trade. Individuals may choose to end relationships that, in their opinion, have a considerable relationship cost that outweighs the relationship benefits, according to Homans (1958).

This theory of social exchange goes on to say that people who are given a lot by the other person in a relationship are under pressure to reciprocate by giving a lot, and that humans strive to give a lot to others in order to obtain a lot from them. According to the theory, a social exchange occurs among the interested parties as a result of shared interactions that form a pattern of reciprocal responsibility among all participants. According to the notion of social exchange, many people are ready to continue connections because they anticipate to be rewarded for being in them. Individuals are ready to provide benefits to the other parties in the relationship as they expect to get more gains in the future. Thus, they tend to sacrifice their self-interest voluntarily (Kumar, Stern & Achrol, 2012). The researcher in this study established that the social exchange theory was suitable for the purpose of the research given that connections generated by offering of services may be considered as social interactions. Kumar et al therefore argued that social exchanges pertain to the collaboration amongst individuals offering service and the beneficiary of the service who is the customer buying the service, a necessary interaction to continue with the relationship.

2.2.3 Customer Bonding Theory

Customer Bonding Theory emerged from the work on industrial marketing by Turnbull and Wilson (1989). The authors argued for social and structural bonding as strategies to safeguard existing profitable customer. According to the authors, the positive interrelations between the sellers and buyers are referred to as social bonds. On the other band, the interactions created by mutually beneficial investments are referred to as structural bonds and they are often irretrievable once the connection ends. Structural relationships are formed, for example, as a result of multiple interdependencies arising from buyers and sellers' relative resources. According to Hakansson and Snehota (2008), bonding and interdependencies conceptualize business interactions in terms of activity links, resource ties, and actor bonds, while also sustaining multi-level bonding.

Wilson (2015) claims that structural relationships are more significant than social ties in maintaining lucrative customers. Customer bonding is a service client retention strategy. The three layers of bonding, he claimed, are financial, social, and structural bonding. When a customer is mostly connected to the selling firm by price incentives, this is known as financial bonding. Social bonding is introduced in addition to the financial tie. The selling firm now regards the buyer as a customer, and in addition to price, the marketing mix now incorporates human communication. The third and highest level is reached when all financial, social, and structural linkages are used. At this level, the customer is considered not only as a client, but also as a partner. The vendor works closely with its partners to develop services that are tailored to their individual needs (Wilson, 2015). As a result, the customer bonding theory emphasizes the need of maintaining positive customer relationships, which boosts company performance.

2.3 Empirical Literature

2.3.1 Organizational performance and Service Distribution Channels

Distribution channels refer to the methods used by banks to serve customers. In this regard, the organization decides whether to use traditional or modern techniques. The mode of service deployed firms invariably influences customers. It is essential to manage clients based on their preferred channels of service, that is, either from their traditional purchasing channels (e.g., catalogue, store), a digital or electronic channel, or multiple channels. Distribution channels have become a foundation of marketing strategy (Neslin et al., 2016).

Aside from staff involvement, there are other types of client interactions in the banking industry, and their ability to provide a great customer experience is a hot topic of discussion in today's business world. In their study "Determinants of Customer Satisfaction in the Kenyan Banking Industry," Mburu, Van Zyl, and Cullen (2013) discovered this. The traditional branch network has been joined by automated teller machines, online banking channels, and social media. Banks must offer comprehensive interconnection of their channels and services to ensure client satisfaction. As a result of technology developments, customer satisfaction, service delivery efficiency, and experience have all improved (Blount, 2011). In addition to investing in technology to fulfill higher levels of customer satisfaction, service delivery has been identified as an important area for organizations to enhance and pay attention to. Satisfied clients become loyal customers, which is critical for a business's long-term survival because loyal customers bring recurrent revenue (Axelsson, 2015).

Liao and Cheung (2010) explored at how internet-based e-banking influenced consumer attitudes in their study "Internet-based e-banking and consumer attitudes." Different aspects that influence the customer behavior were identified and measured in the empirical investigation. Along with its well-developed infrastructure and geographic location, the researchers chose to undertake a survey in Singapore. As a result, the costs of telecommunication and physical communication were relatively low. The researchers' study suggests the distinct differences between Internet-based and traditional banking systems. The importance of ease, accuracy, user feedback, user-friendliness, network speed, and security was discovered. Customers' aversion to a particular channel, as evidenced by the recent decline in internet-based banking systems, shows customer retention rates and organizational success.

In their work "The effects of customer satisfaction, relationship commitment dimensions, and triggers on customer retention," Gustaffsson, Johnson, and Roos (2015) looked at the impact of customer satisfaction, relationship commitment dimensions, and triggers on customer retention. Customers who are satisfied with their service are more likely to continue to use the bank as their primary provider. The potential for producing reaction and situational trigger conditions was investigated by the researchers. The use of proper distribution channels was critical for institutions to manage the satisfaction-retention connection. The researchers also discovered that the impact of distribution channels on consumer retention was consistent. As a result, client relationship managers should change their approaches.

Campbell and Frei (2010) looked at the impact of using modern channels via the lens of online banking systems. "Cost structure, customer profitability, and retention implications of self-service distribution channels: Evidence from customer behavior in an online banking channel," they wrote in their report. Self-service distribution channels have the potential to transform the way consumers and businesses interact. During a 30-month period, the researchers studied a group of retail clientele in banks. The goal of the study was to see if differences in service consumption were linked to lower service costs and higher customer profitability. Customer retention and organizational success were both linked to internet banking, according to the data. If banks implement these changes, transaction volume might skyrocket.

2.3.2 Organizational Performance and Service Quality

Onditi, Oso, Ochieng, and Oginda (2012) looked into what aspects drove customer loyalty and retention as well as organizational performance. Cooperative Bank, Barclays, KCB, and Equity Bank, all of which are in Homabay County, provided data for the study. A random sample of 400 clients from these institutions was researched over the course of three months in 2012. Customer loyalty may be increased by improving service quality, according to the findings. In their paper "The Impact of Service Quality on Customer Loyalty: A Study of Banks in Penang, Malaysia," Rahim, Kheng, Mohamad, and Ramayah (2010) investigated how service quality influences client retention in Malaysian financial institutions. The study was conducted due to the development of phone banking, ATMs, and online banking. As a result, it was necessary to look into how bankers might keep customers despite strong competition. According to the findings of the study, customer loyalty improved as service quality improved.

Arora and Nyangosi (2011) examined at how Kenyan banking institutions were embracing electronic channels to suit consumer needs in their publication "Emergence of Information Technology in the Kenyan Banking Sector." The researchers were particularly interested in how clients were recruited and retained using information technology. According to their research, customers predominantly used internet banking to make purchases and check account balances. SMS banking and ATM technology were also mentioned as ways to keep customers. To maintain customer loyalty, banks and other businesses were forced to embrace internet banking.

Caruana (2012) investigated the relationship between service quality and organizational success. A postal survey of 1,000 consumer banking clients in Malta was conducted for the study. Client contentment was found to play a significant role in retention, according to the research. Athanassopoulos, Gounaris, and Stathakopoulos (2011) carried out an empirical study to determine the impact of service quality on organizational performance. The study discovered that the quality of services had an impact on the decision to keep the bank as the principal service provider. As a result, banks that satisfied their customers had greater customer retention rates.

Auh, Smalley and Bell (2015) examined the dynamics of customer connections concerning loyalty and service quality and organizational performance in their study, “Customer relationship dynamics: service quality and customer loyalty in the context of varying levels of customer expertise and switching costs”. According to the findings, there is a direct link between customer loyalty, technical service quality, and organizational performance. Switching costs were moderated in three ways by clients with better investment expertise. The impact of service quality on organizational performance was investigated by Al-Hawari (2016). Automated services had a direct impact on bank financial performance, demonstrating the impact of automated technologies on banking operations. Consumer retention was found to play an intervening role in customer loyalty, according to the researchers. Al-Hawari (2016) suggested a methodology that links financial performance to service excellence.

Quality of service is critical for client retention, according to Mensah, Hinson, and Mohammed (2017) in their article, "Determinants of Ghanaian bank service quality in a universal banking environment." Their research found that combining responsiveness, tangibility, assurance, empathy, and reliability had a significant impact on client retention. To ensure the bank's growth and longevity, these variables must complement one another. Furthermore, the survey found that as the global economy has grown, the banking industry's needs have become more exotic and diverse. As a result, banks must place a premium on service quality in order to retain clients across all dimensions of service quality.

2.3.3 Organizational Performance and Loyalty and Rewards Programs

Loyalty and reward programs are organizational plans designed to allow clients to amass free prizes when they purchase in numerous occasions with an organization to enhance customer loyalty (Liu, 2017). Bramlet, Kannan and Bolton (2020) suggested that in order to build loyalty, firms would need to employ loyalty programs which in turn maximize client retention. The loyalty programs created by these writers are widely used with the primary goal of retaining clients. Mascareigne (2009) found that loyalty programs had a negligible influence on the number of clients from various organizations. However, the author did not reject the findings of other researchers who demonstrated a direct link between loyalty programs and client retention. The use of loyalty and incentive programs, according to Liu, can help businesses acquire repeat business, enhance cross-sell opportunities, and gather significant customer data for future CRM initiatives.

These loyalty and reward programs provide a variety of incentives designed to entice repeat business. In their research, Doyle (2010) discovered that there is a desire to increase sales and turnovers, hence increasing profitability, as well as a goal to establish a relationship between customers and the firm while maintaining the client portfolio. This indicates that customer retention has been achieved, as loyal customers will continue to use services if a company's client base can be sustained. According to Verhoef (2013), financial incentives in loyalty programs will boost client retention, although the effect will be minor.

Buy four burgers and get the fifth one free, bonus points for every transaction, and miles for frequent customers are all examples of loyalty programs. These are thought to entice customers to return for more, resulting in increased repeat purchases. According to Vyas and Sina (2016), a loyalty program should be able to develop a link through its incentive structure. This motivates a client to remain loyal, participate in the relationship, and strengthen it. Various experts have questioned whether loyalty can be developed just through these methods, and some have concluded that it does not create true loyalty.

McMullan and Gilmore (2014) stressed the significance of appreciating how consumers with opposing stages of loyalty development, may react well to a distinguished strategy as a result of the influence of what maintains and renders their loyalty susceptible. High-level, medium-level, and low-level loyalty are the three levels of loyalty. Clients with a high level of loyalty, according to McMullan and Gilmore, value recognition and distinctive benefits and are regarded to be less price sensitive. Although price is crucial, middle-level loyalty clients want a relationship with the service provider and appreciate acknowledgement. Customers in the lower levels, who are more price sensitive, are less concerned with developing a relationship and are more concerned with promotional prices. According to Khan (2012), increasing customer happiness promotes loyalty, which leads to more referrals for the company.

According to Kumar and Reinartz (2012), the goal of loyalty programs is to create value alignment and true loyalty, which leads to a profitability growth that is both effective and efficient. Instead of tempting customers in with benefits and prizes, they demonstrated that true customer loyalty is gained by providing value. Kumar and Reinartz discovered that Loyalty Programs that employ consumer data to make more successful promotional decisions give a sustained competitive advantage and result in the actual establishment of value for customers.

Repeat customers, according to Bowen (2015), have a positive opinion toward the company and are committed customers. Customers who have a positive attitude toward a company but only make infrequent purchases are deemed to have unauthentic loyalty since their high-frequency purchases are driven by expediency, financial incentives, or behaviors rather than attitude. Customers who have a low amount of repeated purchases and attitudinal connection are considered poor-loyalty, according to him.

Clark (2010) identified fifteen commercial paybacks of a loyalty program in his research. Among these advantages was the ability to maintain existing consumers while also recruiting new clients and regaining churned customers. According to Kumar and Reinartz (2012), loyalty programs have three benefits. They said that loyalty programs aid in the development of actual behavioural and attitudinal trust, allowing for more effective and efficient profit generating. According to studies, loyal clients are more likely to buy more and receive a higher level of complementary products and services, saving money on consumer education costs. Price changes in products and services have also been demonstrated to have a minor impact on repeat customers in studies. All loyalty and reward programs are valuable and necessary in the establishment and maintenance of customer retention, according to a study conducted by Magatef and Tomaleigh (2015), meaning that firms must employ loyalty and reward programs to expand and improve client retention.

2.3.4 Organizational Performance and Corporate Image

Customers have more options than ever before for addressing their financial needs in today's market. There has been a considerable change in the way consumers seek and use financial services due to the global economy's growth and relative ease of consumer movement, increased competition, and expanded use of technology (Gilliam, 2014). Many financial institutions use branding as a primary approach for distinguishing themselves from the competitors. In the banking industry, where product offerings are almost identical, branding as an image tool, according to Gilliam (2014), is critical. As a result, all financial institutions must have a thorough understanding of their clients' values, perceptions, needs, and attitudes toward the numerous services they provide, as well as their perceptions of the bank itself. As a result, banks must develop and maintain a corporate image that clearly distinguishes them from their competitors.

Brand image is linked to consumer loyalty and performance, according to Dick and Basu (2014). Brand image has been found to influence customer satisfaction. As a result, a positive brand image often leads to great consumer satisfaction. According to Kandampully and Suhartanto, corporate image is linked to customer loyalty and performance (2010). According to the study, customer happiness and business image, as well as organizational success, have a substantial impact on consumer loyalty. Customers who are satisfied with a company's services or products are more likely to promote them to others, are less inclined to switch brands, and are more likely to purchase from the same brand again, according to Da Silva and Syed (2006).

In the E-banking, landline, mobile phone, bank, and grocery industries, brand image has a substantial impact on consumer loyalty and performance. Shop infrastructure, convenience, store service, and sales activities are the four components of the store image described by Kapferer (2011), and they all have a direct impact on consumer loyalty and performance. Palacio, Meneses, and Perez investigated the impact of brand image on consumer happiness (2012). In a highly competitive sector like the service business, where companies are constantly fighting for clients, customer happiness is a critical difference. It has become an important part of corporate strategy. As a result, companies must work hard to keep their customers.

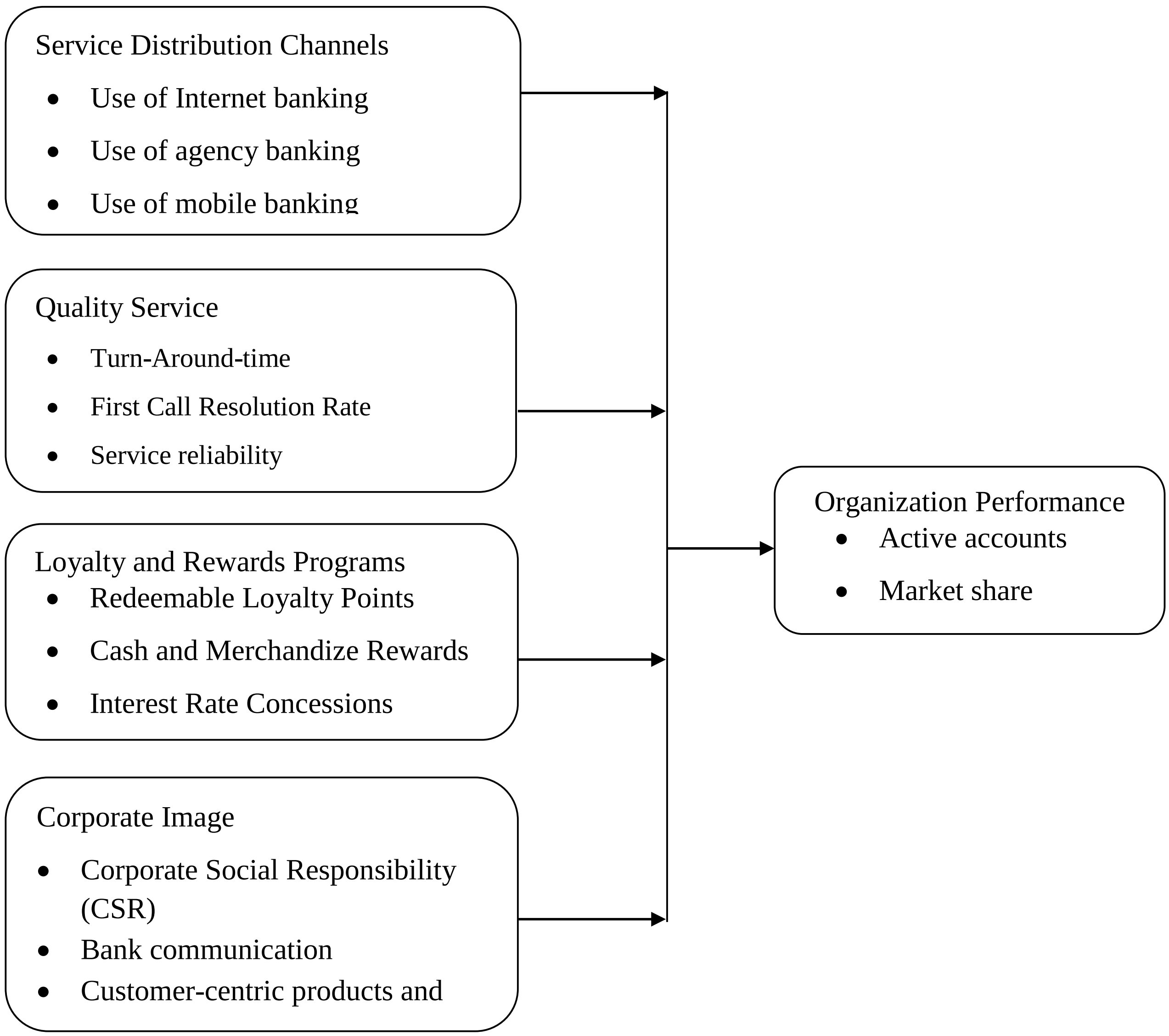
Harwood (2012) discovered that exceptional consumer experience enhances brand loyalty indirectly. A brand image can also be used to predict consumer loyalty and can have both direct and indirect effects on loyalty. As a result, a progressive brand image appears to improve client loyalty in the service business. In the service industry, a progressive brand image has been demonstrated to considerably boost client loyalty, resulting in a strong organizational brand image. As a result, in order to contribute to organizational efficiency, enterprises must focus on their brand image in order to create and maintain long-term client loyalty.

According to Kamanu (2014), an organization's standing is inextricably tied to its vision, mission, and values. The characters of the company may represent the brand's range of services or goods, whereas the brand image is focused on a specific product or service offering. This basically means that an organization's status can lead to consumer loyalty as a result of client confidence in the company's image, which can lead to improved organizational performance.

In cases when organizations have distinct product offering or corporate varieties, it is recommended that they contemplate having different branch images. Equally, in cases where organizations with product brands that seem to be in dispute with each other, this may lead to conflicting interpretations for their client which may end up watering down the brand value. Organizations must therefore effectively distinguish each of their products from the products of their competitors. Typically, the scope of product placement is divided in to functionality, differentiation and relevance. In cases where there are new product propositions for instance in case they are created by the employment of new technology, with the products not well perceived in the market, product positioning will be dependent on what the brand does (Kaynak, 2011).

2.4 Conceptual framework

Independent Variables **Dependent Variable**



The above conceptual framework depicts the link between dependent and independent variables. In this study, independent elements such as service distribution channels, quality service, loyalty and rewards programs, and corporate image will impact the level of organizational success. The dependent variable, organizational performance, is calculated using the number of active bank accounts and the bank's market share.

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

The methodology that was employed to carry out the research is summarized in this section. Research design, population, sample size and sampling strategy, data collection method, data analysis, presentation, and pilot testing are all covered in this section.

3.2 Design of the Study

The study used a survey to create a descriptive research design. A descriptive study's purpose is to determine how frequently something occurs or what the relationship between variables is (Orodho, 2014). This method is ideal for this study since the researcher obtained detailed information through descriptions, which helped identify variables and hypothetical constructs. This strategy provided descriptions of the variables in order to answer the study's research questions. It was thus an efficient technique of acquiring the information needed to identify the respondents' attitudes, ideas, and perspectives on the relationship between organizational performance of Kenyan commercial banks and customer retention tactics.

3.3 Target Population

A population, according to Mugenda and Mugenda (2008), is a well-defined set of items and events, services, individuals, groups of things, or residences that are being investigated. The homogeneity of the population of interest is ensured by this definition. On the other hand, the target population is the exact demographic for which information is sought (Ngechu, 2010). 227 workers from 22 commercial banks made up the study's target population. A graphical representation of the number of banks in Thika Town, as well as the number of personnel employed by each bank, may be found in Appendix VII and Table 3.1. Table 3.2 shows the distribution of the target population based on their roles in the 22 commercial banks.

Table 3.1: Banks in Thika Town

Name of Bank	Number of Employees
1. Bank of Africa Kenya Limited	8
2. Bank of Baroda (K) Limited	9
3. Barclays Bank of Kenya Limited	10
4. SBM Bank Limited	9
5. Commercial Bank of Africa Limited	9
6. Consolidated Bank of Kenya Limited	8
7. Co-operative Bank of Kenya Limited	10
8. Credit Bank Limited	7
9. Diamond Trust Bank Kenya Limited	11
10. Ecobank Kenya Limited	9
11. Equity Bank Kenya Limited	31
12. Family Bank Limited	10
13. Guaranty Trust Bank (K) Ltd	8
14. HFC Limited	7
15. I & M Bank Limited	8
16. Jamii Bora Bank Limited	7
17. KCB Bank Kenya Limited	25
18. National Bank of Kenya Limited	8
19. NIC Bank Limited	9
20. Sidian Bank Limited	8
21. Stanbic Bank Kenya Limited	9
22. Standard Chartered Bank Kenya Limited	7
Total Number	227

Table 3.2: Target Population

Employees	Frequency

Branch Managers	22
Operations Managers	22
Credit Managers	18
Relationship Bankers/Officers	34
Customer Experience Consultants	25
Operations Clerks	29
Tellers/Cashiers	77
Total Number	227

3.4 Sampling Procedure and Sample Size

A sample is a small cluster selected from a big, easily accessible population (Mugenda & Mugenda, 2008). Sampling, according to Erik and Marko (2011), is the process of selecting a group of people for a study so that each person represents a larger group. It entails selecting a group of people or items from a population that comprises components that are representative of the total group's characteristics.

Purposive sampling was utilized in the study, which included branch managers, supervisors, and other customer-facing workers from the 22 commercial banks in Thika. This is because they were well conversant with customer retention strategies in their banks and had the information on whether the customer retention strategies had led to improvement in organization’s performance. Purposive sampling, utilizes findings from a professional in choosing circumstances, or chooses circumstances specific to a purpose in mind which is therefore a suitable sampling method for distinctive circumstances. Most often when it is difficult-to-reach whole population needs, and expert opinion is required, purposive sampling is used (Palys, 2008).

Table 3.3: Sample Size

	Number
Branch Managers	22
Operations Managers	22
Credit Managers	18
Relationship Bankers/Officers	34
Customer Experience Consultants	25
Total Number	121

3.5 Research Instrument

The researcher employed a self-directed questionnaire to gather data for this study. The core data for this study was collected via a semi-structured questionnaire. On the form, there were both closed and open-ended questions. Closed questions are structured and offer respondents total flexibility to respond, but open-ended questions are unstructured and give respondents complete latitude to react. Open-ended inquiries are used to collect qualitative data. A questionnaire enables for the collection of data from a large number of respondents in a short amount of time, and respondents are free to submit relevant information because their anonymity is ensured (Mugenda & Mugenda, 2008).

The questionnaire was divided into five sections, the first of which collected information on respondent demographics and other general characteristics, such as length of service with the company, gender, and educational level. The second portion focused on Service Distribution Channels, the third on Quality Service, the fourth on Loyalty and Rewards Programs, the fifth on Corporate Image, and the sixth on Organizational Performance.

3.6 Pilot Study

In order to pre-test the dependability of data collected using the questionnaire, a pilot study was completed by researcher. A nominated a group of 10% of the employees was selected among managers in commercial banks in a neighbouring County: Nairobi County, Central

Business District, giving a number of 12 from among managers in commercial banks in a neighbouring County: Nairobi County, Central Business District. This allowed for pre-checking of the research instrument and its precision for the respondents to enhance its validity and reliability. Connelly (2008) believes that a trial study sample should be 10% of the main research's estimated sample size, and that a 10% pilot group is sufficient. The results of the pilot helped the researcher ensure that the content and format were correct, allowing the tool to be tailored to the study's needs. It also ensures that the questionnaire is adequate.

3.6.1 Validity of Research Instrument

According to Gall, Gall, and Borg (2007), validity is the degree to which the test item selection matches the test's content. Content validity, which was employed in this study, is a measure of how well data collected with a specific instrument represents a specific domain or content of a particular notion. According to Mugenda & Mugenda (2008), the typical method of evaluating the content validity of a measure is to enlist the help of a professional or expert in the field.

Panellists and supervisors reviewed the tool for material capture, follow-up, formatting, and appropriateness measures. This was confirmed at both the content and face validity levels, with revisions made where needed.

3.6.2 Reliability of Research Instrument

Reliability, according to Gall, Gall, and Borg (2007), relates to measurement consistency and is commonly examined using the test-retest reliability approach. A researcher should include many similar items on a measure, test a varied sample of people, and utilize consistent testing procedures to maximize reliability. The Cronbach's alpha coefficient is used to determine the research instrument's internal standard. The internal compatibility or average correlation of elements is defined by Cronbach's alpha (Cronbach, 1951). The questions' dependability was determined by administering the instrument to a pilot set of respondents from the exclusive industry. For all constructs, a construct composite reliability coefficient (Cronbach alpha) of 0.7 percent or higher is considered appropriate.

The most reliable factor was corporate image, which scored 0.892, followed by service distribution channels, which scored 0.844, loyalty and rewards programs, which scored 0.777, and quality service, which scored 0.714. The Cronbach's alpha of all the variables was over the threshold of 0.7, meaning that the instrument was trustworthy and valid, according to the findings. Table 4.3 shows the results of the Cronbach's alpha test to determine the results' reliability.

Table 3.4: Reliability Analysis

Variable	Cronbach's Alpha	Decision
Service Distribution Channels	0.844	Accepted
Quality Service	0.714	Accepted
Loyalty and Rewards Programs	0.777	Accepted
Corporate Image	0.892	Accepted

3.7 Data Collection Procedure

Data collection is the process of obtaining subjects and gathering information for a study. To gather primary data for this study, a semi-structured questionnaire was used. This sort of survey included both closed and open-ended questions. Closed-ended questions are widely used to obtain quantitative data and contain predetermined responses. Open-ended questions, on the other hand, are unstructured and allow respondents to respond in any way they like. These types of questions are used to acquire qualitative data. A questionnaire enables for the collection of data from a large number of respondents in a short amount of time, and respondents are free to submit relevant information because their anonymity is ensured (Mugenda & Mugenda, 2008). The University submitted a letter of support in order to obtain permission from commercial banks to collect data. This was given to the subject banks in order to get permission from the administration managers to conduct the study. In this study, a drop-off and pick technique was used, in which questionnaires were issued or handed to respondents and then picked up.

3.8 Analysis and Presentation of Data

Data analysis is the process of simplifying data in order to make it more complete (Cooper & Shindler, 2011). Descriptive statistics, as well as quantitative and qualitative approaches, were used to analyse the data acquired from the survey. The Statistical Package for Social Sciences was used to examine the data. The direction and strength of the variables were determined using regression analysis, whereas the direction and strength of the variables were determined using correlation analysis (The model is described below). The results were presented in a way that was in line with the objectives. The information was gathered and presented using frequency charts, percentages, and tables.

$Y = \alpha + \beta_1 x_1 + \beta_2 x_2 + \beta_3 X_3 + \mathcal{E}$

Where

Y of Organizational Performance

β_1, β_2, β_3 of the coefficients of determination of independent variables

x_1 to x_4 will indicate the different strategies to be used

x_1 of Service distribution channels

$x_{2\ of}$ Quality service

x_3 of Loyalty and rewards programs

x_4 of Corporate Image

ε of Error term

α of Constant (Cronbach, 1951)

3.9 Ethical Considerations

All respondents were told that the information they supplied would be kept completely confidential, and that their identities would be kept hidden. Respondents were also assured that the information acquired will be used solely for academic purposes.

CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter covers all aspects of data analysis, interpretation, and presentation. Content analysis was used to examine the qualitative data, while descriptive and inferential statistics were used to study the quantitative data. Data was presented in frequency distributions, percentages, and frequency tables for ease of understanding and interpretation. The survey has a total of 121 participants. Out of the whole sample group, 98 participants completed the surveys, resulting in an 80.99 percent response rate. A response rate of 60% or more is considered sufficient, according to Mugenda & Mugenda (2012). They asserted that a response rate of 50% is insufficient for analysis and reporting, that a response rate of 60% is acceptable, and that a response rate of 70% and higher is excellent.

4.2 Background Information

The research began with a review of the background information provided by respondents. The study was looking for information on the participant's gender, length of service, greatest level of education, and age group.

4.2.1 Gender Category Distribution of Respondents

Respondents were required to declare their gender category in order to ensure that both genders were equally represented in the survey. The result is shown in Table 4.5 below.

Table 4.5: Gender Category Distribution of Respondents

Gender category	Frequency	Percentage
Male	65	66.3
Female	33	33.7
Total	**98**	**100.0**

According to the data, men made up 66.3 percent of the respondents, while women made up 33.7 percent. This means that all genders were fairly represented in this study, and that gender had no bearing on the findings or conclusions.

4.2.2 Distribution of Respondents by Age Bracket

Respondents were needed to indicate the age group they belonged to. The goal of gathering this information was to capture any differing viewpoints that people of various ages might have on various topics. The results are displayed in Table 4.6 below.

Table 4.6: Respondents' Age Bracket Distribution

Age category in Years	Frequency	Percentage
21-30	31	31.6
31-40	36	36.7
41-50	22	22.4
51 and above	9	9.2
Total	98	100.0

36.7 percent of respondents were between the ages of 31 and 40, 31.6 percent were between the ages of 21 and 30, 22.4 percent were between the ages of 41 and 50, and 9.2 percent were beyond 51, according to the data. The survey's results show that responses were evenly dispersed across all age categories, indicating that everyone's viewpoint was valued equally.

4.2.3 Highest Level of Education

The ability to develop ideas, comprehend, and interpret difficulties is linked to a person's literacy level. As a result, individuals were told to complete the questionnaires using their highest level of education. The outcome is shown in Table 4.7.

According to the statistics in the table below, 44.9 percent of respondents had a bachelor's degree, 40.8 percent had a college diploma, 10.2 percent had a high school diploma, and the rest had a post-graduate degree. All respondents were presumed to be well-educated, which meant they would have no trouble reading, interpreting, and responding to the research questions.

Table 4.7: Educational Qualifications

	Frequency	Percentage
Secondary School Certificate	10	10.2
College Diploma	40	40.8
University Degree	44	44.9
Postgraduate Degree	4	4.1
Total	98	100.0

4.2.4 Period of Service

The period of service of employees in an organization is closely associated with their knowledge of their organizational internal and external processes. Guided by this perception, participants were expected to specify the period of time they had been working with their employer. The findings are exhibited in Table 4.8 below.

Table 4.8: Period of Service

	Frequency	Percentage
3 to 9 years	25	25.5
9 to 12 years	34	34.7
Above 12 years	39	39.8
Total	98	100.0

The results demonstrated that 39.8% of the participants had been working at the current organization for a period of over 12 years, those with 9 to 12 years of service accounted for 34.7% of the participants while 25.5% had worked for 3 to 9 years. These findings illustrated that a greater number of the participants had been in service with their current organization over a lengthy period of time implying that their data would be considered reliable to the study.

4.3 Service Distribution Channels and Organizational performance

4.3.1 Organizational Performance and the Influence of Service Distribution Channels

The study intended to ascertain the degree to which service distribution channels influenced the performance of an organizational. The results are exhibited in Table 4.9 below.

Table 4.9: Service Distribution Channels Influence on Organizational performance

	Frequency	Percentage
Moderate Degree	10	10.2
A Great degree	43	43.9
Very great degree	45	45.9
Total	98	100.0

Most of the respondents (45.9%) believed distribution channels influence customer retention to a very great degree, 43.9% of the respondents specified that the effect was to a great degree, whereas 10.2% of the respondents specified that the effect was moderate. This implies that service distribution channels influence customer retention to a great degree.

4.3.2 Service Distribution Channels Used at the Bank

The respondents were expected to specify some of the service distribution channels used in their banks. The outcome is exhibited in Table 4.10 below.

Table 4.10: Service Distribution Channels Used at the Banks

	Percentage
Automatic Teller Machines	52.0%
POS Terminals	51.0%
Internet banking	59.2%
Mobile banking	51.0%
Agency banking	55.1%

Total

Banks used a range of service distribution channels, including Internet banking (59.2%), Agency banking (55.1%), Automatic Teller Machines (52.0%), Mobile banking, and POS Terminals, according to the survey (51.0%).

4.3.3 Statements Regarding Service Distribution Channels

The participants were expected to specify their degree of concurrence with the statements below on service distribution channels. The results are exhibited in Table 4.11 below.

Table 4.11: Statements Regarding Service Distribution Channels

	N	Min	Max	Mean	Std. Dev.
Clients are influenced by the firm's service delivery method.	98	3.00	5.00	4.24	0.63
Automated Teller Machines are the most favoured banking services channels that can enhance customer retention.	98	4.00	5.00	4.36	0.48
POS Terminals are the most favoured banking services channels that can enhance customer retention.	98	3.00	5.00	4.35	0.58
Internet Banking is the most favoured banking services channels which can enhance customer retention	86	4.00	5.00	4.40	0.49
Mobile banking is the most favoured banking services channels that can enhance customer retention.	98	3.00	5.00	4.42	0.57
Agency banking is the most favoured banking services channels that can enhance customer retention.	98	4.00	5.00	4.35	0.48
Clients' interests and preferences can be satisfied through distribution channels.	98	3.00	5.00	4.22	0.55
It's critical to manage customers according to their preferred channel.	98	3.00	5.00	4.11	0.52

The outcomes of the study established that most participants were convinced that mobile banking is the most favoured banking services channels which can enhance customer retention at a mean of 4.42 and standard deviation that was found to be 0.57. This was followed by internet banking at a mean of 4.40 and standard deviation that was found to be 0.49, automatic teller machines at a mean of 4.36 and standard deviation that was found to be 0.48, agency banking and POS terminals both with means of 4.35 and standard deviation that was found to be 0.48.

According to the study, clients are influenced by the firm's delivery of service, which had a mean of 4.24 and a standard deviation of 0.58. Furthermore, with a mean of 4.22 and a standard deviation of 0.55, research shows that distribution channels help enterprises satisfy clients' interests and preferences. A mean of 4.11 and a standard deviation of 0.52 were found in the study, indicating that managing clients according to their chosen channel is crucial.

4.3.4 Effectiveness of Turn-Around-Time in the Bank

The study intended to ascertain the degree of effectiveness of turn-around-time in the bank. The results are exhibited in Table 4.12 below.

Table 4.12: Effectiveness of Turn-Around-Time in the Bank

	Frequency	Percentage
Completely efficient	23	23.5
Very efficient	36	36.7
Efficient	39	39.8
Total	98	100.0

The results of the study established that 36.75% of the participants thought that turn-around-time was very efficient; 36.7 % of the respondents specified that turn-around-time was efficient, whereas the rest thought that turn-around-time was completely efficient. This implies that turn-around-time was very effective in most of the banks.

4.3.5 Effectiveness of First Call Resolution Rate for Issues Raised in the Bank

The study intended to ascertain the effectiveness of first call resolution rate for issues raised in the bank. The results are exhibited in Table 4.13 below.

Table 4.13: Effectiveness of First Call Resolution in the Bank

	Frequency	Percentage
Completely efficient	18	18.4
Very efficient	46	46.9
Efficient	34	34.7
Total	**98**	**100.0**

The research findings established that 46.9% of the participants thought that first call resolution was very efficient, 34.7% of the respondents thought that first call resolution was efficient, whereas while the rest thought that first call resolution was completely efficient. This implies that first call resolution rate for issues raised was very effective in most of the banks.

4.3.6 Service Reliability in the Banks

The study intended to ascertain the most reliable services offered by the banks. The outcome is exhibited in Table 4.14 below.

Table 4.14: Service Reliability

	Frequency	Percentage
Access to bank services through internet banking	37	37.8
Access to bank tellers' services in the bank branches	6	6.1
Access to mobile banking services	55	56.1
Total	**98**	**100.0**

The study results revealed that 56.1% of the participants thought that access to mobile banking services were the most reliable service, 37.8% of the respondents stated that access to bank services through internet banking, while 6.1% of the responses showed that access to bank teller's services in the bank branches was the most reliable service. This implies that mobile banking services were the most reliable services offered by the banks.

4.4 Quality of service

4.4.1 Statements Regarding the Quality of Service

The respondents were expected to specify the degree in which they were in agreement with the following statement regarding service quality. The outcome is exhibited in Table 4.15 below

Table 4.15: Statements Regarding the Quality of Service

Attribute	N	Min	Max	Mean	Std. Dev.
Our bank's customers rarely complain about poor service.	98	3.00	5.00	4.21	0.66
We always respond to any concerns our clients have about our service.	98	4.00	5.00	4.44	0.50
We always ask our customers to rate our service.	98	4.00	5.00	4.27	0.44
Excellent service quality has enhanced our bank's success	98	3.00	5.00	4.36	0.58
Customers who are dissatisfied with our services may choose to stay since they do not expect better service elsewhere.	98	3.00	5.00	4.08	0.70
We determine factors that drive service quality so that we can achieve differentiation in our product.	98	3.00	5.00	4.31	0.66
The higher the level of service quality, the better. the higher the amount of customer retention, the higher the level of performance.	98	4.00	5.00	4.21	0.41
Our customers evaluate service quality based on their experience at the bank.	98	3.00	5.00	4.20	0.61
Our customers evaluate service quality based on personal favouritism	98	3.00	5.00	4.24	0.69

The majority of respondents believed that most financial institutions always resolved client complaints about their service, according to the study's findings, with a mean of 4.44. The data demonstrated a significant relationship, as indicated by the 0.50 standard deviations. The survey indicated that outstanding service quality had a favorable impact on success in most commercial banks, with a mean of 4.36 and a standard deviation of 0.58. In order to differentiate their goods, commercial banks are also devoted to increasing the features and qualities that drive service quality, as evidenced by a mean of 4.31 and a standard deviation of 0.66 in the data. Finally, the poll found that banks asked consumers to rate service quality on a regular basis, as evidenced by a mean of 4.27 and a standard deviation of 0.44.

The survey found that customers' perceptions of service quality varied depending on personal preferences, with a mean of 4.24 and a standard deviation of 0.69. The higher the service quality, the higher the client retention rate, and hence the higher the degree of performance. According to the report, consumers rarely complain about poor service at most banks, with a mean of 4.21 and a standard deviation of 0.66. The poll found that consumers consistently rated service quality based on their bank experience, with a mean of 4.20 and a standard deviation of 0.61.

4.5 Loyalty Programs

4.5.1 Loyalty Programs Used by the Bank

The participants were expected to specify some of the loyalty programs used in the bank. The findings are exhibited in table 4.16 below.

Table 4.16: Loyalty Programs Used by the Bank

Program	Frequency	Percentage
Redeemable loyalty points issued on the basis of usage of services offered by the bank services	66	67.3
Cash and merchandize rewards on the basis of usage of services offered by the bank services	62	63.3
Recognition of the customers with the oldest banking relationship	69	70.4

According to the findings of this study, banking institutions used a variety of reward programs, including recognition of customers with the longest relationship with the bank (70.4%), redeemable loyalty points issued based on usage of bank services (67.3%) in some banks, and cash and merchandize rewards based on usage of bank services (63.3%) in others.

4.5.2 Influence of Loyalty and Rewards Programs on Organizational performance

The study intended to ascertain whether loyalty and rewards programs influence organizational performance in banking industry. The outcome is exhibited in Table 4.17 below.

Table 4.17: Influence of Loyalty and Rewards Programs on Customer Retention

Respondent's Opinion	Frequency	Percentage
Yes	69	70.4
No	29	29.6
Total	98	100.0

The findings of this study established that 70.4% of the participants were of the opinion that loyalty and rewards programs influence customer retention in the banking industry, while 29.6% disagreed. The implication is that loyalty and rewards programs influence customer retention in the banking industry.

4.5.3 Loyalty and Rewards Programs and Customer Retention

The study intended to ascertain the degree to which loyalty and rewards programs influence customer retention. The outcome is exhibited in Table 4.18 below.

Table 4.18: Loyalty and Rewards Programs' Influence on Customer Retention

	Frequency	Percentage
Moderately	15	15.3
To a great degree	49	50.0
Very great degree	34	34.7
Total	**98**	**100.0**

The study findings demonstrated that 50% of the participants believed that loyalty and rewards programs had a great degree of influence on customer retention, 34.7% of the participants responded that the influence was to a very great degree, whereas the rest though that the influence was moderate. This implies that loyalty and rewards programs influence customer retention to a great degree.

4.5.4 Statements Regarding Customer Satisfaction

The participants were expected to specify their degree of agreement with the following statement regarding customer satisfaction. The results are exhibited in Table 4.19 below.

Table 4.19: Statements Regarding Customer Satisfaction

Attribute	N	Min	Max	Mean	Std. Dev.
Redeemable loyalty points enhance customer retention and hence commercial banks' performance	98	3.00	5.00	4.39	0.57
Customer retention and, as a result, commercial bank performance improves when clients with the longest banking connection are recognized.	98	3.00	5.00	4.22	0.55
Interest rate concessions for loan facilities enhances customer retention and hence banks' performance	98	4.00	5.00	4.47	0.50

Loyalty programs boost sales and income, boosting the profitability of commercial banks.	98	4.00	5.00	4.27	0.44
Customers and banks form a bond through loyalty programs, which increases client retention.	98	4.00	5.00	4.42	0.50
Customers that value distinctive rewards and recognition are thought to be loyal.	98	4.00	5.00	4.41	0.49
Commercial banks benefit from loyalty programs because they give them a long-term competitive edge	98	4.00	5.00	4.22	0.42

With a mean of 4.47 and a standard deviation of 0.50, the majority of respondents agreed that interest rate discounts for lending facilities promote customer retention and consequently commercial bank profitability. Furthermore, the study found that loyalty programs build a link between consumers and commercial banks, resulting in higher customer retention, as demonstrated by a mean of 4.42 and a standard deviation of 0.50. According to the report, customers who cherish recognition and unique presents are also regarded loyal. A mean of 4.41 and a standard deviation of 0.49 backed up the claim.

With a mean of 4.39 and a standard deviation of 0.57, the study found that redeemable loyalty points boost customer retention and, as a result, commercial bank performance. Furthermore, as indicated by a mean of 4.27 and a standard deviation of 0.44, the study showed that loyalty programs increase sales revenues, hence increasing commercial bank profitability. A loyalty program, according to Vyas and Sina (2016), must be able to create a bond through a reward arrangement. The study also found that recognizing clients with the longest banking connections improves customer retention and, as a result, the success of commercial banks. Furthermore, as indicated by a mean of 4.22 and a standard deviation of 0.42, loyalty programs provide banks with a long-term competitive edge.

4.6 Influence of Corporate Image on organizational performance

4.6.1 Methods of improving the corporate image of the organization

The participants were expected to specify the most effective way of improving the corporate image of the organization. The results are exhibited in Table 4.20 below.

Table 4.20: Methods of improving the corporate image of the organization

	Frequency	Percentage
Corporate social responsibility	28	28.6
Effectiveness of communication to organization's clients	50	51.0
Creation of high-quality products and services	20	20.4
Total	98	100.0

According to the findings of the study, 50 percent of participants believe that creating high-value products and services is the most effective way of improving the organization's corporate image, 28.6 percent believe that having corporate social responsibility is most effective, and 20.4 percent believe that creating high-quality products and services is most effective in enhancing corporate social responsibility. This means that, in addition to corporate social responsibility and the provision of high-quality products and services, the most successful way of building a strong corporate image is through excellent communication with an organization's clientele.

4.6.2 Influence of Bank's Corporate Image on Organizational performance

The research intended to ascertain the degree to which bank's corporate image influences organizational performance. The outcome is exhibited in Table 4.21 below.

Table 4.21: Influence of Bank's Corporate Image on Organizational performance

	Frequency	Percentage
Moderately	9	9.2
A great degree	54	55.1
Very great degree	35	35.7

Total	**98**	**100.0**

According to the findings of the study, 55.1 percent of respondents believe that a bank's corporate image has a significant impact on customer retention, 35.7 percent believe that it has a very significant impact, and 9.2 percent believe that corporate image has a moderate impact on customer retention. This implies that a bank's corporate image has a significant impact on client retention.

4.6.3 Influence of Corporate Image on Organizational performance

The study intended to ascertain the degree to which bank’s corporate image influences organizational performance. The outcome is exhibited in Table 4.22 displayed below.

Table 4.22: Influence of Corporate Image on Organizational performance

	Frequency	Percentage
Completely efficient	24	24.5
Very efficient	41	41.8
Efficient	33	33.7
Total	98	100.0

According to the findings of the study, 41.8 percent of participants believe that a bank's corporate image is extremely effective in affecting organizational performance, 33.7 percent believe that it is efficient, and 24.5 percent believe that it is totally efficient. This suggests that a bank's corporate image has a significant impact on organizational performance.

4.6.4 Statements Assessing on Corporate Image

The participants were expected to specify their degree of agreement with the following statements regarding corporate image. The results are exhibited in Table 4.23 below.

Table 4.23: Statements Assessing on Corporate Image

Attribute	N	Min	Max	Mean	Std. Dev.
As a potential competitive advantage, corporate social responsibility is critical..	98	4.00	5.00	4.18	0.39
Effective client communication is critical to our bank's competitive edge.	98	4.00	5.00	4.31	0.46
The importance of branding as an image strategy in the banking industry cannot be overstated.	98	4.00	5.00	4.29	0.45
I have a thorough understanding of consumers' requirements, values, attitudes, and perceptions of the many services they require.	98	3.00	5.00	4.21	0.68
A bank's reputation is valuable as a potential competitive advantage.	98	4.00	5.00	4.29	0.45
I am capable of enhancing and managing the bank's image.	98	3.00	5.00	4.23	0.64
The development of high-quality products is critical to our bank's competitive edge.	98	3.00	5.00	4.19	0.51
Our bank's image has increased its competitiveness, which has improved its results.	98	3.00	5.00	4.23	0.55
I am able to clearly distinguish my bank from its competitors.	98	3.00	5.00	4.21	0.60

As demonstrated by a mean of 4.31 and a standard deviation of 0.46, the majority of participants believed that excellent communication with a bank's clients is crucial to increasing the bank's competitive advantage. Branding is significant as an image tool in the banking industry, according to the survey, which found a mean of 4.29 and a standard deviation of 0.45. Furthermore, as evidenced by a mean of 4.23 and a standard deviation of 0.55, the majority of bank employees could establish and enhance the bank's image, which in most cases led to competitiveness and thus increased performance.

Furthermore, the majority of employees have a thorough awareness of customers' demands, values, attitudes, and impressions of the many services they require, according to the research. It was also discovered that the majority of employees were able to correctly distinguish the distinctions between the bank and its competitors, with a mean of 4.21 and a standard deviation of 0.68. The study found that generating high-value products and services is critical for boosting a bank's competitive edge, with a mean of 4.19 and a standard deviation of 0.51. The study revealed that corporate social responsibility is vital as a potential competitive advantage, as evidenced by a mean of 4.18 and a standard deviation of 0.39.

4.7 Performance of Commercial Banks

4.7.1 Customer Retention as an Indicator of Performance in Banks

The goal of the study was to see if customer retention is a good predictor of bank performance. The result is shown in Table 4.24 below.

Table 4.24: Customer Retention as an Indicator of Performance in Banks

Opinion	Frequency	Percentage
Yes	58	59.2
No	40	40.8
Total	**98**	**100.0**

According to the findings of the study, 59.2 percent of respondents agreed that customer retention is a good sign of bank performance, while 40.8 percent disagreed, implying that customer retention is a good indicator of bank performance.

4.7.2 Customer Retention Strategies and Banks Performance

The study intended to ascertain the degree to which customer retention is a good indicator of banks' performance. The results are exhibited in Table 4.25 below.

Table 4.25: Degree to Which Customer Retention Influences Performance in Banks

	Frequency	Percentage
Moderately	28	28.6
Great degree	40	40.8
Very great degree	30	30.6
Total	**98**	**100.0**

The results of the research demonstrated that 40.8% of the participants were of the opinion that customer retention, to a great degree, is a good indicator of performance in banks, 30.6% of the participants thought that the effect is to a very great degree, whereas 28.6% of the respondents thought that the degree was moderate. This implies that customer retention is an excellent indicator of performance in banks.

4.7.3 Statements Regarding Customer Retention

The research intended to ascertain to what degree participants concurred with the statements below on customer retention. The outcome is exhibited in Table 4.26 below.

Table 4.26: Statements Regarding Customer Retention

Attribute	N	Min	Max	Mean	Std. Dev
There has been an increase in the number of customers in our bank	98	4.00	5.00	4.36	0.48
There has been an increase in the number of opened accounts in our bank.	98	4.00	5.00	4.18	0.39

There has been an increase in the number of loans in our bank.	98	4.00	5.00	4.36	0.48
There has been an increase in the percentage of retained customers in our bank.	98	4.00	5.00	4.34	0.48
The bank's profitability has been on the increase.	98	4.00	5.00	4.31	0.46
The bank has been competitive compared to other banks.	98	4.00	5.00	4.26	0.44
The bank has had an increase in its market share	98	4.00	5.00	4.29	0.45

The majority of participants in the study believed the bank's customer base had grown, according to the data. According to the respondents, the percentage of retained clients to total customers in the bank has increased, as evidenced by a mean of 4.36 and a standard deviation of 0.48. According to the investigation, the bank's profitability was improving, as evidenced by a mean of 4.31 and a standard deviation of 0.46. Furthermore, the study found that the banks' market share had increased, as seen by a mean of 4.29 and a standard deviation of 0.45. The banks were also said to be more competitive than other banks, with a mean of 4.26 and a standard deviation of 0.44, and that the number of accounts created in the banks had increased.

4.8 Regression Analysis

A multiple regression analysis was used in this study to determine the influence of predictor factors. To code, enter, and compute the measurements of the multiple regressions, the researchers employed the statistical package for social sciences (SPSS V 21.0).

4.8.1 Summary of the Model

The summary of the model is shown in table 4.27 below.

Table 4.27: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.786[a]	.617	.601	4.53948

The coefficient of determination was used to confirm model fit in this study. The percentage of variance in the dependent variable described simply or jointly by the independent variables is the adjusted R2, also known as the coefficient of multiple determinations. As indicated in Table 4.27, the model's average coefficient of determination (R2) was 0.617, indicating that service distribution channels, quality of service, loyalty and rewards programs, and corporate image accounted for 61.7 percent of the variances in commercial bank performance in Thika town. Another finding was that 39.3 percent of commercial bank performance was influenced by factors other than those investigated in the study. As a result, the high R2 value indicated that the model was well-suited to the data.

4.8.2 ANOVA Analysis

The research additionally tested the significance of the model by use of ANOVA technique. The results are exhibited in table 4.28 below.

Table 4.28: ANOVA Analysis

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3091.321	4	772.830	37.503	.000[b]
	Residual	1916.441	93	20.607		
	Total	5007.762	97			

According to ANOVA statistics, the regression model had a significance level of 0.1 percent, indicating that the data was excellent for determining that the population parameters as the value of significance (p-value) were less than 5%. The estimated value (37.503>2.70) was higher than the critical value, showing that service distribution channels, quality of service, loyalty and rewards programs, and corporate image all had a substantial impact on commercial bank performance in Thika town. Because the significance value was less than 0.05, the model was significant.

4.8.3 Regression Analysis

The findings on regression analysis are displayed in Table 4.29 below.

Table 4.29: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.323	4.162		3.441	.001
	Service Distribution Channels (X1)	.322	.115	.189	2.800	.006
	Quality of Service (X2)	.875	.127	.481	6.873	.000
	Loyalty and rewards (X3)	.454	.124	.265	3.644	.000
	Corporate Image (X4)	.391	.122	.217	3.195	.002

The established regression equation was

$Y = 14.323+0.322 X_1+ 0.875 X_2 + 0.454X_3 + 0.391X_4$

According to the study, commercial bank performance in Thika town improved by a factor of 0.322 by increasing service distribution channels while keeping other variables unchanged. According to the study, a 0.875 increase in service quality will enhance commercial bank performance in Thika town. According to the study, a unit increase in customer loyalty and rewards would boost commercial bank performance by 0.454 in Thika town, while a unit rise in bank corporate image would boost commercial bank performance by 0.391.

The investigation was carried out with a 5% level of significance. The probability value obtained was compared to 0.05 as a criterion for determining if the predictor variables in the model were significant. The predictor variable was important if the probability value was smaller than 0.05. Because their probability values were less than 0.05, all of the forecaster variables were significant in the model.

CHAPTER FIVE

5.0 DISCUSSION OF THE FINDINGS

5.1 Introduction

This chapter presents a summary of findings of the study on the link between organizational performance of commercial banks in Thika Town and customer retention strategies on.

5.2 Summary of the findings

5.2.1 Service Distribution Channels and Organizational Performance

The findings of this study reveal that service distribution channels have a significant impact on customer retention. It also revealed that banks use a variety of service distribution methods, including online banking (59.2%), agency banking (55.1%), ATMs (52.0%), mobile banking, and point-of-sale terminals (51.0 percent). Furthermore, the survey discovered that the bank's most dependable services were delivered via internet banking. These findings support Nyangosi and Arora's (2011) conclusion that banks must manage customers through their chosen channels, whether electronic, traditional, or multiple channels.

According to the survey, the most popular banking channels include mobile banking, Internet banking, agency banking, and POS Terminals, which can help clients remain longer. These findings are in line with those of Neslin et al., (2016), who stated that distribution channels have become a critical component of marketing strategy.

Furthermore, the study discovered that automated teller machines (ATMs) are the most popular banking channel, which may encourage clients to stay longer. According to the study, the firm's mode of service influences clients, distribution channels assist enterprises in catering to clients' tastes and preferences, and managing customers according to their channel choice is crucial. Mburu, Van Zyl, and Cullen (2013) asserted that distribution channels help enterprises to cater to customers' likes and preferences.

According to the data, the firm's service method has an impact on clients. The study also found that distribution channels enable firms to cater to their customers' likes and interests, and that managing clients according to their preferred channels is crucial. The study's findings are in line with those of Neslin et al., (2016), who discovered that distribution channels have become an important part of marketing strategy.

The study also discovered that the channels via which services are distributed have a substantial impact on client retention. The study's findings revealed that boosting service distribution channels by one unit while maintaining other factors constant would improve commercial banks' performance in Thika town. Banks in Thika town also use a range of service delivery channels, such as internet banking, agency banking, ATMs, mobile banking, and POS terminals.

5.2.2 Quality of Service and Organizational performance

The findings on service quality revealed that most financial institutions frequently addressed client complaints about their services. In most banks, the turn-around time and first-call resolution rate for issues addressed were found to be quite effective, according to the study. The findings also found that in the majority of commercial banks, outstanding service quality boosted their success. The study also revealed that commercial banks are committed to identifying the elements and characteristics that influence service quality in order to differentiate their products. The above conclusions are in line with findings by Gounaris, and Stathakopoulos (2011), who found that quality of services influenced a client's decision on whether to retain the bank as the primary service provider, therefore, banks that satisfied their clients had higher rates of customer retention.

Customers rate service quality depending on personal preferences, according to the survey. The above findings agree with conclusions by Gounaris and Stathakopoulos (2011), who found that quality of services, influenced the decision of whether to retain the bank as the primary service provider. Therefore, banks that satisfied their clients had higher rates of customer retention.

5.2.3 Loyalty and Rewards Programs and Organizational performance

According to the data, loyalty and rewards programs in the banking business have a positive impact on client retention. Banking firms used a variety of incentive methods, including recognizing clients with the longest ties, redeemable loyalty points, cash and merchandise incentives, and loyalty and reward programs.

Interest rate discounts for lending facilities, according to the data, boost client retention and, as a result, commercial bank performance. These findings back up Liu's conclusion from 2017 that loyalty programs can assist organizations increase repeat business, improve cross-sell chances, and gather rich customer data for future CRM activities.

According to Vyas and Sina (2016), loyalty programs should develop a link between the firm and its customers through a reward structure. The findings of Verhoef (2013), who stated that loyalty programs that offer financial incentives have a favourable impact on client retention, support the preceding conclusions.

The outcomes of the study revealed that the most successful way to build a strong corporate image is through excellent client communication, CSR, and the provision of high-value products. The study also revealed that a bank's corporate image has a significant impact on client retention and is very effective in improving customer retention. These findings back with Harwood's (2012) conclusion that brand image has an indirect impact on loyalty through customer satisfaction.

The study also discovered that improving a bank's competitive edge requires excellent communication with its customers (mean of 4.31). Furthermore, the study discovered that branding, as an image tool, is crucial in the banking industry, and that the majority of employees are capable of creating and strengthening the bank's image, hence increasing competitiveness and performance. These findings support Gilliam's (2014) assertion that branding, as an image tool, is crucial in the banking market, because all firms deliver a similar product.

According to the findings, the majority of workers have a thorough understanding of customers' needs, values, attitudes, and perceptions of the many services they require, and they can clearly define the distinctions between the bank and its competitors. The study also found that exceptional product development is critical to strengthening our bank's competitive advantage, and that CSR can help boost organizational competitiveness. These findings are in line with those of Suhartanto and Kandampully (2010), who claim that corporate image has a significant impact on client loyalty, which in turn improves performance.

5.2.4 Corporate Image and Organizational Performance

The study found that effective communication with clients is critical to a bank's competitive edge. It was also shown that branding is important in the banking industry as an image strategy. These findings support Gilliam's (2014) conclusion that branding is important as an image tool in the banking market, since all firms offer similar products.

The provision of high-quality products and services was proven to be the bank's competitive edge. Furthermore, the research found that corporate social responsibility is an important component of commercial banks' competitive advantage. Suhartanto and Kandampully (2010) reach the same result in their thesis: a company's image is intrinsically linked to customer loyalty and performance.

The studies also revealed that communicating successfully with the organization's clientele is the most effective approach of developing a solid corporate image. These findings support Harwood's (2012) claim that brand image influences loyalty indirectly through customer satisfaction.

5.2.5 Customer Retention and Organizational Performance of Commercial Banks

The study found that implementing customer retention techniques increased commercial banks' profitability, market share, and the percentage of retained customers to total customers. These findings support Kamanu's (2014) assertion that banks require a broad grasp of their clients' perspectives, desires, perceptions, and values of the many services they provide, as well as their perceptions of the bank itself. As a result, customer retention is an important indication of bank performance. These findings are backed up by research by Dick and Basu (2014), who claim that in order for banks to make a profit, they must establish and maintain a good image that clearly distinguishes them from their competitors.

According to the study, customer retention is an excellent indicator of bank success, and there was evidence of both an increase in the number of consumers in banks and an increased percentage of retained customers to bank's total clients. The proportion of retained customers to total customers in the bank increased, resulting in greater profitability and, as a result, increased market share, according to the data.

These study results correspond with conclusions by Dick and Basu (2014) whose suggestion was that in order to realize positive performance, banks must create and maintain outward image to unmistakably outline the dissimilarities with their competitors.

CHAPTER SIX

6.0 CONCLUSION AND RECOMMENDATIONS

6.1 Introduction

The conclusion and recommendations are summarized in this chapter. The study objectives were to examine the impact of service distribution channels on the performance of commercial banks in Thika town, to assess the impact of service quality on the performance of commercial banks in Thika town, to assess the impact of customer satisfaction on the performance of commercial banks in Thika town, and to assess the impact of corporate image on the performance of commercial banks in Thika town.

6.2 Conclusion

According to the study, clients are impacted by a firm's service style, and service distribution channels enable firms to satisfy clients' interests and preferences.

The study discovered that a client's decision to keep the bank as their primary service provider was influenced by the quality of services provided, and that banks that satisfied their customers had higher customer retention rates.

The survey also discovered that loyalty and rewards programs in the banking industry help retain customers. Banking firms used a variety of incentive methods, including recognizing clients with the longest ties, redeemable loyalty points, cash and merchandise incentives, and loyalty and reward programs.

The most effective strategies of developing a strong corporate image, according to the research, are great client contact, creation of high-value products and services, and CSR. The survey also found that a bank's corporate image has a big impact on customer retention and is quite effective at it.

Customer retention is an excellent measure of bank success, according to the researchers, and there was evidence of an increase in bank performance with a subsequent increase in the number of consumers in banks and an increased percentage of retained customers to bank's total clients. According to the findings, the proportion of retained customers to total customers in the bank increased, resulting in increased profitability and, as a result, increased market share.

6.3 Recommendations

Banks must continue to innovate in this area, given that distribution channels have been proved to boost bank performance. Banks will be able to stand out in the industry as a result of this. All distribution techniques must also be adaptive, reliable, and convenient.

Executives of commercial banks should invest in initiatives that promote high-quality service. These include things like regular training and development, as well as the deployment of high-quality hardware and software that governs online services. Periodic analysis of areas of vulnerability is also required in order to make prompt improvements in regions where service has degraded.

Banks must continue to spend in loyalty and reward programs because they have been shown to improve a bank's performance. To appeal to the target audience, loyalty and rewards must be modified to fit contemporary norms.

On a regular basis, the banking industry must invest considerably in its corporate image. Furthermore, before making final rebranding decisions, each brand must examine the reaction of its customers, and brand creation must take into account the target market. Banks must first generate a competitive edge in the marketplace before embarking on a brand-building strategy in order to gain customers and stand out beyond competitors.

The study's purpose was to investigate customer retention tactics and their impact on Thika town's commercial banks' organizational performance. The study's independent variables, which included service distribution channels, quality of service, loyalty and rewards programs, and corporate image, explained just 60.1 percent of the variances in the organizational performance of commercial banks in Thika town. More research is needed to figure out what the unexplained factors are that account for 39.9% of the impact on organizational success.

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APPENDICES

Appendix I: Letter of introduction

From: **Oliver Gitahi**

To: Respondent

Dear, Respondent

RE: Questionnaire

I am a student at South Eastern Kenya University pursuing a Master's Degree in Business Administration. I am carrying out a study on the **INFLUENCE CUSTOMER RETENTION STRATEGIES ON THE ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS IN THIKA TOWN.**

You are cordially requested to complete the accompanying questionnaire in order for me to finish the research. Please be aware that all information provided will be maintained as confidential and used solely for academic purposes. Thank you for your cooperation and taking the time to fill out the survey.

Yours sincerely,

Oliver Gitahi

South Eastern Kenya University

Appendix II: Permission to Proceed for Data Collection

SOUTH EASTERN KENYA UNIVERSITY

OFFICE OF THE DIRECTOR

BOARD OF POST GRADUATE STUDIES

P.O. BOX 170-90200
KITUI, KENYA
Email. info@seku.ac.ke

TEL. 020-4213859 (KITUI)

Email. directorbps@seku.ac.ke

Our Ref: D61/WTE/20222/2012

DATE: 10th April, 2019

Oliver Kimari Gitahi Wainaina
Re g. No. D61/WTE/20222/2012
Masters of Business Administration
C/O Director, Wote Campus

Dear Wainaina

RE: PERMISSION TO PROCEED FOR DATA COLLECTION

This is to acknowledge receipt of your Master in Business Administration Proposal document entitled: *"Influence of Customer Retention Strategies on the Performance of Commercial Banks in Thika Town"*.

Following a successful presentation of your Masters Proposal, the School of Business and Economics Board of Examination in conjunction with the Directorate, Board of Postgraduate Studies (BPS) have approved that you proceed on and carry out research data collection in accordance with your approved proposal.

During the research work, you will be closely supervised by Dr. Sedian Misango. You should ensure that you liase with the supervisor at all times. In addition, you are required to fill in a Progress Report ***(SEKU/ARSA/BPS/F-02)*** which can be downloaded from the University Website.

The Board of Postgraduate Studies wishes you well and a successful research data collection exercise as a critical stage in your Master of Business Administration.

Prof. Felix Ngunzo Kioli
Director, Board of Postgraduate Studies

Copy to: Deputy Vice Chancellor, Academic, Research and Students Affairs (Note on File)
Dean, School of Business and Economics
Chairman, Department of Business and Entrepreneurship
Director, Wote Campus
Dr. Sedina Misango
BPS Office - To file

ARID TO GREEN ... ISO 9001: 2015 CERTIFIED ... TRANSFORMING LIVES

Appendix III: Questionnaire

Instructions:

Please check the right answer and, if applicable, provide a narrative to the best of your knowledge. All responses will be held in strict confidence.

Section one: Background Information

1. Please indicate your gender

Female	[ ]
Male	[ ]

2. Indicate your age bracket

20 and below	[ ]
21-30 yrs.	[ ]
31-40 yrs.	[ ]
41-50 yrs.	[ ]
51 and above	[ ]

3. Let us know what your highest level of schooling is.

Secondary level	[ ]
College	[ ]
University	[ ]
Postgraduate	[ ]

4. How long have you been employed by your company??

Less than 3 years	[ ]
3 to 9 years	[ ]
9 to 12 years	[ ]
Above 12 years	[ ]

Section Two: Influence of Service Distribution Channels on organizational performance

5. To what degree do service distribution channels influence customer retention?

Very great degree [ ]

Great degree [ ]

Moderate Degree [ ]

Little degree [ ]

Not at all [ ]

6. What service distribution channels do you use in your bank? (Please tick where applicable)

a) Automatic Teller Machines [ ]
b) POS Terminals [ ]
c) Internet banking [ ]
d) Mobile banking [ ]
e) Agency banking [ ]
f) Others (Please Specify)……………………………………………….

7. On a scale of 1 to 5, rate how much you agree with each of the following assertions about distribution channels where 1 - Strongly disagree, 2 -Disagree, 3 - Unsure, 4 – Agree, 5 - Strongly agree

Attribute	1	2	3	4	5
Clients are influenced by the firm's service delivery method.					
Automated Teller Machines are the most favoured banking service channels that can increase client retention.					

The most popular banking service channels that can boost client retention are POS Terminals.					
Internet Banking is most favoured banking service channels which can enhance customer retention					
Mobile banking is the most favoured banking service channels that can enhance customer retention.					
Agency banking is the most favoured banking service channels that can enhance customer retention.					
Customers' tastes and preferences can be satisfied through distribution networks.					
It's critical to manage customers according to their preferred channel.					

Section three: Influence of Quality service on organizational performance

8. How efficient is the turn-around-time in your bank?

Completely efficient [ ]

Very efficient [ ]

Efficient [ ]

Moderately efficient [ ]

Not efficient [ ]

9. How effective is the first call resolution rate for issues raised in your bank?

Completely effective [ ]

Very effective [ ]

Effective [ ]

Moderately effective [ ]

Not effective [ ]

10. Which service is the most reliable in your bank?

a) Access to bank services through internet banking [ ]
b) Access to bank tellers' services in the bank branches [ ]
c) Access to mobile banking services [ ]
d) Others (Please indicate)………………………………………………………..
………………………………………………………………………………
……………………………………………………………………………

11. What recommendations would you put to enhance the quality of service in your organization?……………………………………………………………………
………………………………………………………………………………..………
……………………………………………………………………………..

12. On a scale of 1 to 5, rate your agreement with the following statements on service quality on a range of 1 to 5 where 1 - Strongly disagree, 2 -Disagree, 3 - Unsure, 4 – Agree, 5 - Strongly agree

Characteristic	1	2	3	4	5
Our bank's customers rarely complain about poor service.					

We always respond to any concerns our clients have about our service.					
We always ask our customers to rate our service.					
Our commercial bank's success has been boosted by excellent service quality.					
Customers who are dissatisfied with our services may decide not to leave since they do not anticipate to find better service elsewhere.					
We determine the elements and factors that drive service quality so that we can achieve differentiation in our product.					
The higher the level of service quality, the better. the higher the amount of customer retention, the higher the level of performance					
Our consumers rate the quality of our service based on their bank experience.					
Our consumers rate the quality of our services based on their preferences.					

Section four: Influence of Loyalty and Rewards Programs on Organizational Performance

13. Do you believe your bank's loyalty and rewards programs have an impact on client retention?

Yes [ ] No [ ]

If yes, which loyalty and rewards programs do you use at your bank?

a) Redeemable loyalty points issued based on banking service utilization [ ]
b) Cash and merchandize rewards based on banking service utilization [ ]
c) Recognition of customers with the oldest relationship with the bank [ ]
d) Others (Please specify)……………………………………………………..

…………………………………………………………………………………

14. To what degree do loyalty and rewards programs influence customer retention at your bank?

Very great degree [ ]

Great degree [ ]

Moderately [ ]

Little degree [ ]

Not at all [ ]

15. Rate how much you agree with the following assertions about loyalty and reward programs on a scale of 1 to 5 where 1 - Strongly disagree, 2 -Disagree, 3 - Unsure, 4 – Agree, 5 - Strongly agree

Characteristic	1	2	3	4	5
Redeemable loyalty points enhance customer retention and hence the organizational performance of commercial banks					

Recognizing customers with the longest banking connection improves customer retention and, as a result, commercial bank success.					
Interest rate concessions for loan facilities enhances customer retention and hence the organizational performance of commercial banks					
Commercial banks' profitability improves as a result of loyalty programs, which enhance sales and revenues.					
Customers and commercial banks form a bond through loyalty programs, which increases client retention.					
Customers that value distinctive rewards and recognition are thought to be loyal.					
Commercial banks benefit from loyalty programs because they give them a long-term competitive edge.					

Section five: Influence of Corporate Image on Organizational Performance

16. Which has been most effective way of improving the corporate image of your organization?

a) Corporate social responsibility [ ]
b) Effectiveness of communication to organization's clients [ ]
c) Creation of high-quality products and services [ ]
d) Others (Please specify)…………………………………………………………...
………………………………………………………………………………………
……………………………………………………………………………………

17. To what degree does your bank's corporate image influence customer retention?

Very great degree [ ]

Great degree [ ]

Moderate degree [ ]

Little degree [ ]

Not at all [ ]

18. How effective is your bank's corporate image in enhancing customer retention?

Completely effective [ ]

Very effective [ ]

Effective [ ]

Moderately effective [ ]

Not effective [ ]

19. Rate how much you agree with the following assertions about corporate image on a scale of 1 to 5 where 1 - Strongly disagree, 2 -Disagree, 3 - Unsure, 4 – Agree, 5 - Strongly agree

Attribute	1	2	3	4	5
Corporate social responsibility is important as a potential competitive advantage.					
The efficiency with which our bank communicates with its clients is critical to strengthening our bank's competitive edge..					
In our bank, branding is essential as an image tool.					
I have a thorough understanding of consumers' requirements, values, attitudes, and perceptions of the many services they require.					
A bank's reputation is valuable as a potential competitive advantage.					
I am capable of establishing and maintaining the bank's image.					
Creation of high-quality products and services is important in enhancing our bank’s competitive advantage.					
Our bank's image has increased its competitiveness, which has improved its results.					
I am able to clearly distinguish my bank from its competitors.					

Organizational Performance of Commercial Banks

20. Do you think customer retention is a good sign of bank performance?

Yes [ ] No [ ]

If yes, to what degree is customer retention a good indicator of performance in banks?

Very great degree [ ]

Great degree [ ]

Moderately [ ]

Little degree [ ]

Not at all [ ]

21. On a scale of 1 to 5, rate your agreement with the following assertions about client retention where 1 - Strongly disagree, 2 -Disagree, 3 - Unsure, 4 – Agree, 5 - Strongly agree

Attribute	1	2	3	4	5
There has been a growth in the number of clients in our bank					
There has been an increase in the number of opened accounts in our bank.					
There has been an increase in the number of loans in our bank.					
In our bank, the percentage of retained clients to total customers has increased.					

Our bank profitability has been on the increase.					
Our bank has been competitive compared to other banks.					
Our bank has had an increase in its market share.					

Your cooperation is appreciated

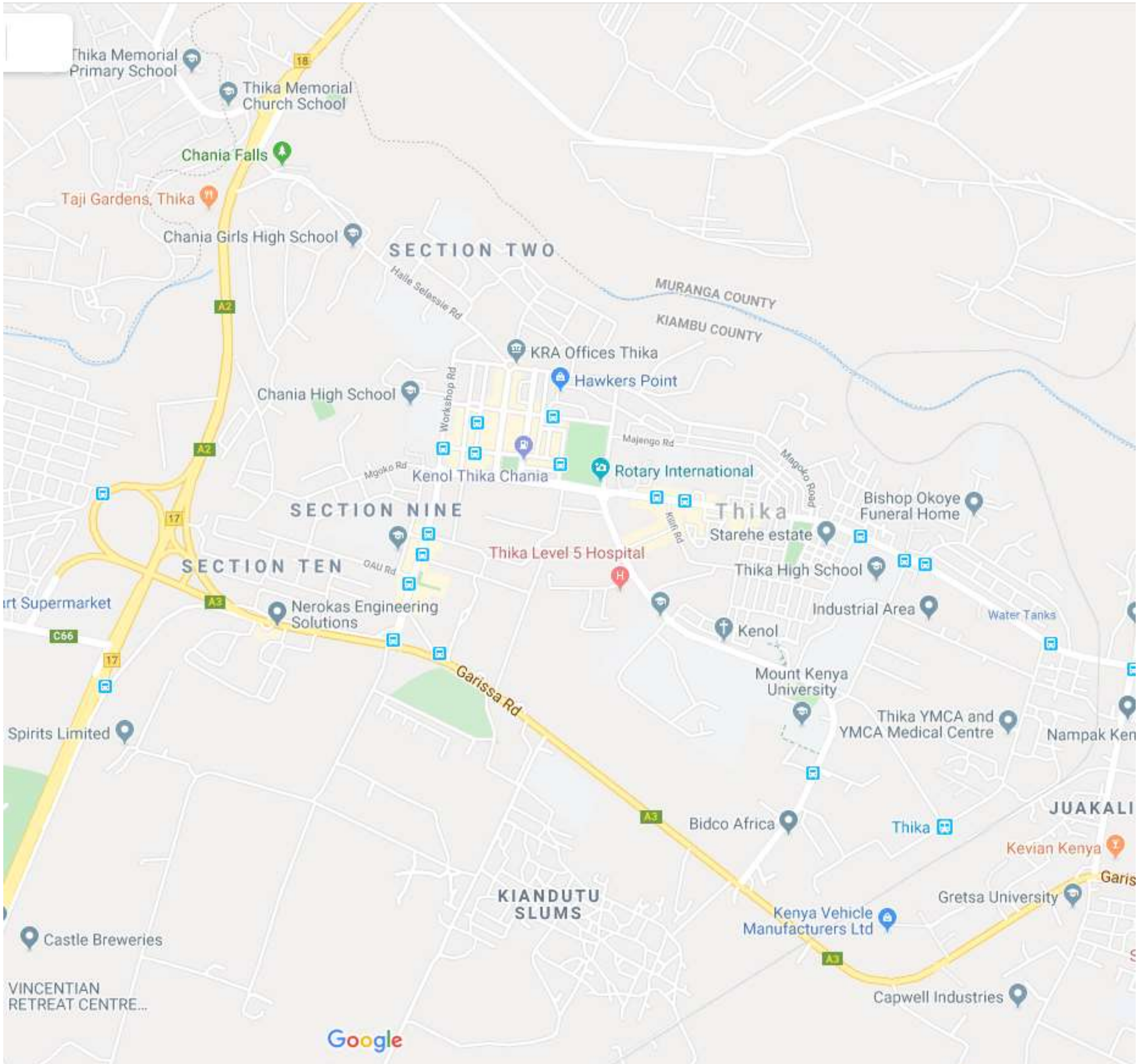
Appendix IV: Work Plan

Month /Activity	Jun 2019	Jul 2019	Aug 2019	Sep 2019	Oct 2019	Nov 2019	Feb–Jun 2021	Jul-Sep 2021
Proposal Writing								
Proposal Defence								
Corrections								
Data Collection								
Data Analysis								
Report Writing								
Submission of Report								
Finalization of Report								
Defence and Corrections								
Final Submission								

Appendix V: Budget

Item	Unit cost	Cost (Kshs.)
Typing and Typesetting services	Item	10,000
Printing and Photocopying of proposal	Item	3,000
Binding of proposal 6 copies	250	1,500
Data analysis	Item	20,000
Traveling expenses	Item	6,000
Hiring of research assistant	Item	15,000
Printing and Photocopying of Research Report	Item	10,000
Hard binding copies	1000	6,000
Miscellaneous	Item	10,000
Total		**81,500**

Appendix VI: A Map of the Research Area, Thika Town



Source: Google maps website, www.maps.google.co.ke

Appendix VII: List of Banks in Thika Town in 2015

1. Bank of Africa Kenya Limited
2. Bank of Baroda (K) Limited
3. Barclays Bank of Kenya Limited
4. SBM Bank Limited
5. Commercial Bank of Africa Limited
6. Consolidated Bank of Kenya Limited
7. Co-operative Bank of Kenya Limited
8. Credit Bank Limited
9. Diamond Trust Bank Kenya Limited
10. Ecobank Kenya Limited
11. Equity Bank Kenya Limited
12. Family Bank Limited
13. Guaranty Trust Bank (K) Ltd
14. HFC Limited
15. I & M Bank Limited
16. Jamii Bora Bank Limited
17. KCB Bank Kenya Limited
18. National Bank of Kenya Limited
19. NIC Bank Limited

20. Sidian Bank Limited

21. Stanbic Bank Kenya Limited

22. Standard Chartered Bank Kenya Limited

Source: Central Bank of Kenya website, www.centralbank.go.ke