EFFECT OF STRATEGIC MANAGEMENT PRACTICES ON CUSTOMER RETENTION IN COMMERCIAL BANKS IN KENYA

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Effect of Strategic Management Practices On Customer Retention in Commercial Banks in Kenya

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DECLARATION

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

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This Thesis has been submitted for examination with our approval as University Supervisors.

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DEDICATION

This thesis is dedicated to my late parents Mr. Michael Miyonga and Mrs. Margaret Atieno Miyonga, late uncle Wycliff Aluanga, my late siblings George, Susan, Simeon, Francis and my late sister in law and a friend, the late Hon Sarah Nyamvula Warner Hsc. Ultimately my husband James Kilifi and sons Ruphus Lugo, George Kidata and Michael Miyonga, to them I owe this achievement. May the Almighty God bless them abundantly.

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TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF APPENDICES

LIST OF ACRONYMS AND ABBREVIATIONS

ANOVA	Analysis of Variance
BCBS	Based Committee Banking Supervisor
C and I	Competence and Innovation
CA	Competitive Advantage
CBD	Central Business District
CBK	Central Bank of Kenya
CEO	Chief Executive Officer
CRM	Customer Retention Management
Df	Degree of Freedom
JKUAT	Jomo Kenyatta University of Agriculture and Technology
KBA	Kenya Banks Association
KMO	Kaiser-Mayor-Oklin Measures of Sampling Adequacy
NBSC	National Banking and Securities Commission
OECD	Organization for Economic Co-operation and Development
SCA	Sustainable Competitive Advantage
SCP	Paradigm of Industrial Organization
SD	Standard Deviation
SET	Social Exchange Theory

SHRD School of Human Resource Development

SMP Strategic Management Practices

SPSS Statistical Package for Social Science

SWOT Strength Weakness Opportunity Threat

TUM Technical University of Mombasa

DEFINITION OF TERMS

Commercial Bank: A type of financial institution that accepts deposits, offers checking account services, makes business, personal and mortgage loans, and offers basic financial products like certificates of deposit and savings accounts to individuals and small businesses (CBK, 2016).

Corporate Governance: A set of relationships between a company's management, its board, its shareholders and other stakeholders which provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance. It helps define the way authority and responsibilities are allocated and how corporate decisions are made. (CBK, 2016)

Customer Loyalty: The continued and regular patronage of a customer to a business in the face of alternative offers and competitive attempts to disrupt the relationship. It is expressed in continued buying and frequency of purchase (Buttel, 2010).

Customer relationship management: Strategic approach that enables organizations to use internal resources (i.e. Technology, people, and process) to manage the relationship with customers in order to create a competitive advantage and improve an organization's performance (Mohammed & Rashid, 2012).

Customer Retention: The maintenance of a continuous trading relationship with customers over a long period of time (Buttel, 2010). Customers, who have the greatest strategic value to the company, are the prime candidates for retention (Motiwala, 2008)

Customer satisfaction: Customer satisfaction as the main predictor of customer loyalty. Customers satisfied from the relationship with the firm are strongly inclined to be loyal to the firm (Padmarathy *et al.,* 2012)

Customer Value: The difference between what customers gets from a product, and what he or she has to give in order to get it. The trade-off between customers' perceived quality and customers' perceived price (Desarbo *et al.,* 2001; Kotler *et al.,* 2009).

Customer: Any person, client, supplier, or employee who interacted directly or indirectly with any business (Hoberman, 2007)

Financial institution: An institution that provides financial services for its clients or members. Deposit-taking institutions that accept and manage deposits and make loans, including banks, building societies, credit unions, trust companies, and mortgage loan companies (Tanner and Shipp 2005).

Leader: Leader is one who has the motive and purpose for setting the organizational vision and direction in leading and communicating change. Leaders who developed coalitions built on trust create work environment for internal and external customers (Northouse, 2007).

Leadership: Involves a learning process centered not only in what is supposed to be communicated but also in learning how to communicate it in ways that other people can comprehend and follow. As a result, there is a leader follower relation in place to enhance doing of the right things. (Riggio and Longer, 2008) or it is also a relationship through which one person influences the behavior or actions of other people towards a goal (Gwavuya, 2011).

Mission: An organization's existence. It shows the current and the future business activities of that organization and is the focal point of the organization's successes. (Sababu, 2007).

Organization Culture: Specific collection of values, norms, beliefs and attitudes that are shared by people and groups in an organization and that control the way they interact with each other and their stakeholders outside the organization. (Hill *et al.*, 2009).

Retention: A firm's capacity to attract new customers and convert current customers into repeat customers to ensure long-term gains in profitability. Retention involved customers' commitment, trust, willingness to recommend, and repurchase intentions (Zeithaml, 2000).

Strategic Management Practices: The identification of the purpose of the organization and the plans and actions to achieve the purpose. It is that set of managerial decisions and actions that determine the long term performance of a business enterprise.

Strategic management: A set of managerial decisions and actions that determines the long-run performance of a corporation (Hunger *et al.,* 2011).

Strategy: Strategy refers to the framework which guides those choices that determine the nature and direction of an organization (Ganesh, 2010). Strategy implementation is managing forces during the action. Strategy is about being an administrative task based on strategic and operational decisions, emphasising on efficiency, operational process which requires coordination among many individuals and specific motivational and leadership traits (Ganesh, 2010).

ABSTRACT

The banks should adopt customer retention as a strategic management tool to gain competitive advantage over its competitors; hence the purpose of this study was to find out the effect of Strategic Management Practices on Customer Retention in Commercial Banks in Kenya. Four Specific Objectives formed the basis of the Study namely: leadership practice, corporate governance practice, organizational cultural practice and strategic customer relation practice on customer retention in the commercial banks in Kenya. The theories used were transformational leadership theory, stewardship theory, strategic management fit theory, institutional theory and theory of competitive advantage. The total number of banks that are registered with the Central Bank of Kenya is forty-three (43) hence a survey method was used. The questionnaires were distributed to all banks and the managers and the department heads were requested to fill in. The total number issued was 117 questionnaires and 100 were returned, giving a response rate of 86%. In analyzing the responses, the statistical package for social science (SPSS) version 22.0 was used to present descriptive statistics such as frequency distributions, measures of central tendencies and measures of variations. Data analysis and interpretation was presented using descriptive statistics and measures of dispersion as well as inferential statistics, Pearson correlation, factor analysis and analysis of variance (ANOVA) were used. Multilinear regression model was used in explaining the effect of strategic management practice on customer retention in commercial Banks in Kenya. The study results indicate that the strategic management practices (measures of strategic leadership practice, strategic corporate governance practice, strategic organization culture practice and strategic customer relation management practice) had a significant positive effect on customer retention of commercial banks in Kenya. The main findings of the study were: one that variations in the four strategic management practices namely; leadership, corporate governance, organization culture and customer relation management accounted for 74.9% of the variation in customer retention. Unit improvement of the variables led to increase in customer retention. all variables were important with strategic leadership, strategic corporate governance and strategic customer relation management being the best predictor of customer retention, organization culture can be further be investigated to see how best it can increase customer retention. The summary of findings focuses on the specific objectives that guided the study. Therefore the study recommends that it would be appropriate for management to address challenges of competition, and embracing change in order to gain competitive advantage over their competitors. Hence it is important for banks to design comprehensive motivating programs for employees in dealing with the customer by being prompt in offering service and solving problems, pleasing and courteous while communicating with them. There was also need for management to encourage continued use of modern technology to optimize customer retention and by consequence gain in the market share. This study therefore gave insights on enhancing of capabilities on employees in order to satisfy customers, create loyalty and finally retain them in ways that would enable the management of the banking industry to achieve its objectives in a dynamic and competitive business environment using strategic management practices.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The background of this study outlines the customer retention from global perspective, African and Kenyan contexts respectively. The contents of the sub-section are expounded as follows:

1.1.1 Global Perspective of Strategic Management Practice on Customer Retention in Commercial Banks

The current global competitive world can be difficult for companies to succeed and survive due to the globalization and appearance of large multinational competitors. Due to the competitive business field, the success seeking companies that want to become one of leading companies in its field must realize that core competitive advantage is to have excellent stable management that is able to do wise strategic decisions. Therefore, such companies concentrate on specifying and adhering to the strategic management in order to reach their long-term goals (Colga Ciglerova, 2015).

One of the most important functions of the strategic management process is to help the organization establish effective strategies (Johnson *et al.*, 2014). As more industries become global, strategic management is becoming an increasingly important way to keep track of international developments and position a company for long-term competitive advantage (Whelen *et al.*, 2012). The global banking environment has also undergone a major transformation caused by the changes in regulatory reforms and technological advancement that has escalated the level of competition (Roy & Shekar, 2010). In the banking industry, global growth is estimated to have expanded by 3.1 percent in 2016 from 3.5 percent in 2015 (IMF, WEO April 2017 update). Advanced economies registered weak economic performance in the first half of 2016, attributed to policy uncertainty regarding trade relations, weak investment and sluggish productivity growth (CBK, 2016). To retain customers in the highly competitive and changing global market arena, banks are emphasizing on maintaining and continuously expanding their customer base using value based CRM strategies that enhance customer satisfaction (Godson, 2009) as cited by Mwirigi, Maina and Kimencu (2018).

Activity decelerated in the United States and in other major economies exacerbated by political developments during the period. In the United States, growth slowed down by 1.0 percentage point to 1.6 percent in 2016, while the growth in the United Kingdom was down by 0.4 percentage point to 1.8 percent. However, confidence in the Euro Area has been resilient despite the United Kingdom's vote to exit the European Union (EU) in June 2016. Countries such as Germany and Italy registered improved growth while performance in others such as Spain remained unchanged in 2016 (CBK, 2016). The global banking environment has also undergone a major transformation caused by the changes in regulatory reforms and technological advancement that has escalated the level of competition (Roy & Shekar, 2010). The advancements in technology have resulted in increased customer awareness and demand for high quality banking services and value for their money

Risks on global growth remain skewed on the downside, in the medium term, policy uncertainty of the US administration and the inward shift in policies, toward protectionism, may affect global trade and cross border investment and thus lower global growth (CBK, 2016). Due to the global trend, many banks in Taiwan have begun to rethink on how to build valuable relationships with their customers (Yao and Khong, 2011). In the past companies in Pakistan did not focus a lot on their customers but now the trend is changing due to the dramatic changes in the global business environment and the shift of power from businesses to customers.

Egan (2011), all prospective customers do not have equal potential and chances of recruitment. It is argued that customers who are highly committed to their current supplier have very high termination cost and therefore, might not be the best targets for a firm. Bruttel (2010), argued that customers who complain give the company a chance to win them back and retain their future value. In addition, the complaints provide information that can help identify and correct root causes of problems and thus increase customer satisfaction and retention. Customer retention on the other hand is beneficial for the firm for the following reasons, customers tend to increase their purchases as the tenure grows, it reduces the cost of customer management over time, committed customers are likely to spread positive word of mouth and that these customers are willing to premium prices for the product (Buttel, 2010) customer.

1.1.2 Regional Perspective of Strategic Management Practice on Customer Retention in Commercial Banks

Regionally, growth in Sub-Saharan Africa slowed down to 1.4 percent in 2016 (IMF WEO April 2017 update) from 3.4 percent in 2015, with oil exporting countries and other major resource countries accounting for most of the slowdown. Growth in Nigeria contracted to -1.5 percent in 2016 from 2.7 percent in 2015 following temporary disruptions to oil production, foreign currency shortages resulting from lower oil receipts, lower power generation and weak investor confidence. Growth in South Africa slowed down to 0.3 percent from 1.3 percent over the same period. Activity in non-resource intensive countries (agricultural exporters and commodity importers) generally remained robust (CBK, 2016).

A study by (Rootman,Tait and Sharp, 2011) on Relationship marketing and customer retention lessons for South African banks argued that, banks are important contributors to any economy, sustained client relationships and stability through maintained clients, or customer retention, are essential for the survival of these institutions. They also found out that, Banks needed to familiarize themselves with service delivery activities and methods and should constantly adjust to improve their relationship marketing efforts and customer retention levels.

Agudze-Tordzro, Buame, (2014) studied the relative importance of retention Strategies that influence customers' to make continual patronage of banking services within the banking industry. The variables considered were bank service quality, customer relationship management, switching barriers and, loyalty rewards. Findings of the study revealed that, with the exception of Switching Barriers (SB), the remaining three constructs i.e. Bank Service Quality (BSQ), Customer Relationship Management (CRM) and Loyalty Rewards (LR) all have positive significant effects on bank customer retention within the Ghanaian banking industry.

1.1.3 National Perspective of Strategic Management Practices on Customer Retention in Commercial Banks

In Kenya, the banking sector which is governed by the companies Act, the Banking Act, Cap 488 and the Central Bank of Kenya Act cap 491 was liberalized in 1995 and the exchange controls were lifted thereafter, (CBK 2016). As at 31st December 2016, the Kenyan banking sector comprised of the Central Bank of Kenya, as the regulatory authority, 43 banking institutions (42) commercial banks and 1 mortgage finance company), 8 representative offices of foreign banks, 13 Microfinance Banks (MFBs), 3 credit reference bureaus (CRBs), 17 Money Remittance Providers (MRPs) and 77 foreign exchange (forex) bureaus. Out of the 43 banking institutions, 40 were privately owned while the Kenya Government had majority ownership in 3 institutions. Of the 40 privately owned banks, 25 were locally owned (the controlling shareholders are domiciled in Kenya) while 15 were foreign-owned (many having minority shareholding).

The Kenyan banking sector is not exempted from this changing financial environment as it experiences unprecedented challenges. The sector is highly competitive with the customer base saturated with offers from all financial service providers (CBK, 2014). To remain competitive, banks maintain lifetime relationships with customers by employing customer relationship management (CRM) strategies such as value based CRM (Sin, Tse & Yim, 2005) which enhance quality service delivery and customer satisfaction. This trend, in the banking industry brought with it high numbers of new entrants, massive expansion and intensified competition not only within the banking sector but also from other industries such as mobile telephony, securities and insurance companies. The situation became even worse following reduced government borrowing in 2007 and the commercial banks had to find strategies of expanding their customer base, increase customer value and retain the existing customers.

1.1.4 Strategic Management

Strategic management of an enterprise with attaining a sustainable positive performance contains four basic elements, which are environmental scanning, strategy formulation, strategy implementation and evaluation and control (karadag, 2015). It is an ongoing process involving the efforts of strategic managers to adjust the organization to the environment in which it operates while developing competitive advantages (Mainardes *et al.*, 2014). Strategic management creates clearer sense of strategic vision for the company; it focuses more on strategically important problems and improves understanding of a rapidly changing environment (Wilson, 1994, as cited by Karadag, 2015).

Strategic management (Hunger *et al.,* 2011), includes environmental scanning (both external and internal), strategy (strategic planning), strategy implementation, evaluation and control. The study of strategic management therefore emphasizes the monitoring and evaluating of external opportunities and threats in light of an organization's strength and weaknesses in order to generate and implement a new strategic direction for an organization (Wheelen and Hunger, 2012). Strategic management has now evolved to the point where its primary value is to help the organization operate successfully in a dynamic, competitive environment.

Managers at all levels are expected to continually analyze the changing environment in order to create or modify strategic plans throughout the year. To be competitive in dynamic environment, corporations must become less bureaucratic and more flexible. In stable environments such as those that have existed in the past, a competitive strategy simply involved defining a competitive position and then defending it (Hunger *et al.,* 2011). Firms must take the necessary actions to implement their strategies. This requires leaders to allocate the necessary resources and to design the organization to bring the intended strategies to reality. Thus, managers need to determine how a firm is to compete so that it can obtain advantages that are sustainable over a lengthy period of time.

Armstrong *et al.,* (2008), stated that, it was important for firms to implement the right strategies in order to succeed. However, due to globalization, most industries are becoming more and more competitive forcing significant changes in the way firms do business. Present businesses that have already created a strategic management plan will revert to these steps as per the situation's requirement, so as to make essential changes. Dawkin and Reichheld, (2004), argues that it is through strategic management that a firm will be able to position and relocate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. Dawkin *et al., (*2004) further argues that this can be done by firstly, positioning of the firm through strategy and capability planning in its rightful competitiveness and secondly, use of real time response through issue management and thirdly, systematic management of resistance during strategic implementation.

The banking sector comprising of the Central Bank of Kenya as the regulatory authority, 43 banking institutions and other foreign owned financial institutions make this field highly competitive (CBK, 2016). It is significantly evident that the banking industry is highly competitive, with banks not only competing among each other, but also with non-banks and other financial institutions (Hull, 2002). Most bank product development was easy to duplicate and when banks provide nearly identical services, they can only stand out from the rest by placing themselves competitively above the rest. Therefore, customer retention is potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment.

As stated in the context, strategic management is management of change. It is therefore in order to state that the strategic management practices of the study are: Strategic Leadership Practice, Strategic Corporate Governance Practice, Strategic Organization Culture Practice and Strategic Customer Relation Practice. In order to examine the first strategic management practice variable, it can be noted that, in strategic leadership practice, the leader promotes cooperation and teamwork by instilling in followers a desire to work towards a common goal (Sabooe *et al*., 2015). Leaders must make strategic decisions as decisions are of little use, of course, unless they are acted on. Team leaders can maximize team performance by assembling the 'parts' (Zhang *et al*., 2013).

The characteristics of thus, a strategic leader is one, who will visualise the future trends and come up with proper decisions on implementation, evaluation and control (Dess *et al.,* 2005), transformational leadership is described by Grant (2012) as the goals of the organization must be communicated and embodied in the culture of the organization, communication and especially important and should be performed through leaders who are instrumental in permeating the vision through the various levels of organizational hierarchy. Leaders must demonstrate a commitment to these values by their own behavior and by the way they reinforce the behavior of others (Grant, 2012).

Strategic Corporate governance practice being the second variable, under the corporate value, there should be a review of performance of the firm's board of directors and top management. Hunger *et al.,* (2011), argues that board of directors involved in strategic management to the extent that it carries out the three tasks of monitoring, evaluating and influencing, and initiating and determining. The recent decade has witnessed an increased attention of stakeholders and regulatory bodies to the corporate governance practices, fostered by the publication of OECD corporate governance principles (2004) and Sarbanes-Oxley Act (2002), which were in turn triggered by scandals in Euro, WorldCom and Parmalat. These events undermined investor confidence and thus created obstacles to transferring capital to its best use. One of the solutions to this issue is corporate governance.

Tanna *et al.,* (2011), OECD considers governance as an important element of the economic efficiency. Based committee on the banking supervision BCBS (2006) and BCBS (2011) echoes that, "Enhancement to the framework and mechanism for Corporate Governance should be driven by such benefits as improved operational efficiency, greater access to funding at a lower cost, and as improved reputation." Research does suggest that active board involvement in strategic management is positively related to a corporation's financial performance and its credit rating. Highly involved boards tend to be very active. They take their tasks of monitoring, evaluating and influencing, and initiating and determining very seriously; they advise when necessary and keep management alert. Thus the stakeholders tend to have confidence in the organization as well as the employees and the clients.

Effective strategic corporate governance practice can be achieved by adopting a set of principles and best practices. A great deal depends upon fairness, honesty, integrity and the manner in which companies conduct their affairs. Companies must make a profit in order to survive and grow; however, the pursuit of profits must stay within ethical bounds. Companies should adopt policies that include environmental protection, whistle blowing, ethical training programs and so on. Such compliance mechanism helps develop and build corporate image and reputation, gain loyalty and trust from consumers and heightens commitment to employees. Ethical compliance mechanisms contribute to stability and growth since it instills confidence; management, leadership, and administration are essentially ethical tasks (Hershberger *et al.,* 2004).

Another Strategic Management Practice variable is the Strategic Organization Culture Practice. Hofstede, (2005) stated that, culture is regarded as the software of mind. Organization culture shapes the behaviour of people in the corporation. Because these cultures have a powerful influence on the behaviour of managers at all levels, they can strongly affect a corporation's ability to shift its strategic direction. Sababu (2007) stated that, a strong culture should not only promote survival, but also create the basis for a superior competitive position by increasing motivation and facilitating coordination and control.

Since culture affects the behaviour of the member in the society, a strong organization culture would clearly influence the way employees behave in the firm (Dawson, 2010). That is to say the organization culture may generate competitive advantage for the organization by enhancing employee's performance and cooperation with each other. Besides that, a strong culture helps to reduce the conflict within the organization, to dispatch, control and motivate employees (Schein, 2010, Mckenna, 2012). To the extent that a distinctive competency is tacit knowledge embedded in an organization's culture, it will be very hard for a competitor to duplicate it.

Strategic Customer Relation Management Practice is evidently seen as being the top priority in the organization because without them, implementation would not be easy to accomplish. The demand for competent employees is high especially for key decision making workforce; therefore, organizations are exposed to a continuous competitive fight for the best and talented employees (Armstrong, 2010). This study is on effect of strategic management practice on the customer retention in commercial banks in Kenya. During the past decade, a great deal of research has been carried out on the importance of employee engagement.

In various studies engagement is viewed as a positive state of mind overwhelming satisfaction which is characterized by feelings of vigour, dedication and absorption (Blomme, Kodden and Suffolk, 2015). Their work (Hannah, Sumanth, Lester and Cavareta, 2014), engaged employees are seen to be effective and productive leading to organizational performance. After determining the practices of strategic management, focus is now on customer retention and examines the relationship that exists among them.

1.1.5 Customer Retention

Customer retention is now regarded as important because it has become increasingly difficult for firms to assume that there exists an unlimited customer base. According to Reichheld and Sasser (2010), it costs five times more to gain a new customer than to retain an existing customer as the acquisition costs are lowered in the long run which means that customer retention is related to the profitability of a firm. Hunt, (2008), Customer retention is a positive attitude of the customer towards the organization and a willingness to stay with the organization. Malopo and Mukwada (2011) ascertained that firms are all out to foul attempts by customers to switch retailers and indirectly retain them.

A customer who expresses a positive attitude towards an organization and is willing to stay with it is more likely to stay. The main purpose of retention is to prevent competent employee from leaving the organization as this could have adverse effect on productivity and service delivery (Ng'the, Iravo and Namusonge, 2012) and this can be applied to retention of customers in an organization. Thus Customer retention has become more important than customer acquisition. Defending and protecting customer base should be the upper most jobs in these challenging economic times. Although in certain instances, companies still spend 10 to 20 times (or more) on acquiring new customers as they spend on keeping existing ones.

All successful companies must learn how to retain customers even when the customer appears satisfied (Omotayo *et al.,* 2008). Some unsatisfied customers may choose not to defect, because they do not expect to receive that better service delivery elsewhere and vice versa. As such service providers should understand why customers choose to stay and should not assume that it is a positive conscious choice, (Reichheld *et al.*, 2010). This is because they may be lured away by attractive offers by competitors when they experience dissatisfaction incidents (Jones *et al.*, 2003). There are strong arguments for management to carefully consider the range of factors that increase customer retention rate (Omotayo, 2008).

Winer (2001) argues that in building successful rational exchanges with the customer, there is a need to understand customer behaviors and to focus on those customers who can deliver long term profits to the firm. However, no firm can hold on to all its customers and aim at full customer retention (Egan, 2004). This is due to several factors; one factor is for example the fact that in highly competitive markets, customers may switch either temporarily or permanently to another product or service. Egan (2004) further argues that it is unprofitable to attempt to achieve total retention of the customers as the cost of doing so is likely to be prohibitive. Hence, it's simply important to retain and maintain the customer strategically.

The relationship that exists between Customer Retention and the strategic Practices namely; Strategic Leadership practice, Strategic Corporate Governance practice, Strategic Organization Culture Practice and Strategic Customer Relation Management Practice respectively. Leadership according to Jones *et al.,* (2009), one of the key strategic roles of both general and functional managers is to use all their knowledge, energy, and enthusiasm to provide strategic leadership for their subordinates and develop a high performing organization. Leaders need to develop strategic leadership skills so that they can think and act strategically and navigate through the unfamiliar business environment (Edward *et al*., 2013).

One of the key tasks of leadership is to give an organization a sense of direction. Strong leaders seem to have a clear and compelling vision of where the organization should go, are eloquent enough to communicate this vision to others within the organization in terms that energize people, and consistently articulate their vision until it becomes part of the culture of the organization. Individuals with strategic leadership skills are vigilant and have the aptitude for anticipating threats and opportunities surrounding their businesses (Tawadros, 2015). Sababu (2007), argue that, strong leaders demonstrate their commitment to their vision and business model by actions and words, and they often lead by example.

Effective strategic leaders develop a network of formal and informal sources who keep them well informed about what is going on within their company. They recognize that unless they learn how to delegate effectively, they can quickly become overloaded with responsibilities. They also recognize that empowering subordinates to make decisions is a good motivation tool. Delegating also makes sense when it results in decision being made by those who must implement them. At the same time statute leaders recognize that they need to maintain control over certain key decisions. Skilled leaders have the ability to evaluate different decision options, take quick but well-thought out decisions even when limited information exists (Tawadros, 2015).

They also work with short, medium, and long-term business goals in perspective. Strategic leaders possess effective communication, emotional and social intelligence skills, including trust and the capacity to synchronize the business and stakeholders' objectives (Edwards *et al.,* 2013). Strong empathy and social skills can help leaders earn loyalty of subordinates, empathetic and socially adept individuals tend to be skilled at managing disputes between managers, better able to find common ground and purpose among diverse circumstances and better able to move people in a desired direction than leaders with lack of these skills.

From the context therefore, Managers are the linchpin in the strategy making process. According to Dawkin and Reicheld (2004), it is through strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. Uzel (2012), states that there is intense competition in today's hotels which requires managers to adopt strategic drivers of performance in order to improve hotel service. This is because hotels that maintain long run performance are the ones that are able to build customer loyalty and retention. It is individual managers who must take responsibility for formulating strategies to attain a competitive advantage and putting those strategies into effect. They must lead the strategy making process towards success in order for the customer to have positive attitude towards the organization and stay with the organization.

Strategic corporate governance practice on the other hand, Byrne (2002) pointed out that following the abuses of recent times, executives were learning that trust, integrity, and fairness do matter and were crucial to the bottom line. Byrne (2002) also noted that in the post-Enron, post-bubble world, the realization that many companies played fast and loose with accounting rules and ethical standards and which allowed performance to be disconnected from meaningful corporate values, has led to a re-evaluation of corporate goals, values and purpose.

Hershberger *et al.,* (2004) also argued that as the new realities of corporate governance set in, the substance. If organizations concentrate on acquiring those virtues which are most useful in the business world, then it will have made great material progress since it attempts to improve employees who, in turn, help the institution to be more profitable. With effective strategic corporate governance practice based on core values of integrity and trust (reputational value) companies will have competitive advantage in attracting and retaining talent and generating positive reactions in the business field which not only affect customer loyalty but also employee loyalty.

Strategic Organization culture practice, Michael *et al.,* (2009) states that culture is learned, shared transmitted from one generation to the next. Culture consists of patterns of interrelated and interdependent characteristics, providing mind sets, directions and guidance in all phases of human problem solving. Culture in organization reflected the way people unconsciously perform tasks, set objectives and administer resources to achieve them. It affects the way they make decisions, think, feel and act in response to opportunities and threats. Culture therefore influences the selection of people in particular jobs, which in turn affect the way the tasks are carried out and decisions are made.

Thus managers and workers do things in particular ways because it is an expected behavior. Over the long-term, an organization's culture alone probably does more to influence corporate leadership than anything else does. It determines how individuals and organizations as a whole react and perform on a daily basis. An organization's culture is comprised of years and years of history, which includes successes and failures, good and bad decisions, and individual and collective stories. All of these create a set of values, explicit and implicit, for the corporation that underpins the corporation's leadership culture (Michael *et al.,* 2009).

Kennedy *et al.,* (2010) argues that, organization effectiveness as employees need to have a sense of belonging and share in the organizations vision and find their roles in the organization. Organization behavior often evolves from the behavior of the management team. Managers are the most important visual aids in training the juniors in the organization. Organizations with constructive cultures encourage members to work to their full potential, resulting in high levels of motivation, satisfaction, teamwork, service quality, and sales growth.

Constructive norms are evident in environments where quality is valued over quantity, creativity is valued over conformity, cooperation is believed to lead to better results than competition, and effectiveness is judged at the system level rather than the component level. These types of cultural norms are consistent with (and supportive of) the objectives behind empowerment, total quality management, transformational leadership, continuous improvement, re-engineering, and learning organizations (Kennedy *et al.,* 2010).

In relation to strategic customer relation management practice, employees are able to exceed the customers' expectations, when they are empowered, knowledgeable and have access to customers' information (Farquhar, 2004). If the staff is given more power, greater access to information, adequate knowledge and enormous training, the employees will be motivated to do their level best in order to retain customers, they are in a better position to delight customers and ensure customers stay longer.

Employee Engagement is Vital – It's a proven fact that happy, engaged employees create happy, loyal customers. It was impossible to expect loyalty from customers without first receiving it from the workforce. Gumesson (2002) argued that it was the value of the customers' experiences with the service that is important, therefore, customers' needs are important to consider when providing services.

An employee will probably exert a strong impact on organization reputation and attitudes (Coulter, 2002). According to the works of Hanley (2008) and Coulter (2002), the effect of positive employee's behavior could be expressed by increasing speed of response to customer and ensure employees are friendly and respectful to customers. Importantly for managers, improvements in customer satisfaction and service quality have in fact been shown in a number of studies to have a positive and direct influence on customer retention and long term profitability in traditional service contexts where face-to-face interaction between customers and employees was the only focus, for example, in a banking hall.

The different studies that justify the relationship between customer retention and strategic leader practice, strategic corporate governance practice, strategic organization culture practice and strategic customer relation management practice are that since the last decade many companies perceived the retention of the customer as a central topic in their management and marketing decisions (Van den Poel and Lariviere, 2005) most of the studies on customer retention argue that retaining customers improves profitability. Randeree and Chaudhry (2012) investigated the influence of leadership styles on job satisfaction and organizational commitment among construction workers in the United Arab Emirates. The study also examined the input of organizational culture on job satisfaction.

It is the people who make up the culture, he stated (Stewart, 2007). Reichheld (1996) warned that keeping employees was as critical as customers because customer loyalty could not be achieved without employee loyalty and employee loyalty could not continue without leadership commitment (Narayandas, 2005; Pan and Chen, 2004). Losing valuable customers and employees had financial effects because the organization would not be able to grow. Furthermore, Ganesh (2010) adds that companies that retain a high percentage of customers can improve their reputation, and easily attract new customers in the future.

Customer retention is one of most important factors leading a company to increased profitability and revenue. They further stated that an increase in customer retention usually is associated with a higher level of customer satisfaction. It is therefore important to note that from what has been said by different scholars, customers need to be retained but with the assistance of strategic management practice which are expected to create satisfaction, loyalty and eventually retention. Therefore, with the noticeable gap on customer retention, the study sought to find out, the effect of strategic management practice on customer retention in commercial banks in Kenya.

Banks play an important role of financial decisions, their efficiency is essential for financial stability, whereas inefficiency may have a ripple effect on the economy (Quian *et al.,* 2015). In banks governance board of directors play an important role, monitoring managers and advising them in the elaborations and implementation of strategies. Steffens *et al.,* (2008) identified the network level as another level of strategic planning in the banking industry. On this level banks cooperate with other organizations and built a collective strategy.

Clearly then, one positive consequence of satisfaction, i.e., customer retention, can help the firm gain competitive advantage and an expansion of their market share as customers willingly get service from banks as well as refer others to the organization. In addition, long term relationship with customers often means a greater resulting profitability as their economic positions improve over time. Indeed, it has been argued by some authors that customer retention is particularly relevant to the financial services sector where the building and maintenance of long term relationships is a key component of improved business performance (Ennew *et al*., 2007).

Aruka (2015) indicated that all the dimensions of service quality had the positive and significant influence on customer loyalty in retail banking. In Kenya, where the banking industry is getting competitive, retaining customer has become essential; customer retention has undeviating impact on the market share of the organization. The banking industry has grown from few institutions primarily involved in deposit acceptance and trade finance into a complex multi-player market where large number of banks are operating with various technology, products and services activities. This has created a competitive environment which is geared towards working more at increasing market share in terms of retaining customers. However, any bank can only survive, compete effectively and protect its market share in the midst of the current competition in the banking industry, if it will take all necessary steps strategically to invest and retain its customers.

Ogongo (2014) stated that several scholars have carried out extensive studies in the area of banking in Kenya and especially on competitive strategy. Local studies have been done on customer retention. For instance, Siboe (2006) did a study on customer retention strategies used by internet service providers in Kenya while Jerono (2008), conducted a study on relationship marketing practices and their impact on customer retention in the commercial banks in Kenya. On the other hand, Wachira (2010) did a study on customer retention strategies adopted by mobile telecom companies in Kenya while Karitie (2011) conducted an analysis of the effectiveness of customer retention strategies in Equity Bank Kenya. Further, Simiyu (2010) did a study on factors affecting customer retention in oil industry a case study of Total Kenya Ltd while Mutai (2013) did a study on the factors influencing customer retention among corporate companies utilizing mobile telephone services in Kenya.

Warugu (2001) in his research, found out that focus and product differentiation are some of the major strategies that the banks have employed in their quest to outdo each other. Similarly, Kiptugen (2003) looked at the strategic responses to a changing competitive environment in the case study of KCB, established that proactive rather than reactive strategies such as research on changing customer needs and preferences forms the basis of its strategic planning. Mbwayo (2005) focused on the strategies applied by commercial banks in Kenya in anti-money laundering compliance programs.

While there have been several studies emphasizing the significance of customer retention in other companies and few in the banking industry, there has been little empirical research examining the effects of strategic management practice on customer retention in the commercial banks in Kenya. Thus, there was need to carry out the study on the effect of strategic management practice on customer retention in commercial banks in Kenya.

1.2 Statement of the Problem

The Banking industry occupies a key position in the Kenyan economy. It creates deposits which affects money supply for business activities, carrying numerous financial services like deposits safety and creation of employment (Kamau, 2010). A report by the central Bank of Kenya (2016) on financial services offered by commercial Banks indicated that, there was a conducive environment for banks to compete aggressively for customer retention. This has emerged from the fact that, there was an ever changing consumer needs among the customers on innovative financial products offered by the Banks and information technology upgrades that impact on customer perceptions on the Banks. Removal of interest rate controls and credit ceilings have also allowed banks greater freedom to compete for customer retention by offering quality oriented services in line with customers' expectations. Performance of Banks is therefore affected whenever they lose existing customers as acquiring new ones is a costly affair.

Retaining customers is key in giving a competitive edge in the Banking industry hence banks must identify factors that they need to improve on so as to increase customer retention. Banks need to come up with ways of rewarding the sales for retaining customers. Organizations should endeavor to create value for their customers, for the banks to gain a sustainable competitive advantage; banks need to extend their services beyond the core services. Despite banks offering quality services to its customers, a third of its customers do leave the Banks for one reason or another (Anon, 2013).

Switch-ability by customers among banks is easy due to the fact that, banks products developments are identical (Caroline *et al*., 2015). However, current statistics shows that recruitment of new banking customers is very costly to commercial banks compared to retaining of existing customers. KBA (2013), expertise in the banking industry claim that banks struggle in trying to recover acquisition costs since a high customer defection rate makes the recovery even more difficult (CBK, 2016). Without delivering customers satisfaction, customers of commercial banks will continue to defect from one bank to another and this has cost implication not only to the customer but also the bank itself (Caroline *et al*., 2014).

Despite the importance of consumer retention strategies in the banking industry, very few empirical studies have investigated constructs that could lead to customer retention (Fisher, 2001). According to Colgate *et al*., (1996) most banks claim that creating and maintaining customer relationships are important to them and they are aware of the positive values strategies adopted to enhance customer retention in commercial banks. Kabure, Namusonge and Mugambi (2017) argued that, employing strategic management practices does more than simply strategic planning as it stresses the dynamic and critical processes of leadership. Such strategies can be used to innovatively design new ones and ensure that commercial banking institutions provide valuable services to its clients and be able survive, and thrive in a competitive environment.

Maina, Mugambi and Waiganjo, (2018) studied influence of Strategic Management Practices on Competitiveness of Kenyan Tea from which they concluded that, strategic management practices (product development, strategic planning and strategic alliances) influenced competitiveness of Kenyan tea. The study explored competitiveness of the Kenyan Tea sector and not on strategic management practices on customer retention in commercial Banks. Sasaka, Namusonge and Sakwa (2016) studied the effect of Strategic Management Practices on the Performance of Corporate Social Responsibility of State Parastatals in Kenya. Specific variables undertaken were strategic competitive practice, strategic corporate governance practice, strategic planning practice and strategic total quality management practice.

The authors concluded that, the greater the adoption of strategic management practices in the parastatals, the greater would their effect on performance of Corporate Social Responsibility be. The study recommended that, State Parastatals in Kenya should consider performance of corporate social responsibility as a new governance approach. The study focused on performance of state parastatals in Kenya and not on customer retention in commercial banks.

It is against this background that the study was undertaken to address the gap between strategic management practices as applied in other organizations retention for staff retention and customer retention in commercial Banks. The study considered strategic leadership practice, strategic corporate governance practice, strategic organization culture practice and strategic customer relation management practice as independent variables that were not studied by other researchers on customer retention in commercial Banks in Kenya.

1.3 Objectives of the Study

1.3.1 General Objective

The general objective is to find out the effect of strategic management practices on customer retention in Commercial Banks in Kenya.

1.3.2 Specific Objectives

The specific objectives which guided the study were:

1) To establish the effect of leadership practices on customer retention in the commercial banks in Kenya.
2) To determine the effect of corporate governance practices on customer retention in the commercial banks in Kenya.
3) To establish the effect of organization culture practices on customer retention in the commercial banks in Kenya.
4) To analyze the effects of customer relation management practices on customer retention in the commercial banks in Kenya.

1.4 Research Hypotheses

The study was guided by the following hypotheses;

H_0 1 There is no significant effect of leadership practices on customer retention in the commercial banks in Kenya.

H_0 2 There is no significant effect of strategic corporate governance practices on customer retention in the commercial banks in Kenya.

H_0 3 There is no significant effect of organization culture practices on customer retention in the commercial banks in Kenya.

H_0 4 There is no significant effect of customer relation management practices on customer retention in the commercial banks in Kenya.

1.5 Justification of the Study

This section explains the study with respect to importance and justification of Strategic Management Practices on customer retention in commercial banks in Kenya. The finding of this study could be broadly applicable and beneficial to:

1.5.1 Scholars and Researchers

The other researcher, they would use this study as a point of reference and other than that, the study also exposes researcher to a wider knowledge on how to carry out their similar studies in future. There was need to carry out this study to understand more on customer retention in the commercial banks. The study was highly motivated by the fact that studies that have already been conducted did not directly touch on customer retention. Majority of the studies touched on employee retention and on financial institutions in regard to performance. Currently the number of banks has increased and with the latest technology, competition has increased highly and so the study was one with a difference because strategic management practice had been introduced in order to place the financial institutions in competitive position that would enable them be able to retain their customers for sustainability.

1.5.2 Financial Institutions

The management of the financial institutions would benefit from the study by using the information, to see how they can further acquire and retain customers and hence increase profit. The study could also help the management in identifying areas they need to improve on, in order to improve on customer retention. It helps point out areas of weakness and improves on them as far as retention is concerned. Financial institutions that managed to retain customers, with regard to strategic management practices could increase their shareholders value while at the same time contributing to the sustainable of the commercial banks. Managers would make use of strategic management practice to improve their institutions in as far as customer retention was concerned all the time. From a practical perspective, the findings sought to provide vital information to facilitate the management of commercial banks in relation to the issues that need to be addressed in order to retain customers. This would enable them beat the competition experienced from other banks by designing appropriate methods and strategies geared towards business sustainability.

1.5.3 Policy Makers

This study will help the government, Bank regulators and policy makers in formulating and executing suitable operational guidelines, policy mechanisms and strategic intervention that would improve the capacity of this sector. A sustainable sector will contribute positively to the increase in customers with the banks and government being the key beneficiary. The financial institutions will benefit by using the information to come up with different strategy implementations in order to create loyalty in order to retain customers and hence increase profits. It would also assist them to know how, when and where to put more resources in order to improve on the customer retention.

1.6 Scope of the Study

The scope was chosen due to the fact that commercial banks have economic importance, fast growth and the competition among themselves gives the society the best. Therefore, the study covered the entire country, on all commercial banks in Kenya. There were a total of 43 banks as obtained from CBK (2018). The study focused on the effect of strategic management practices (leadership, corporate governance, organization culture and customer relation management) on customer retention. The study was undertaken between the year (2015 and 2018) in the 43 commercial banks in the republic of Kenya. Target population was drawn from all commercial banks under CBK which regulates all financial operations in Kenya. The CBK (2018), states that the total banks available in the country were 43.

1.7 Limitation and Delimitation of Study

The study had a number of challenges when being undertaken. However, the limitations did not have a significant interference with the outcome of the study.

1.7.1 Collection of data from the field posed a big challenge since the time of collecting the data differed from one manager to another and frequent follow-ups on visits and phone calls were necessary to gather the required data. Data collection therefore, took a longer time than anticipated.

1.7.2 Some managers kept empty promises when it came to picking the questionnaires. They were either too busy or just reluctant to fill in the questionnaire, and kept asking for more time and in the process some would even misplace and so they would ask for more copies and more time. Hence more time and patience was exercised until all the questionnaires got filled up.

1.7.3 Majority of headquarters are based in the capital county of Nairobi and so the branch offices had to wait for permission from head office, which also took a while and so delayed the coding and keying in of the data into SPSS which in turn delayed the analysis.

1.7.4 Some branches were hostile and so it forced the administering of the questionnaire to be undertaken to the same bank but different branch. Movement from one branch to the next took time and especially because of the traffic jam during peak hours. Patience bore fruits and eventually, the right number of questionnaires was received back for coding.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviewed the theoretical and empirical literature from other researchers on strategic management practices, and customer retention of commercial banks in Kenya. It also covered the conceptual framework assessing the effect of independent and dependent and carrying out a critical review of the literatures and establishing the research gaps.

2.2 Theoretical framework

The theoretical framework explains the theoretical basis of a study. Several theories have been provided to lead theoretical perspectives and make progress in the construction of a framework in which empirical research can be interpreted for better features, outcomes and behavior of the customer retention. The theories which advanced this research and enhanced understanding among the commercial banks were: Transformational Leadership Theory, Stewardship theory, Institutional theory, Strategic Management Fit Theory and Theory of Competitive advantage

2.2.1 Transformational Leadership Theory

The transformational leadership was initially introduced by leadership expert McGregor Burns (1978) by distinguishing between ordinary (transactional) leaders, who exchanged tangible rewards for the work and loyalty of followers, and extraordinary (transformational) leaders who engaged with followers, focused on higher order intrinsic needs, and raised consciousness about the significance of specific outcomes and new ways in which those outcomes might be achieved (Barnett, McCormick and Conners, 2001; Judge and Piccolo, 2004). According to Burns, transformational leadership can be seen when leaders and followers make each other to advance to a higher level of morale and motivation.

Through the strength of their vision and personality, such leaders are able to inspire followers to change their expectations, perceptions and motivation to work leading to achievement of organizational goals. The idea of transformational leadership was developed further by Bass (1985), who disputed Burns' conception of transactional and transformational leadership as opposites on a continuum. He suggested instead that the two, are separate concepts and that good leaders demonstrate characteristics of both (Judge and Piccolo, 2004). Whether a leader is adapting a style, behavior, or the level of interactions (exchanges), the leader's goal is to help employees accomplish tasks and goal attainment.

In the process of leadership, a leader will have to be flexible on the style or behavior that may be needed in matching employee's characteristics, tasks difficulty, and the work environment setting. As leader's better understand these factors with the leadership theories, organizations can benefit from employees feeling motivated to complete tasks (goals), which are: increased job satisfaction, less turnover, improved attitude, increased performance and efficiency, cohesiveness among work units, and trust, and respect between leaders and employees (Graen and Uhl-Bien, 1991; House and Mitchell, 1974; Northouse, 2007).

Transformational leadership theory has been used by several scholars in their studies on leadership. Datche, Gachunga, and Mukulu, (2015), studied influence of transformational leadership behaviors on organizational performance with an interest on the mediating effect of employee engagement between these relationships in the state corporations in Kenya. Transformational leader dimensions in the study were; inspirational motivation (though weak), intellectual stimulation and individualized consideration were found to be significantly related to both employee engagement and organizational performance. They established that both transformational leadership and employee engagement are significantly related to organizational performance in State Corporations in Kenya. Transformational leaders motivate and inspire employees to achieve organizational goals. This can lead to both customer and staff retention in commercial banks.

Njoroge, Gachunga, Kihoro, (2015) in their study on effect of integrative leadership style on organizational commitment in technical institutions in Kenya employed the transactional leadership theory. The study findings revealed that integrative leadership style comprising transformational leadership, transactional leadership and laissez-faire leadership had a significant effect on organizational commitment and its dimensions. Further, the findings showed that transformational, transactional and laissez-faire leadership styles each had a significant effect on organizational commitment. However, laissez-faire leadership had a significant effect on organizational commitment independently but not jointly. Leadership styles can contribute to both staff retention and customer retention in commercial Banks. Hence transformational leadership theory is applicable in most organizations.

2.2.2 Stewardship Theory

The landscape for business is ever evolving. Business structures and relationships among stakeholders are becoming more complex and interdependent. Businesses face unrelenting short-term pressures when making decisions. As a legal entity, a corporation enters into contracts to produce goods and services and it has the right to own property. Furthermore, the firm can borrow from various lenders and raise cash by issuing shares of its ownership. Shareholders would not only benefit from the earnings generated by the corporation, but by electing members of the board of directors they could indirectly oversee actions undertaken by the managers. These managers, as agents of the shareholders, are expected to perform for the best interest of the owners of the corporation.

Corporate governance practices are re-evaluated after every financial crisis, but often move in the direction of increasing guidelines and regulations. Such corporate governance measures are helpful and often necessary. However, sound stewardship has a longer term and wider view, with a motivation that extends beyond a “comply or explain” mentality. In short, the stewardship question needs to be considered from a perspective that includes, but goes beyond, merely complying with corporate governance requirements or seeking short-term benefits solely for a specific group of people, namely the shareholders.

Stewardship theory presents a different model of management, where managers are considered good stewards who will act in the best interest of the owners (Donaldson and Davis 1991). The fundamentals of stewardship theory are based on social psychology, which focuses on the behavior of executives. The steward's behavior is pro- organizational and collectivists, and has higher utility than individualistic self-serving behavior and the steward's behavior will not depart from the interest of the organization because the steward seeks to attain the objectives of the organization (Davis, Schoorman and Donaldson 1997). According to Smallman (2004) where shareholder wealth is maximized, the steward's utilities are maximized too, because organizational success will serve most requirements and the stewards will have a clear mission. He also states that, stewards balance tensions between different beneficiaries and other interest groups.

Gaturu,Waiganjo, and Okibo, (2018) examined the influence of strategic management practices on organizational performance of mission hospitals in Kenya. The study explored the influence of strategic composition of board of directors, influence of strategic evaluation, the influence of strategic control and the influence of hospital capabilities. The study employed stewardship theory to explain the relationships among the variables. The study findings revealed a positive correlation between strategic composition of the board of directors, strategic evaluation, strategic control, hospital capabilities and organizational performance. The study concluded that the three strategic management practices are important in influencing superior organizational performance. Mission hospitals should therefore adopt strategic management practices for superior organizational performance which forms part of corporate governance as a variable in this study.

Stewardship theory formed part of the study on effect of audit committee characteristics on quality of financial reporting in non-commercial state corporations in Kenya Mwangi, Florence, Muturi, (2018). The study employed stewardship theory in describing the independent variables. The study concluded that audit committees of non-commercial state corporations must have high level of independence, diversity, financial competence and hold quality meetings in order to enhance the quality of their financial reporting. Results are consistent with corporate governance in organizations which can influence customer and employee retention in commercial Banks.

2.2.3 Institutional theory

The origin of culture as an independent variable affecting an employee's attitudes and behavior can be traced back more than 50 years ago to the notion of institutionalization (Hammonds, 2000). Institutionalization operates to produce common understanding among members about what is appropriate and fundamentally meaningful behavior. Organizations as institutions tend to have acceptable modes of behavior that are largely self-evident (Amah, 2012). Culture is an important force determining managerial attitudes and practices, and does influence the practice of management.

Cultural differences may often affect management expectations and styles. Coping with other cultures and trying to understand why and how culture influences behavior is one of the most crucial issues facing management. Institutional theory is thus concerned with regulatory, social, and cultural influences that promote survival and legitimacy of an organization rather than focusing solely on efficiency-seeking behavior (Roy, 1997). Customer retention in commercial banks require strategic management practices (leadership practice, corporate governace, organization culture and customer relation management). Institutional theory is applicable in this circumstances.

Institutional theory has been applied in food industry according to (Mohamed S. T, 2017) in a conference presentation on Emerging Halal Food Market: An Institutional Theory of Halal Certificate Implementation. Institutional theory offers a suitable explanation that grounds the motivation to implement Halal food certification. The highly institutionalised Halal industry comprising government regulations, Muslim demands for Halal foods, and intense industry competition instigate Halal food certificate implementation. Results are indicative of the need to retain customers according to the Muslim cultural practice. One of the variables in this study entails use of strategic organization culture to retain customers in commercial Banks. The theory is broad to cupture banking sector as an organization.

2.2.4 Strategic Management Fit Theory

Strategic fit according to (Venkatraman and Presscott, 1990) is as an alignment that assumes a core position in both organizational studies and strategic management research. The basic proposition of the strategic fit literature is that the degree of alignment between strategy and its context has significant performance implications (Hofer and Schendel, 1978). According to (Venkatraman, 1989), strategic fit is the match between related variables.

Strategic fit has been an important building block in the development of strategic management theory (Drazin and Van De Ven, 1985). Strategy formulation school of thought is interested in the fit between strategy and environmental condition which are external elements (Chandler, 1962). The relationships here are causal ones in which the strategies must match with the external conditions if the firm is to survive and gain a competitive advantage (Porter, 1980 and 1985). Strategic management "fit" theory is applicable in organizations striving to attain superior performance in customer retention particularly in commercial banks.

Fit is considered fundamental to strategic management for four reasons. First, the field of business policy the initial strategy paradigm (Chandler, A.D, 1962) is rooted in the concept of "matching" or "aligning" organizational resources with environmental opportunities and threats (Andrews, 1971; Chandler, 1962). Commercial Banks in Kenya rely on customer retention as their resources. The underlying role of fit is high- lighted in the following statement by Andrews: The ability to identify four components of strategy- (1) market opportunity, (2) corporate competences and resources, (3) personal values and aspirations, and (4) acknowledged obligations to segments of society other than stockholders-is nothing compared to the art of reconciling their implications in a final choice of purpose. Commercial Banks in Kenya have to identify the value of customer retention as a core activity according the above statements. Market opportunities in retaining customers and corporate competences, among the commercial banks are paramount in improving competitiveness in operations and profitability.

Maina, Mugambi and Waiganjo, (2018) relied on the strategic management "fit" in their study on Influence of Strategic Management Practices on Competitiveness of Kenyan Tea. They concluded that, strategic management practices (product development, strategic planning and strategic alliances) influenced competitiveness of Kenyan tea. Sasaka, Namusonge and Sakwa (2016) studied the effect of Strategic Management Practices on the Performance of Corporate Social Responsibility of State Parastatals in Kenya.

One of the theories adopted was the strategic fit theory. The authors concluded that, the greater the adoption of strategic management practices in the parastatals, the greater would their effect on performance of Corporate Social Responsibility be. The study recommended that, State Parastatals in Kenya should consider performance of corporate social responsibility as a new governance approach. The study focused on state parastatals in Kenya and not on customer retention in commercial banks. over time increase the partners' trust of each other and commitment to maintaining the exchange relationship. Positive exchange interactions over time also produce relational exchange norms that govern the exchange partners' interactions.

2.2.5 Theory of Competitive Advantage

Competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors. These attributes can include access to natural resources, such as high grade scores or inexpensive power, or access to highly trained and skilled personnel and human resources. The term competitive advantage is the ability gained through attributes and resources to perform at a higher level than others in the same industry or market (Porter, 2004; Johnson *et. al*., 2008).

A firm is said to have a competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential player (Hill and Jones, 2009). Successfully implemented strategies will lift a firm to superior performance by facilitating the firm with competitive advantage to outperform current or potential players (Porter, 2008). To gain competitive advantage the firm manipulates the various resources and capabilities over which it has direct control and these resources have the ability to generate competitive advantage (Thomas, *et. al*., 2006).

Competitive advantage is perhaps the most widely used term in strategic management, yet it remains poorly defined and operationalized (Ma, 2000). Ma (2000) makes three observations regarding competitive advantage and conceptually explores the various patterns of relationship between competitive advantage and firm performance, namely: competitive advantage does not equate to superior performance; competitive advantage is a relational term; and competitive advantage is context-specific. John Dawes (2009), studied the role of customer tenure and relationship breadth in the banking sector, and the study concluded that price strategy increases customer tenure and breadth. They further found out that newer customers are adversely affected by pricing rates. This supports the theory of competitive advantage on low cost. Even in the local banks, are applying the same theory of competitive advantage on low cost to retain customers.

In differentiation, Kaithia, Iravo and Sakwa, (2015), in their study on the role of service innovation on competitive advantage in the banking sector, established that service innovation strongly and positively influenced competitive advantage. The study also found out that all the predictor variables (service concept, service process, service marketing, service channel and organizational form innovations positively influenced by competitive advantage in the banking sector. These are actually differentiation factors borrowed from the theory of competitive advantage of Michael Porter. Samson ole Kisirikoi, Esther Waiganjo and Agnes Njeru (2017), in their study strategic factors influencing competitiveness of commercial banks in Kenya concluded that there was a positive and significant relationship between innovativeness and competitiveness of commercial banks in Kenya. They also encouraged banks to adopt innovativeness among staff and in the banks.

Whereas, the study by Burden and Proctor (2000) on training and competitive advantage found out that meeting customer needs on time, every time, is a significant route to achieving and sustaining competitive advantage, and retention is a tool that organizations should use to succeed at this. In addition, in spite of the vast conceptual and empirical study conducted on the notion of competitive advantage, Flint and Van Fleet (2005) have nonetheless argued that there is no clear definition of competitive advantage (CA) that is applicable in general term i.e. applicable in any dimension or criteria.

2.3 Conceptual Framework

A conceptual framework is a graphical representation of the theorized interrelationship of the variables of the study which have been reviewed (Odhiambo and Wiaganjo, 2014). The conceptual framework of this study looks at the effect of strategic management practices, as independent variable and customer retention as the dependent variable. The independent variables include strategic leadership practice, strategic corporate governance, strategic organizational culture and strategic customer relations practice.

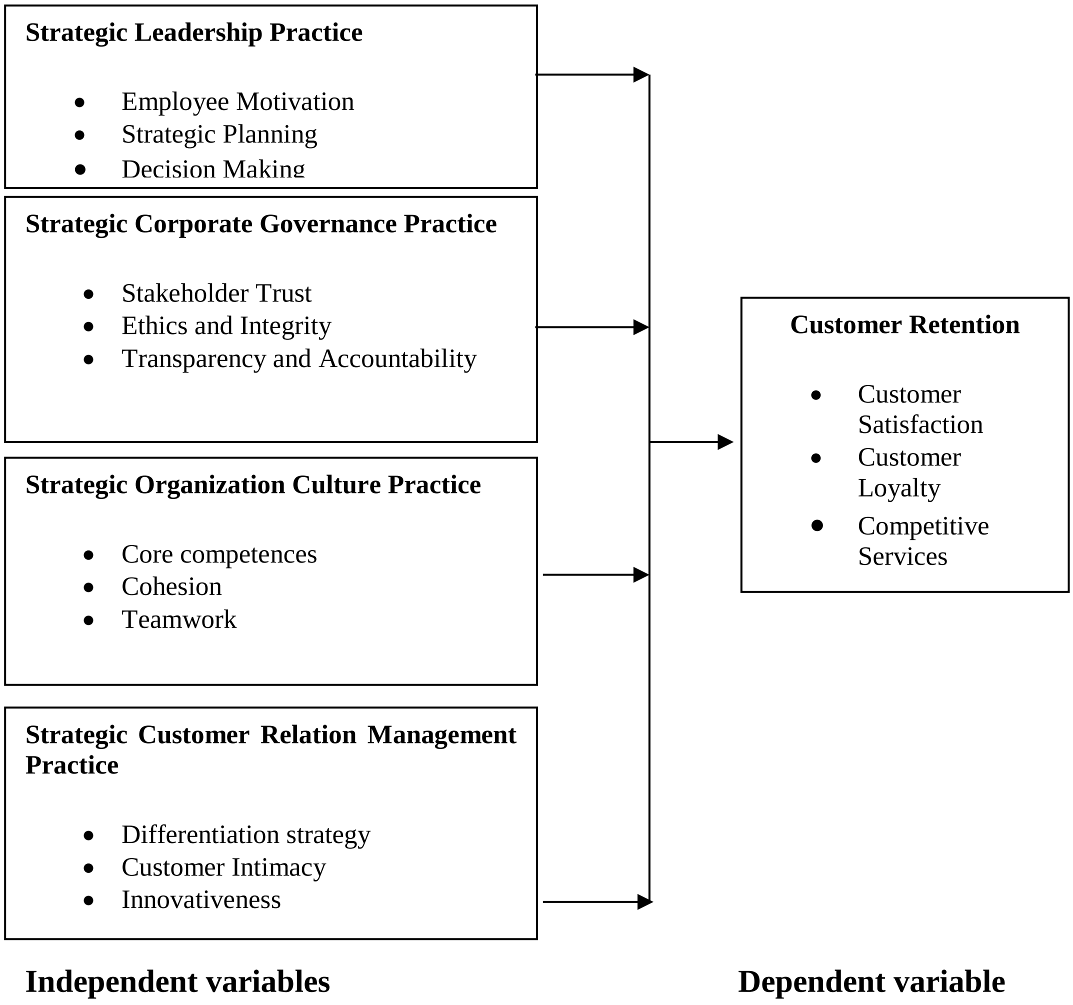

Figure 2.1: Conceptual Framework

Figure 2.1 presents the conceptual framework of the study. The conceptual framework was also used as a guide into formulating questionnaires which assisted in giving answers to the phenomenon under study and presented the researchers idea in a diagrammatic form about the variables.

Young (2009), equally, stated that conceptual framework is a diagrammatical representation that showed the relationship between independent and dependent variables. The conceptualization of variables in academic study is important because it forms the basis for testing hypothesis and coming up with generalizations on the findings of the study (Dwi, 2011). It further explained the relationship among interlinked concepts and possible connection between the variables and answered the why questions. Hence the variables were developed based on the literature review and the purpose of the study.

2.4 Review of Variables

Strategic management practices play an important role in the business world and hence have attracted attention of many scholars. Depending on different objectives, researcher's emphasis different aspects of strategic management practices (Ganesh, 2010). Strategic management practices that are likely to affect business decisions and affect customer retention, in this study, include strategic leadership practice, strategic corporate governance practice, strategic organization practice and strategic customer relation management practice. The following is a review of practices of strategic management practices that influence customer retention in commercial banks in Kenya.

2.4.1 Strategic Leadership Practice

Leadership has long been seen as a key factor in an organizational effectiveness, but interest in public sector leadership has increased over recent decades (Peris and Namusonge, 2012). Leadership is about aligning the people to the expected outcomes of the vision. In order to lead, one must be able to manage and hence the two are closely related (Gwavuya, 2011). On the other hand, leadership style refers to a particular behavior applied by a leader to motivate his or her subordinates to achieve objectives of the organization (Northouse, 2007). Since leadership helps to chart the future direction of the organization the behavior of the leaders is the catalyst in directing the followers to achieve the common goals hence followers follow the leaders' behavior when carrying out their duties (Thrush, 2012). Leadership is an important issue on any organization and various studies have demonstrated the increasing importance of leadership.

Most theories of leadership focus on leaders, Stephen Covey (1992, cited in Gill (2009) suggests that a ‘more fruitful approach is to look at followers, rather than leaders and to access leadership by asking why followers follow. People follow someone as a leader who influences, inspires and motivates them and these all depend on empowerment. An effective leader is able to influence his or her followers to reach the goals of their organization (Ngethe *et al*., 2012). Leadership is relationship of influence (Wright, 2006), it occurs only when people are influenced to do what is ethical and beneficial for the organization and themselves (Yukl, 2002). Leadership involves influence, without influence, leadership does not exist (Northouse, 2010).

According to Shaufeli (2008), employees who have positive interactions with their managers have increased levels of engagement. Additionally, Ngethe *et al.,* (2012) found that using transformational leadership style leads to increased organizational commitment and job satisfaction while Olesia, Namusonge and Iravo (2013) found out that the leaders who focus on relationship building and trust development increased employee participation and eventually the performance of their organization as cited in Kuria *et al*., (2016). In fact, employees who are led by strong leaders are more satisfied, engaged, and loyal than employees with weak leaders (Bernthat *et al.*, 2004).

Most of all, we are often developed into good leaders ourselves as a result of being taught by and following the example of leaders who were role models, mentors, and teachers. The managers\` leadership seems to be crucial and the implementation of strategic management systems needs leaders who drive the change. Effective managers do not always make strong leaders. They have to learn new skills and gain new self-awareness in order to influence and inspire those around them. Campbell *et al.,* (1994) argue that people are more motivated and work more intelligently if they believe in what they are doing and trust the organization they are working with’.

They acknowledge that motivation and commitment could also come from 'clear strategy, from the excitement of achievements, from the honor of being the best and the thrill of winning,' but strategy alone is not enough. Zafar *et al*., (2012) defined strategic process as an instrument that had been successfully used by poorly performing firms so as to prepare for future challenges and hence improve on long term performance. Gates (2010) argued that, a classic planning process scrutinizes an organization's contemporary situation and capacities, contemplations about how the organization would like to grow, its targets as an organization.

In previous studies, superior financial and organizational performances have been linked to insights and inspiration of effective leadership. This comes as no surprise to those who have worked with or for a great leader. Good results follow good leadership. According to Gwavuya (2011), incompetent leadership results in poor employee performance, high stress, low job commitment, low job satisfaction and turnover intent. Team leaders can maximize team performance by assembling the 'parts' into 'whole' and engaging in team-focused behavior rather than differentiate behaviors (Zhang *et al*., 2013). A leader dictates decisions down the subordinates, and few opportunities are given to employees for making suggestions even if these are in the organizations best interest (Gwavuya, 2011).

Slavik (2010) identified the dimensions of vision and mission statements, objectives and staff involvement as key in measuring the rate of strategic planning in organizations whereas, Muindi (2011) established that similar aspect such as lack of participatory decision making and failure to communicate to staff regularly on matters affecting them caused dissatisfaction among academic staff in the university of Nairobi hence it is left upon the leader to include all stakeholders in any decision making for achievement of the set goals.

O'Reilly *et al*., (2010) argued that it is not the effectiveness of a leader in isolation that affects organizational performance but alignment of leaders across hierarchical levels that is associated with successful implementation of strategic change therefore, employee participation in decision making serves to create a sense of belonging among the workers as well as a congenial environment in which both the management and the workers voluntarily contribute to healthy industrial relations(2008) as cited in Kuria, Namusonge and Iravo (2016).

2.4.2 Strategic Corporate Governance Practice

Organizations are the main concern and dominant institution. They have gone through every part of the world in various sizes, abilities and inspirations. The organizational contribution in good governance has influenced economies and various aspects of social background. Shareholders are seen to be losing confidence and market value has been extremely affected. However, with the advent of globalization, there is greater reterritorialization and less of governmental control, which results is a greater need for accountability (Crane and Matten, 2007). Hence, corporate governance has become a vital issue in managing organizations in the current global and complex environment.

The outcome of a good corporate governance practice was an accountable board of directors who ensured that the investors' interests were not jeopardized (Hashanah and Mazlina, 2005). The accountability and transparency component of corporate governance would help companies gain shareholders' and investors' trust. These stakeholders needed assurance that the company would be run both honestly and cleverly. This is where corporate governance is critical, (Morck and Steier, 2005). Corporate governance improves stakeholders' confidence and this would aid the sustainability of business in the long run. Governance may differ from country to country due to their various cultural values, political and social and historical circumstances.

In the recent times, one of the key concepts developed by business and financial experts is corporate governance (Oso *et al*., 2012). It is noted that corporate scandals are as a result of failure by organizations to consider stakeholder concerns in decision making (Watkins, 2003). Participation of stakeholders in organizational decision making can enhance efficiency and reduce conflict (Rothman and Friedman, 2001) as cited in Sasaka, Namusonge and Sakwa (2014). Ho (2005) as also cited in Sasaka *et al.,* (2014) noted that good governance practices enhance organizational competitiveness and hence a good financial returns.

In line with this, Oso *et al*., (2012) reported that in the past two decades, corporate governance concept had been identified as key to the survival of business organizations globally. Corporate governance specifies the distribution of rights and responsibilities among different participants in the corporation e.g. board, managers, shareholders and other stakeholder, and spells out the rules and procedures for making decisions on corporate affairs. It's about the full set of protecting and managing conflicts and working relationship between the board, top management teams, staff and other stakeholders.

In the study on Ghanian banking industry, Bokpin (2013) finds that larger boards contribute to higher profit efficiency but slightly worsen cost efficiency whereas Mamatzakis and Bermpei (2015) find that banks with smaller boards and unitary leadership structure are more efficient. Fernandes and Fich (2016), show that outside directors with greater board tenure in their banks were more efficient during the 2007-2008 financial crises. Short duration and frequent changes in the board structure maybe harmful for bank performance. This is because board members are likely to have lower commitment and fewer opportunities to get insights into strategy and vision. On the other hand, very long duration may lead to a decrease in board independence and entrenchment. Hence moderate duration should be adopted for the smooth running and implementation of tasks in order to achieve the set organizational goals.

Corporate governance helps an organization operate effectively, efficiently, mitigate risks and safeguard against mismanagement. Corporate governance makes an organization more accountable transparent and responsible, thus enhancing its performance (Kiliko, Atandi and Awino 2012). Organizations with good Corporate

Governance tend to attract a larger number of stakeholders since they ensure reasonable return on investments (Mallin, 2010).

Corporate governance has attracted a lot of interest because of its perceived positive impact on performance of organizations and society in general. Wanyama and Olweny (2013), absence of good corporate governance has been a major cause of failure and stagnations of many well performing companies including WorldCom, Enron and Uchumi, Nakumatt among others. The government, industry regulators, professional bodies and other players have developed rules, codes and guidelines on corporate governance.

These rules specify the rights and obligations of various stakeholders on the business enterprises and are aimed at ensuring fair, transparent and accountable business environment and therefore improve corporate performance. Banks play an important role of financial intermediaries. Their efficiency is essential for financial stability, whereas inefficiency may have a ripple effect on the economy Qian and Young (2015). It is therefore relevant to understand whether sound corporate governance may improve the financial institution to look efficient. Until recently, the financial services industry was not put under particular constraints in terms of corporate governance.

Given that public sector organizations are more dependent than others on legitimacy and on financial resources, the formal implementation of structures such as strategic management may be used as a sign of efficiency and good governance to respond to institutional or environmental pressure in order to secure legitimacy from constituents and resources from the institutional environment. Modernizing company law (2002) that, 'the basic goal for directors should be the success of the company. In the collective best interests of shareholders, but that directors should also recognize, as circumstances require, the company's need to foster relationships with its employees, customers and suppliers, its need to maintain business reputation, and its need to consider the company’s impact on the community and working environment.

Management should anticipate these developments, satisfy consumer needs and protect consumer interests. Byrne (2002) noted that in the post-Enron, post-bubble world, the realization that many companies played fast and loose with accounting rules and ethical standards which allowed performance to be disconnected from meaningful corporate values, is leading to a re-evaluation of corporate goals, values and purpose. If organizations concentrate on acquiring those virtues which are most useful in the business world, then it will have made great material progress since it attempts to improve employees who, in turn, help the institution to be more profitable.

Effective corporate governance based on core values of integrity and trust (reputational value) companies have competitive advantage in attracting and retaining talent and generating positive reactions in the environment – if a firm has ethical behaviour in today’s business environment, it engenders not only customer loyalty but employee loyalty. Effective corporate governance can be achieved by adopting a set of principles and best practices. A great deal depends upon fairness, honesty, integrity and the manner in which companies conduct their affairs.

Companies must make a profit in order to survive and grow; however, the pursuit of profits must stay within ethical bounds. Companies should adopt policies that include environmental protection, whistle blowing, ethical training programs and so on. Such compliance mechanism helps develop and build corporate image and reputation, gain loyalty and trust from consumers and heightens commitment to employees. Ethical compliance mechanisms contribute to stability and growth since it instils confidence; management, leadership, and administration are essentially ethical tasks.

The focus of the virtues in governance is to establish a series of practical responses which depend on the consistent application of core values and principles as well as commitment to ethical business practice (Hershberger and Holden, 2004). Given the nature of banking business and the antecedents of the operators such as unrecoverable loans, unethical bank practices, illiquidity, etc of Nigerian banks, corporate governance is fundamental to the nation's finances stability Afrinvest, (2010).

2.4.3 Strategic Organization Culture Practice

Gill (2006) states that culture is the way things are done. It is characterized by overt and covert rules, values, guiding principles, habits and psychological climate. Culture refers to those learned behaviors characterizing the total way of life of members within any given society and cultures differ from one another just as individuals differ from one another (Hughes *et al.,* 2009). Organization culture has been defined as a system of shared background, norms, values or beliefs among members of group (Hughes *et al.,* 2009) organization culture is the collection of traditions, values, policies, beliefs and attitudes that constitute a pervasive context for everything we do and think in an organization.

The culture of an organization, profound by affects the behavior of people within it and develops norm that are hard to alter organization culture is accepted by the people who work within the group and as indicated by Hughes *et al.,* (2009) if a person does not share the values or beliefs of the majority of members, then in all likelihood this person would have a fairly negative reaction about the organization overall. The culture of the organization referred to the customs and values that influence how employees behave (Michie and West, 2004) and leaders will need to know how to work within it. Bujak (2002) stressed that organizational vision would be the key to meeting the needs of individuals in the culture because it could unite organizational and personal values.

Generally, lack of attention to organization culture, individual beliefs and values lead to absolute failure of organization and achievement of goals, create many operational problems and waste a lot of energy to solve problems (Salarzahi, 2014). CEO's are individuals who hold values. These values shape their leadership style and decision process (Lockmer 2014). Involvement culture, specifically features empowerment where employees have authority, initiative and ability to manage their own work: orientation towards teamwork where the organizations counts on the team's efforts; and skills development meaning that the organization invests in the employees' skills development (Pirayeh, Maihdai and Nematpour 2011).

According to Hofstede (1980) as cited by Mose *et al.,* (2017) organization culture refers to the collective programming of the mind that distinguishes the members of the organizations from another. These include shared beliefs, values and practices that distinguish one organization from another. Corporate culture can be a liability resulting in the erection of barriers to change, diversity and acquisition and mergers (Ng and Kee, 2013). Nevertheless, organizations remain skeptical of its dysfunctional roles in handling change for example GM, which has a strong culture faces enormous difficulty in its attempts to change its way in a dynamic and highly competitive environment (shermerhorn *et al*.,1994 as cited in Mose *et al*., 2017).

A fundamental component of good governance is corporate culture of reinforcing appropriate norms for responsible and ethical behavior. These norms are especially critical in terms of a bank's risk taking behavior, and risk management (i.e. the bank's risk culture) BCBS 2015. Organization culture helps the members to gain a clear view of the tasks' target and orientation. A strong culture also creates good relationship among members as they share common understanding and interest.

It improves the working environment to be comfortable and healthy. When an organization is successful in building a strong culture, creates the employees' faithfulness to the firm, which makes the members feel proud of the organization as well as the job they are doing (Dawson, 2010). McManus (2003) proposed the organizational culture occurs at the department levels where employees and manager interact.

The intent to satisfy customer by bringing quality in the service sector is becoming essential to retain the customer (Brown and Gulycz, 2001). Service industry depends on continuous cycle of repurchase so companies have to struggle hard to retain customers (Anderson *et al*., 1994). As Baker (2003) indicates, all businesses have been affected to some degree by evaluation which is happening in the global market place. Now, not only do the organizations aim to satisfy the customers but they attempt to do this more efficiently and effectively than their rivals in the competitive environment to attain their goals (Kotler and Armstrong, 2011).

The most important goal of an organization is to maintain customer loyalty and focus on customer centric approach in their organizational strategies (Jain and Sigh, 2002). Banks therefore, have to be aware of the profitability of not just their products but also their customers. The overwhelming argument for customer retention is that it is cheaper to retain than to acquire new customer's important element of any banking strategy in today's increasingly competitive environment. According to Bass and Avolio (1992), the culture of an organization moved along a continuum from transactional to transformation. Cöner and Giingor (2002) found that service quality would lead towards more loyal customers. Iriana *et al.,* (2013) found that organizational culture, as measured using the competing values model, has an effect on customer relation management success, as indicated by an index composed of financial metrics.

2.4.4 Strategic Customer Relation Management Practice

Halimi *et al*., (2011) stated that an organization should focus on customers and take advantage of their personal information in order to perform personalization i.e. collecting customers' information which helps the firm to create products and services that perfectly provide the customers' desires and needs in order to maintain a long-term relationship between the company and its customers. Success depends on an accuracy of personalization, which is, offering the right product or services to the right customers.

The current global competition coupled with the regular economic fluctuations has led to the need for both the product and service industries to plan and monitor their customer's reactions, (Abdllateef *et al*., 2010). Anderson (2011), states that the business environment has become more dynamic than it was 50-60years ago. These dynamics in the last century have forced organizations to seek new strategies to remain competitive and successful owing to increased competition. In the present times, an organization focus more on customers' needs and wants to achieve customer satisfaction and loyalty.

The focus of the organizations is turning not on employing effective technologies, strategies or equipment, but on empowering their employees. Shivangee and Pankay (2011) as cited in Kuria, Namusonge and Iravo (2016) posit that since the global changes have led to every organization having access to technology, finance and new methods of working, the only available option for organizations to gain competitive advantage is the differences in the manpower between the organizations.

Service workers with high customer orientation tend to build long-term customer relationship, display low pressure sales tactics, pay attention to customers' needs, and actively engage in solving customers' problems (Franke and Park 2006). Bang and Kim (2013) view customer orientation as the customers' perception of the firm's atmosphere and culture to understand customers' needs. As such, if customers perceive that employees try to understand and help the customers, it is expected to lead to customer satisfaction and commitment. Also, it is possible that customers would be more committed if customers perceive that the firm tries to learn about them to improve the service.

In addition, employees with stronger customer orientation are more willing to put extra time and effort into maintaining a good relationship with their customer, (Susskind *et al*., 2003). When a good relationship exists between service employees and customers, customers are more likely to have a positive experience during the service interactions (Cross *et al*., 2007). Tajeddini (2010), says that for an organization to gain competitive advantage and retain their customers, employees should be empowered with the following characteristics: ability to clearly identify and focus on customer needs and wants, be actively involved with the customers by listening and interacting with them, to develop appropriate and or new solutions to complaints raised by customers and be, task orientation, flexible and committed to the organization. Therefore, customers' orientation is considered an important tool for achieving high customer loyalty levels in hotels or any other organization

In this line of reasoning, customers who identify with service employees' customer-oriented attitudes will feel satisfied with employees' service delivery and will respond by rating employee service performance favorably. Therefore, employee customer orientation should enhance customer assessment performance (Cross *et al.*, 2007). According to Reichheld (1996), head of Bain and Company's customer retention practice, successful' firms retain their customers, not just by focusing on customer retention, but also employee and investor retention.

He proposed a three-pronged approach to managing customer retention which involves finding and acquiring the right customers, employees and investors (Reichheld, 1996,). Reichheld's (1996) idea rests on the notion that disloyal employees are probably not able to build an inventory of loyal customers and disloyal investors do not support long-term relationship programs. He emphasized the need for maintaining a team of customers, employees and investors that share the same vision of a long-term relationship. Although not all customers prefer long-term relationships there are those who prefer stable long-term relationships, inherently spend more, pay promptly and require less service. Long-serving employees, Reichheld (1996) added, generate several economic benefits: not only are they much better at finding and recruiting the best customers, but they retain customers by producing better services and value and they are sources of customer referrals.

Central to his approach was the need for firms to search continuously and consistently for initiatives that offer a better value proposition than their competitors. The banking sector is the largest and most probably competitive segment in Kenya's financial service industry. Sustaining advantage in the face of competition and evolving customer requirements also requires that firms constantly develop their resources bases. Gary Hamal (2000) argues that the best strategy is geared towards radical change and creating a new vision of the future in which you are a leader rather than a follower of trends set by others. The recent emphasis is that strategy upon a sense of mission demonstrates the need companies feel to clarify their purpose and their values.

In the large complex organization, a sense of mission can serve as a unifying factor. The mission tells employees what the company is about. It can also serve to give other stakeholders a sense that the company is clear about what it is doing and where it is going. Commitment to upgrading the firm's pool of resources and capabilities requires strategic direction in terms of the capabilities that will form the basis of the firm's future competitive advantage. Every industry including banking has an underlying structure or a set of fundamental economic and technical characteristics which give rise to competitive forces. Competitive strategy, then not only responds to the environment but also attempts to shape the environment in its favour (Porter, 1985). Employees and the way they are managed can be important sources of competitive advantage. Because of their importance to competitiveness, employees are being given increasing amounts of managerial attention in the organizational planning of large organizations.

2.4.5 Customer Retention

Retention is being satisfied and becoming loyal leading to retention. In this context, we give an insight into customer retention. Customer retention highly depends on customers' perception towards service delivery systems (Kim *et al*., 2004). Customer retention thus involves customer's commitment, trust, willingness to recommend and have repurchase intentions (Zeithmal, 2000). The term customer loyalty is not only about customers doing a particular company a great service by offering favorable word of mouth publicity regarding a product or service, telling friends and family, but also, it is a process, a program, or a group of programs geared towards keeping a guest happy so that he or she will provide more business (Peppers and Rodgers, 2016).

Iravo *et al*., (2013) states that dissatisfied customers will be disloyal the organization and will talk about their bad experience to other customers, hence this should be avoided at all cost. Customer service needs to be integrated with the overall value provided by the, product or services, to satisfy the customers requirement. Customer satisfaction is one of the most important issue concerning business organized for all types which is justified by the customer oriented philosophy and the principles of continuous improvement in modern enterprise (Arokiasamy, 2013). Retaining customers and building customers relationship on a long lasting base can be very challenging for many organizations.

Iglesias, Singh and Batista Foguet (2011) mentioned that loyalty is developed over a period of time from a consistent record of meeting, and sometimes even exceeding customer expectations. The ultimate goal is to develop happy customers who will in return repurchase and persuade others to use that company's products or services. Loyal customers are those who are not easily swayed by price inducements from competitors, and they usually refer new customers more than those less loyal customers. Berman and Evans (2010) customer expectation have been met or exceeded by the firm in terms of value and customer service provided.

Therefore, retention of loyal customers is very significant that is serving as a factor for increasing long run success of corporations. Companies try to involve and satisfy their customers by creating loyalty to develop long term relationships among them (Ahter *et al.*, 2011). Mwangi (2013) found that exhibiting high levels of trustworthiness and reliability was highly practiced by commercial banks in Kenya as an indicator of customer relation as Kubi and Doku (2010) argue that customer relation implementation has the capacity to improve effectiveness in areas such as customer acquisition, customer retention and customer development.

Customer retention is regarded as important because it has become increasingly difficult for firms to assume that there exists an unlimited customer base. Ganesh (2010) argues that banks that retain a high percentage of customers can improve their reputation, and easily attract new customers in the future. Customer retention is one of the most important factors leading a company to increased profitability and revenue. Customer satisfaction is as important for the customer retention but not sufficient (Jones *et al*., 2010).

Previous studies argue that the customer satisfaction is the factor affecting the customer retention in some different levels. Emmah *et al*., (2015) stipulates in their study that retaining customers is key and gives a competitive edge in the banking industry. Alhawari (2012) as cited in Kabue *et al*., (2016) found that customer relations, customer attraction, customer knowledge capture and customer data analysis have a significant impact on customer acquisition which in turn is very effective.

Anand Sharma *et al*., (2014) found in their study that customer loyalty is very significant in creating and retaining competitive advantage in service industry specifically in sectors like the banking in India. One strategic focus that banks can implement to remain competitive would be to retain as many customers as possible (Ro king, 2005). It is through strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment.

Rizwan *et al*., (2014) argued that service quality, trust and reputation positively influence customer's loyalty. The impact of service quality on customer loyalty stalks from positive relation between services and quality and factors such as reputation and trust. Improvement in service quality leads to the increase in customer loyalty. They further stated that, service quality should be given more importance while formulating strategies for developing customer loyalty.

Customer retention is a strategy whose objective is to retain a company's customers and to retain the revenue contribution. Primarily, it aims at preventing customers from defecting to alternative brands or going to competition. According to Magson (2008) satisfied customers remain loyal and talk favorably to others about the company and the product or service. Customer retention and loyalty will depend on the levels of satisfaction that the customers receive when either they buy or use the products or services. Customer retention is a positive attitude of the customer towards the organization and a willingness to stay with the organization.

A customer who expresses a positive attitude towards an organization and is willing to stay with it is more likely to stay. Further importance of customer retention emerges from the fact that acquiring new customers is much more expensive than keeping existing ones, (stone *et al.,* 1996). Thus Customer retention has become more important than customer acquisition. Defending and protecting customer base should be job one in these challenging economic times. Customers have taken control of the exchange of goods and services.

A company stuck in the ways of the past (unwilling to relinquish control, taking customers for granted, putting short-term profits ahead of their reputation), should think otherwise. Schulz and Omweri (2012) in their study on the effects of business image on customer retention in hotels in Eldoret concluded that top management and staff are involved in creating a positive image, use of technology, provision of quality services and customer concern by the personnel improved the image of the establishment.

2.5 Empirical Review

2.5.1 Strategic Leadership Practice

Ngethe *et al.,* (2012) studied the influence of leadership on academic staff retention in public and private universities in Kenya and found out that the leadership was a staff retention strategy by concluding that leadership influences academic staff retention in Kenyan public universities. Ngethe *et al*., (2012) found out that, employees are more likely to remain with an organization if they believe that, their managers show an interest and concern for them, if they know what is expected of them. This finding was in line with Greenberg (2011) who wrote that, leadership is the process whereby one individual influences other group members towards attainment of defined group or organizational goals.

2.5.2 Strategic Corporate Governance Practice

According to Wanyama and Olweny (2013) absence of good corporate governance has been a major cause of failure and stagnations of many well performing consumers including WorldCom and Enron. The government industry regulators and other players have developed rules, codes and guide lines on corporate governance. These rules specify the rights and obligations of various stakeholders on the business enterprises and are aimed at ensuring fair, transparent and accountable business environment and therefore improve corporate performance.

Peris, Namusonge, Mugambi, (2018), studied determinants of effectiveness of Corporate Governance in State Corporations in Kenya; the study concluded that Board Characteristics, executive compensation, audit committee characteristics, directors' compensation policies and legal and regulatory framework were critical in determining effectiveness of Corporate Governance in State Corporations in Kenya

Mwangangi, Guyo, Moronge (2017), in their study, Contribution of Corporate Governance Leadership Practices on Performance of Listed Companies in Kenya recommended that listed companies should apply viable leadership structures for the realization of sustainable company growth; industry of the company and corporate governance to guide on effective leadership strategies; embrace the principle of stakeholders' ownership in the management of listed companies' affairs.

2.5.3 Strategic Organization Culture Practice

Cameron and Quinn (2011) argued that organization culture has a strong association with the organizations with the organizations sense of uniqueness, its values, mission, aims, goals and ways of building shared values. Organizational effectiveness as employees needs to have sense of belonging and share in the organizations vision and find their roles in the organization (Kennedy and Dain, 2010).

Afsar *et al*., (2010) attempted to find factors of customer loyalty and their relationships with the banking industry in one of the developing countries, which is Pakistan. Whereas, Kangogo *et al*., (2013) studied the effect of customer satisfaction on performance of the hotel industry in the western tourism circuit of Kenya. The study revealed that effect of satisfaction and trust on commitment was positive as well as significant and the greater the satisfaction, the greater the commitment and the greater trust, the greater was the commitment.

Ngari, Guyo, Odhiambo, (2016), in their study, Workplace Chronemic Culture and Employee Performance, among Service State Corporations in Kenya concluded that workplace chronemics cultures had a positive significant relationship with employee performance. The findings of the study suggested that work place chronemic culture was a significant area an employer should give attention to in order to create an environment in which the employees could become more productive.

According to, Chuma, Iravo, Orwa, Senaji (2017) studied the Role of Corporate Culture on the Performance of Commercial State Corporations in Kenya. The results showed that the role of corporate culture appeared significant in performance of commercial state corporations. The results also indicated that corporate culture could improve performance of state corporations.

2.5.4 Strategic Customer Relation Management Practice

Schulz and Omweri (2012) who concluded that when top management and staff are involved in creating a positive image and customer concern by personnel improved the image of the establishment. Ondieki (2012) who attempted to examine factors determining bank section and retention, and found out that the ownership of the bank and newness of the bank do not determine the bank selection and later retention by corporate customers, but rather bank services being offered, convenience of bank location, aggressive promotion and the ability to meet customers demand as well as good public image.

Kangu, Wanjau, Kosimbei and Arasa (2017), studied the Role of Customer Relationship Management dimensions on Customer Loyalty in the Hotel Industry in Kenya. The study concluded that customer relationship management is an important factor in achieving customer loyalty in the hotel industry. The study recommended that the government and the hotel management should ensure that the hotels were upgraded with modern technological facilities, standardization of the training curriculum for service providers in the hotel industry and come up with well defined loyalty programmes.

Nkatha, Mwirigi, Maina, Kimencu (2018), studied Value Based Customer Relationship Management and Satisfaction of Commercial Banks' Account Holders in Kenya and recommended that commercial banks should invest more in value based CRM strategies such as customized products and services, personalized communication and complaint management because they had significant effect on account holder satisfaction. This study, further recommended that commercial banks should address value based CRM challenges relating to service customization, personalized communication and complaint handling which significantly affected satisfaction with banking services and profitability.

2.6 Critique of the Existing Literature

Customers of commercial banks will continue to defect from one bank another unless they are satisfied. Customer retention can be likened to employee retention as being crucial in an organization. Ng'ethe, Iravo and Namusonge (2012) argued that retention of employees in an organization was one of the major challenges being faced by many organizations both in private and public sector. This has cost implication not only to the customer but also the bank itself (Caroline *et al.*, 2014). It is therefore, important for the banks to understand the customers' behavioral intentions (Simon, 2013).

The behavior can be influenced by service quality (Parasuraman *et al.*, 2002). Studies by (Nwanko, 2013), using evidence from Nigerian banking sector and its small business customers found that there was positive impact of service quality on customer loyalty which led to customer retention. Ondidi (2012) in Homa Bay, Kenya revealed that it is possible to increase customer loyalty through quality of service. The study contributed to the validation of the determinant of customer loyalty.

Auka (2013), got results that indicated that all dimensions of service quality had positive and significant influence on customer loyalty in retail banking. Zafar (2012) found that the customer satisfaction influences the customer commitment and enhances customer loyalty. High customer satisfaction would influence commitment which then would affect customer loyalty. Surekha *et al*., (2015) argued that a small perpetual difference existed among the customers regarding overall service quality in public and private sector banks. Customers' satisfaction is a key ingredient in retaining customers, it is important for the commercial banks to adopt competitive strategies in order to retain existing customers in the business and also attract prospective customers (Hunt, 2008)

The empirical studies stated are mostly on customer satisfaction and loyalty which eventually leads to customer retention. These two can be said to be the ingredients for customer retention in commercial banks. Dawkins and Reichheld (1990) brought the tangible advantages of retaining customers into prominence. Based on their consulting experience, they claimed that a 5% increase in retention rate led to an increase in the net present value of customers of between 25 and 85% in a wide range of industries, from credit card to insurance brokerage and from motor services to office building management.

Despite its potential benefits, customer retention did not obtain much attention in strategic or marketing planning processes. Grant's (1995) classification of resources, for instance, ignored customers as an important resource or asset and, hence, his recommended strategic planning process did not consider the value of relationships with existing customers. However, there are still few studies involved with customer retention. Empirical research that investigates the relationship between customer retention practices and profitability is also lacking.

Empirical works carried out so far have been limited to attempts to model the mechanics of customer retention in terms of their potential causes and effects of customer retention to companies (Page *et al*., 1996; Payne and Frow, 1997). These authors acknowledged that customer retention has brought tangible financial benefits to forms and that existing, new and potential customers should be treated differently. However, very few organizations, as Payne and Frow (1999) reported, have measured the economic value of their customer retention strategies.

Since the last decade many companies perceive the retention of the customers as a central topic in their management and marketing decisions (Van den Poel and Larivie're, 2005). Most of the studies about customer retention argue that retaining customers improves profitability, importantly by reducing the cost incurred in acquiring new customers (Reichheld and Kenny, 1990, Schmittlein, 1995; Reichheld, 1996).

Firms that constantly attract new customers will not be able to witness increases in profits if they are unable to retain them but at the same juncture, it is not rewarding to maintain every customer, since it is very costly (Anderson and Mittal 2000 in woo and Fock 2004). This is supported with findings of (Reichheld and Schefter, 2000) which discovered that a firm can increase profits by 25-95 percent if it could improve its customer retention rates by 5 percent.

While there have been several studies emphasizing the significance of customer retention in the banking industry, there has been little empirical research examining the constructs that would lead to customer retention. It is for this reason of lack of empirical studies that the researcher sought to find out the effect of strategic management practice on customer retention in commercial banks in Kenya.

2.7 Research Gaps

Most researchers have researched on retention but mostly on employee retention (Chew, 2004); Ngethe, Iravo and Namusonge, 2012); Opisa (2013) argued that it was imperative for state corporations to design strategic responses to the problem of staff retention. Nanjom (2013) argued that hiring knowledgeable people for the job was essential for an employer but retention was even more important. It is also to be noted that several previous studies focused on exploring significance of customer retention as well as efficiency in the banking industry.

Mathooko and Ogutu (2014) as cited in Kande, Namusonge and Mugambi (2017) also contended that distributed leadership and benchmarking on best management practices are critical in determining the growth of universities. Despite the apparent absence of an empirical link between satisfaction and behavioral customer loyalty and customer retention, several studies show that their satisfaction affects customer retention (Bolton 1998; Bolton, Kannan and Bramlett 2000). The underlying rational is that customers aim to maximize the subjective utility they obtain.

Other review on past literatures indicates that studies on customer retention concentrated more on the manufacturing sector over the retailing despite its growing importance as a major service subsector. Hence as stated many studies concerning customer retention in the developing countries have yet to be done, and Ng'ethe, Iravo and Namusonge (2012) who argued that retention of employees in an organization was one of the major challenges being faced by many organizations both in private and public sector hence the importance to carry out this study on retention of customers in commercial banks in Kenya.

Table 2.1: Summary of Research Gaps

Researcher/s	Study area	Findings	Gaps
Chew, 2004)	Role of human resource management in employee Retention	"Younger" employees focused on remuneration, training and development, career advancement, challenging work, growth opportunities and recognition. For older employees autonomy, opportunities to mentor and job challenge were of great importance.	The study underpins the value of motivating employees for retention purposes and not customer retention in commercial banks.
Ngethe, Iravo and Namusonge (2012)	Determinants of academic staff retention in Kenyan public universities.	study revealed that leadership style negatively influenced academic staff retention, while promotions influenced academic staff retention	The study explored employee retention and not customer retention in commercial banks.
Kinyili, Karanja, and Namusonge (2015)	Human Resource Management Practices on Retention of Staff	The findings were that there were weak but statistically significant positive relationships between remuneration practices, career advancement practices, work environment management practices and work-life balance practices and retention.	The study was in response to why staff members low productivity and low morale and not on customer retention in commercial sector.
Mkulu, Adhiambo , Katundano ,2017)	Workplace Administrative Strategies for Retention of Academic Staff in Private Universities	The results indicated that workplace factors, administrative strategies, contributed to academic staff retention	The study explores methods of retaining staff by providing good environmental strategies, leadership and governance on staff retention and not customer retention in organizations.

Jimoh ,(2017)	The study examined effective and efficient Customer Service Delivery on Customer Retention in Commercial Banks in Nigeria	Service quality dimensions keys were crucial for customer satisfaction and retention in commercial Banks	The study explored service delivery dimensions rather than strategic leadership, corporate governance and customer relationship practice.
Haripersad and Sookdeo ,(2018)	Customer Retention: Key towards Sustaining Competitiveness in Commercial Banking in South Africa	Results indicated that customers sought an experience that made them feel special and valued. The results also show that essentially, banks that pay special attention to their customers will succeed in retaining their customers.	The study is based on customer perspective rather than from the inputs from the commercial banks initiative (strategic management practices.

2.8 Summary

The focus of this study is the effect of strategic management practices on customer retention in commercial banks in Kenya. Business organizations, especially banking industry, operate in a complex and competitive environment characterized by the changing conditions and highly unpredictable economic climate and are still expected to retain their customers. As it is, customer retention is an important element of any banking strategy in today's increasingly competitive environment. Researchers have argued that customer retention is potentially an effective tool that banks can use to gain strategic advantage and survive in today's ever increasing banking competitive environment.

This chapter reviews the literature that was used to formulate the theories which led to the building up of the conceptual framework. A conceptual framework is a geographical representation of the theorized interrelationship of the variables of the study which have been reviewed. The conceptual framework also gave a guide into formulating questionnaires which would assist to give answers to the phenomenon at hand. The theories used were transformational leadership theory. This theory is in line with the first variable which is strategic leadership practice.

In today's turbulent banking environment, banks are seeking leaders who possess intuitive instincts and potent abilities that enable them to reposition their organizations based on anticipated environmental change. Leaders who are able to gain and maintain a competitive advantage for their banks requires the ability to adopt and respond with speed and agility.

The second theory used was the stewardship theory which is in line with the variable strategic corporate governance which specifies the responsibilities and rights of the various stakeholders in the organization. It articulates the relationship of the company to its immediate stakeholders. It articulates the relationship of the organization to the society but also the relationship between all stakeholders and the mediating processes among these results in an effective organization.

The third theory is the institutional theory which linked to the strategic organizational culture variable, which copes with other cultures and tries to understand why and how culture influences behavior as one of the most crucial issues facing management. The impact of culture in organization is becoming increasingly important. In order to achieve their goals, organizations are driven by their own kind of culture known as corporate culture which has significant influence on members' attitude and behaviors.

The fourth theory is the Strategic management fit theory and this is linked to the fourth variable which is strategic customer relation management. The importance of this theory emanates that human interaction is a purely rational process that arises and leads to economic success where both the client and the business benefit. Customer orientation is based on this theory because the theory is clearly based on intimacy on social cost benefit of each customer.

The fifth theory is competitive advantage theory which is in line with the dependent variable which is customer retention. As stated by Porter, competitive Advantage enables the firm to create superior value for its customers and superior profits for itself. It is through the CEO who is the agent of the firms' resources with good strategic management is able to achieve and has a competitive advantage when it is implementing value creating strategy and when other firms are unable to duplicate the benefits of the strategy.

The chapter also looks at various empirical studies already done by other authors and their relationship with the current study at hand. From the empirical the chapter also critiques the existing literature to see whether the study has already been handled or not. This then gives way to the gaps. The gaps are reached when there is a need but have not been satisfied hence the study is undertaken because there is need to give a solution to the gap. Thus, the researcher sought out to carry out the study to find out the effect of strategic management practices on customer retention of commercial banks in Kenya.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter outlines how the study was carried out. It describes the steps that were followed in the execution of the study and also describes the research design, population, sampling frame, sample and sampling techniques, data collection techniques and methods of data analysis. Hence it provides a brief justification for the research methods used (Perry *et al*., 2003).

3.2 Research Design

The study adopted a mixed design where both quantitative and qualitative approaches which were used to determine the effects of Strategic Management Practices on Customer Retention in Commercial Banks in Kenya. A qualitative approach was used to collect data in form of words rather than numbers. It provided verbal descriptions rather than numerical (Mugenda and Mugenda, 2014). Nyanja *et al*., (2012); Namusonge *et al*., (2012) as cited in Kavale, Namusonge and Mugambi (2014) have used both designs in their studies successfully. Descriptive design is preferred because it ensures complete description and analysis of phenomenon making sure that there is minimum bias in the collection and analysis of data (Creswell, 2011). Quantitative analysis would be most appropriate to underscore the relationship between independent and the dependent variables (Bryman, 2011). According to Mugenda and Mugenda, (2003), qualitative methods can be used to gain more in depth information that might be difficult to convey quantitatively.

Quantitative approach strives for precision by focusing on items that could be counted into predetermined categories and subjected to statistical analysis (Simiyu, 2012). The study used these two approaches to supplement each other (Kombo *et al.,* 2006). The researcher used this approach because data collected using the questionnaire was quantitative which was analyzed using the SPSS. Qualitative approach on the other hand involved interpretation of phenomena without depending on numerical measurements or statistical methods.

These approaches were used successfully in the study on "Determinants of Academic staff retention in the public universities" (Nge'the, 2013). According to Saunders *et al*., (2009), Probability sampling (or representative sampling) is most commonly associated with survey-based research strategies where the researcher needs to make inferences from sample population to answer question or to meet the objectives.

A survey is an attempt to collect data from members of a population in order to determine the current status of that population with respect to one or more variables (Gay, 1992). It is appropriate where large populations are involved which are geographically spread and was also the case in this study. Survey design was also appropriate for this study because it allowed collection of information for independent and dependent variables using interviews and questionnaires (Orodho, 2003).

3.2.1 Research Philosophy

The research philosophy that was adopted was positivism research philosophy which reflected the belief that reality was stable. This reality can be observed and described from an objective viewpoint without necessarily interfering with the phenomenon itself (Matta, 2015, as cited by Apopa *et al.,* 2018). Positivists' belief that hypotheses developed from existing theories can be tested by measuring observable social realities, thus positivism is derived from natural sciences. Half penny (2015) as cited by Apopa *et al.,* (2018) asserts that positivism research philosophy can be used to investigate what truly happens in organizations through scientific measurement of people and system behaviors hence this research philosophy can be used to investigate the effect of strategic management practices on customer retention in commercial banks in Kenya.

The research philosophy was chosen, based on the hypotheses that were to be undertaken. Under this philosophy it is possible to test hypotheses and generalize the findings as in Half penny (2015) assertion that positivism research philosophy can be used to find out what goes on in organizations through scientific measurement of people and system behaviors. However, according to Saunders *et al* (2007) to test the hypotheses, there was need to translate the underlying concepts into measurable form.

3.3 Target Population

Population is the entire set of units for which the study data are to be used to make inferences (Kothari, 2004). According to Kothari and Greg (2014) describes target population as total items about which information is desired. Since commercial banks in Kenya are 43, the target population comprised of all commercial banks as listed by Central Bank of Kenya, 2017 list, which shows the classification of banks in Kenya as shown in Table 3.1

Table 3.1: Target Population

Classification of Banks	Target Population
GoK and State Corporation owned Banks	03
Foreign owned Banks	12
Mortgage finance Institution	01
Commercial Banks	27
Total	**43**

Source: CBK, 2016

Table 3.1 shows the Population of the study which was the larger group from which the sample was drawn from, the population of the study which was made up of all the commercial banks in Kenya, comprising of Commercial banks registered with the Central bank. According to Mugenda and Mugenda (2003) is a part of the population drawn from the entire population or universe. The target population of the study was 43 banks spread across the country. The study consisted of the 43 banks since they facilitate services to the customers. The study population comprised of staff in commercial banks namely, (GoK and State Corporation owned Banks, Foreign owned Banks, Mortgage finance Institution and commercial banks) as they are involved in the execution of satisfying customers to be able to remain competitive in the business market.

For this study, target population comprised of the banks as per the Central Bank of Kenya list of (2016). Lately some banks have run down but are under receivership. Such banks were not included in the population.

3.4 Sampling Frame

A sampling frame is a listing of the accessible population from which the sample is drawn (Cooper and Schindler, (2013). Sampling is the representation of the target population and comprises of all the units that were potential members of a sample. The sampling frame of this study was 43 banks from GoK and State Corporation owned Banks; foreign owned Banks, Mortgage finance Institution and commercial banks. The sampling enabled the researcher to come up with adequate purposive sample. The list of the banks obtained sufficiently represented the target population (Appendix III).

3.5 Sample Size and Sampling Technique

3.5.1 Sample Size

This section describes the procedure that was used to obtain representative samples that were used in the study, and systematically describes the procedures used in selecting the samples. Sigel (2003) defines a sample as a set of entities drawn from a population with the aim of estimating characteristics of the population; it is a fraction of population selected such that the selected portion presents the population adequately. A sample in this study is a portion of the population of interest. Sampling is an element of data collection or a section of a population that is selected for a research process (Sekaran and Bougie, 2010).

There are only 43 banks and these did not meet the threshold of this research hence multistage sampling frame was adopted to enable the study to obtain at least more than 100 respondents. For example, a population that is less than 10,000 an adjustment must be done using Cochran's correction formula (Conchran, 2011)

$$nf = \frac{n}{1 + (\frac{n}{N})}$$

where nf=the final sample size

when population is less than 10,000

n= sample for population of 10,000 or more

N= the size of the total population from which the sample is drawn

$$nf = \frac{39}{1 + \left(\frac{39}{117}\right)}$$

=39

$$nf = \frac{39 * 100}{117}$$

=33

=30%

According to Mugenda and Mugenda (2003) a sample size of between 10% and 30% is good representation of the total population.

On the other hand, the purpose of sampling is to secure a representative group which will enable the researcher to gain information about a population. In determining the sample size, Slovin's formula was used to calculate the sample size (at 95% confidence level and P=0.05) as follows as shown by equation 3.1:

$$n = \frac{N.N}{1+N(e)^2}$$ …………………..………………………………. Equation 3.1

Where:

n=is the desired sample size

N=is the population size

e= is the margin of error at 95% confidence level

A sample size of 41commercial banks was arrived at as follows:

$$n = \frac{43}{1 + 43(0.05)2}$$

A sample size of 39 Banks was arrived at as follows:

$$\frac{43}{1.1075}$$

$$n = \frac{43}{(1 + 1.1075)}$$

$$n = 39 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots \text{Equation 3.2}$$

With a total population of 43 registered banks in Kenya, the sample size was 39. The researcher applied the multi-stage sampling frame of choosing 3 respondents for every bank.

Table 3.2: Sample Size

Classification of Banks	**Population Total**	**Sample Size**	**No. of Respondents**
GoK and State Corporation owned Banks	03	03*3	09
Foreign owned Banks	12	11*3	33
Mortgage finance Institution	01	0.9*3	03
Commercial Banks	27	24*3	72
Total	**43**	**38.9**	**117**

Source: CBK (2016)

Table 3.2 shows the sample size of study and distribution of questionnaires to three managers in each of the sampled bank. In the first stage (Phillips, 2012) states that purposive sampling is a sampling technique that allows a researcher to use cases that have the required information with respect to the objective of the study. Cases of the subject are therefore hand-picked because they are informative or they process the required characteristics, thus the personnel of this study were selected based on purposive sampling.

Table 3.2 above shows the sampling of the respondents. A sample size of 39 banks ensured that possible non-response was catered for to maintain the respondent of 117 personnel from the 43 banks. The sample of banks was selected deliberately to enable the researcher to get a richer representation of the population. The procedure was adopted in order to make the sample more representative of the population (Kothari and Garg, 2014). Simple random sampling allocation was done to ensure that every bank out of the 43 banks got a chance to be selected. The selection of the number of three respondents was based on Fwaya, Odhuno, Kambona and Othuon (2012) whose study population was made up of hotel managers. Therefore, this study chose 3 respondents as knowledgeable from every Bank sampled out of the 43 to make 117 respondents.

3.5.2 Sampling Technique

The study used stratified random sampling to select 117 respondents from the target population. Random sampling was used to select the number of staff per category. The banks were stratified as follows; GoK and State Corporation owned Banks, Foreign owned Banks, Mortgage finance Institution and commercial banks. Simple random sampling was used to select 3 senior members of staff per each stratum in all banks and given the questionnaire. Stratified random sampling was used as it gave a representation of the whole population.

3.6 Data Collection Instruments

The study used primary, secondary and interview data collection sources guide as follows:

3.6.1 Primary Data

Primary data was collected from the bank personnel in Kenya namely: GoK and State Corporation owned Banks; foreign owned Banks, Mortgage finance Institution and commercial banks. The researcher used questionnaires as primary data collection instrument. Kothari and Garg (2014) defines that the questionnaire is inexpensive in getting information quickly from large samples, as they can be administered by a single researcher on a single occasion, which cuts down on travelling expenses. According to Hair *et al.,* (2003), the questionnaire is the most common type of instrument used in the survey research.

Again, the questionnaire, on its part is effective when considering a large number of respondents and guarantees respondents' anonymity as some of the information needed is sensitive (Hair *et al.,* 2006). The questionnaire was used because it was considered to be more convenient as respondents could answer to their convenience. In this study, the questionnaires were self-administered by the researcher. Sasaka, Namusonge and Sakwa (2014) showed that self-administered questionnaires are usually preferred for purposes of developing close relationship with the respondents and also assists in providing clarifications sought by respondents on the spot.

The questionnaires were logically sequenced according to the variables being studied and were closed questions. According to Mugenda and Mugenda (2003), the closed ended questions were easier to analyze as they were in an immediate usable form, were easier to administer and are economical to use in terms of time and money. A customized five-part Likert scale was used to collect data on the independent variables from the managers. The respondents were asked to indicate agreement with each item.

Each item had a five-point scale ranging from 1=strongly disagree, 2=disagree, 3=indifferent, 4=agree, 5strongly agree. The Likert scale rating is a rating system in which the respondents indicate how strongly they agreed or disagreed with the questions (Saunders *et al*., 2007). The questionnaire was divided into two parts. Part A comprised question on respondent's background information and Part B on Strategic Management Practices (Strategic Leadership, strategic Corporate Governance, strategic Organization Culture and strategic Customer Relations

Management) and Customer Retention. The questions were formulated to address all the objectives of the study.

3.6.2 Secondary Data

Secondary data refers to data that is collected by someone other than the user (Ngechu, 2004). Common sources of secondary data included, censuses, information collected by the government, organizational records, and data collected by other research purposes. The secondary data was collected using desk research from publication of the banks. The literature sources for review were from published articles such as journals, periodicals, published thesis, annual bank reports and text books from the internet. The researcher used the information from Central Bank of Kenya and from the respective banks. These sources were thoroughly reviewed to give an insight in the search for the secondary information for the study. Secondary data collected was used to complement and validate the primary data collected.

3.7 Data Collection Procedure

Data was collected through administration of questionnaires by the researcher. Letter of introduction was obtained from Jomo Kenyatta University of Agriculture and Technology (JKUAT) to be dropped together with the questionnaires in order to carry out research in the different Commercial Banks in Kenya. The managers of the respective banks were informed of the intended study and permission to collect data from their respective institutions. The researcher proceeded to the field to administer the questionnaires to the sampled personnel. Before administering the questionnaire, the purpose of the research was well explained to the respondents who were assured of confidentiality of the information provided as well as their rights of withholding their participation in the study concerned. The questionnaire was dropped to the respondents and a time frame of 1-2 weeks was given to allow the respondent time to read, understand and give accurate answers.

3.8 Pilot Study

In this study pretesting involved 20 members of staff (20% of the sample size). According to Hertzog (2008) 20% of the sample required for a full study should be used in a sample size. Piloting was done to ascertain the reliability and validity of the instruments to be used for collecting data. According to Cooper and Schindler (2013), a pilot test is conducted to detect any weakness in design and instrumentation and to provide proxy data for selection of a probability sample. It also helps in assessing the feasibility; designing a research protocol and assessing whether it is realistic and doable; establishing whether the sampling frame and technique are effective; identifying logistical problems which might occur with the proposed methodology; determining resources needed for the planned study and assessing the proposed data analysis technique to uncover potential problems (Duncan, Njeri, Member and Tirimba, 2015). It provides an opportunity to detect and remedy a wide range of potential problems with an instrument.

Before the questionnaires were given out officially, an earlier test was done to determine whether the questionnaires were reliable and valid to be used on a larger scale. Therefore, twenty questionnaires were given out but not part of the actual sample of study and the respondents were asked to fill in. For the questionnaire to be adopted for study, the instrument met the reliability threshold of alpha ≥0.70. If this threshold was achieved after the pilot-test, revision of the instruments was done as it had a slight adjustment. The exercise determined if the researcher could go ahead on a larger scale or revise the instrument.

3.8.1 Validity Test of Research Instrument

Validity refers to the extent to which an instrument measures what it claims to measure (Kothari and Garg, 2014). This study used content validity which measured the degree to which the sample of test items represented and the content that the task was designed to measure. Content validity was achieved through integrating questions that were used in previous studies to measure similar constructs. The instrument was given to the supervisor and other research experts' judgment and review of construct validity. The questionnaire was guided by the conceptual framework in order to measure the elements of Strategic management practices and customer retention to ensure all the types of validity is addressed.

3.8.2 Reliability of Research Instrument

Kothari and Garg (2014) state that, reliability refers to the measure of the degree to which a research instrument yields consistent results across time and across the various items of the instrument. Thus, reliability is the extent to which an instrument is predictable, accurate and dependable to yield the same results every time it is administered. According to Sasaka *et al*., (2014), as cited by Omar *et al*., (2017) reliability is the ability of the research instrument to give the same answer in the same circumstances from time to time.

Therefore, if respondents answered a questionnaire the same way repeatedly on situations, then the questionnaire is said to be reliable. Alpha was developed by Lee Cronbach in (1951) to provide a measure of the internal consistency of a test or scale; it is expressed as a number between 0 and 1. Data reliability which is a measure of internal consistency and average correlation was measured using Cronbach's alpha coefficient which ranged between 0 and 1 (Kipkebut, 2010) Cronbach's alpha is a great form of the Kunder-Richardson 20(KR-20) formula derived from Mugenda and Mugenda (2003). The following formula which is Cronbach's Alpha basic equation measure and extension of the Kuder-Richardson formula 20(KR-20), reliability coefficient of internal consistency was as follows in equation 3.3:

$$KR_{20} = \frac{(K)(S^2 - \sum S^2)}{(S^2)(K-1)} = \text{..} \quad \text{Equation 3.3}$$

Where

KR_{20} =Reliability coefficient of internal consistency

K= Number of items used to measure the reliability

$\sum S^2$= Total variance of all scores on the entire test

S^2 =Variance of scores on each question

Testing of the reliability of the scale is important as it shows the extent to which a scale produces consistent results if measurements are made repeatedly. This is done by determining the association in between scores obtained from different administrations of the scale. If the association is high, the scale yields consistent results, thus it is reliable. Cronbach's alpha was used to determine the internal reliability of the questionnaire that was used in the study. A value ranging between 0 and 1.0; while 1.0 indicate perfect reliability, the value0.70 is deemed to be the lower level of acceptability.

The reliability of the questionnaire items was determined using the Cronbach's alpha coefficient (Kipkebut, 2010). Bryman and Crammer (1997) recommend a reliability coefficient of 0.70 and above. After collection of data, a reliability statistics of the data was done to ascertain the validity of the data collected. Joppe (2000) stated that reliability was the extent to which results could be said to be consistent over time and as being an accurate representation of the total population under study. To test the reliability, the Cronbach's alpha method was adopted by the use of SPSS program. According to Tavakol (2011) the Cronbach Alpha and its main aim was to provide a measure of the internal consistency of a test or scale in a research.

3.8.3 Data Management

a) Normality Tests

Many parametric statistical methods, such as analysis of variance or ANOVA test, linear regression, Pearson correlation, f-test, require that the dependent variable was approximately normally distributed for each category of the independent variable.

b) Skewness and Kurtosis Test

In the measures of skewness and kurtosis, the first measure of skewness is mostly based on mean and mode or on mean and median. Other measures of skewness, based on quartiles or on the methods of moments, at some point are also usually used. Kurtosis is the measure of flat-topped-ness of curve. A bell shaped curve or the normal curve is Mesokurtic because it is kurtic in the Centre; but if the curve is relatively more peaked than the normal curve, it is called Leptokurtic whereas a curve is more flat than the normal curve, it is called platykurti. In short, kurtosis is the humped-ness of the curve and points to the nature of distribution of items in the middle of a series (Kothari and Garg, 2014).

Skewness and Kurtosis tests were used to measure symmetric distribution and peakness of distribution respectively. The values of asymmetry and kurtosis between -2 and +2 are considered acceptable to prove distribution normality (Ali *et al*., 2016). The skewness and kurtosis measures should be as close to zero as possible. However, in reality, data are often skewed or kurtotic. A small departure from zero is therefore not a problem as long as the measures are not too large compared to standard errors.

Table 3.4: Skewness and Kurtosis

	N	Skewness		Kurtosis	
	Statistic	**Statistic**	**Std. Error**	**Statistic**	**Std. Error**
Customer retention	100	-1.414	.241	3.511	.478
Customer retention	100	-1.646	.241	5.620	.478
Customer retention	100	-.436	.241	.537	.478
Valid N (listwise)	100				

Table 3.4 shows, the skewness and kurtosis are within the accepted ranges. It was therefore assumed that the data are approximately normally distributed, in terms of skewness and kurtosis.

c) One-Sample Kolmogorov-Smirnov Test

This was used to check if a data set is from a particular distribution. It is a non-parametric test and is applicable for continuous distributions. It is used to test whether the distribution of a variable in a sample is similar to or different from the distribution of a population which is already known (Greener, 2008).

Table 3.5: One-Sample Kolmogorov-Smirnov Test

Non-parametric Test		**Customer Retention**
		100
Normal Parameters[a,]	Mean	4.2720
	Std. Deviation	.55160
Most Extreme Differences	Absolute	.131
	Positive	.093
	Negative	-.131
Kolmogorov-Smirnov Z		1.310
Asymp. Sig. (2-tailed)		.065

a. Test distribution is Normal.

The null hypothesis is that the sample is drawn from the reference distribution (i.e. the data is probably normal). A one-sample Kolmogorov-Smirnov test failed to reject the null hypothesis that the data followed the normal distribution since the Asymp. Sig (p-value is 0.065 which is greater than the one set at p>0.05.

d) Durbin-Watson (autocorrelation) Test

The main cause of autocorrelation is omitted variables from the model. When an independent variable is omitted from a model, its effect on the dependent variable becomes part of the error term. Hence, if the omitted variable has a positive or negative correlation with the dependent variable, it is likely to cause error terms that are positively or negative correlated (Babatunde, Ikughur, Ogunmola and Oguntunde, 2014). One of the assumptions of regression is that the observations are independent. If observations are made over time, it is likely that successive observations are related. If there is no autocorrelation (where subsequent observations are related), the Durbin-Watson statistics should be between 1.5 and 2.5.

3.9 Data Analysis and Presentation

The collected data was cleaned, validated, edited and coded and analyzed with respect to the study objectives, both descriptive and inferential statistics. The tool used for this study was with the said Statistical Package for Social Sciences (SPSS) software. The data was analyzed using descriptive statistics such as mode, median, mean, and standard deviation. Research hypothesis were also tested by use of F-statistics (ANOVA) to measure and determine the statistical significance between the variables and to draw conclusions of the study. The data was also assumed to take a normal distribution.

Correlation regression Analysis (Pearson's correlations to determine the degree of relationships between of Strategic Management Practices and Customer Retention in Commercial Banks) as a prerequisite for Multiple regression analysis which was used to determine the prediction model and single out those interdependent variables that significantly predicts the dependent variable (customer retention). Multiple regression attempts to determine whether a group of variables together predict a given dependent variable (Mugenda and Mugenda, 2003).

Furthermore, degrees of freedom (df) and significant values (p-values) will be used to interpret results. The employment of descriptive statistics was allowed for the reduction and summary of data as well as analysis of items or variables so as to provide greater insight as to the characteristics of sample. Since there are independent variables in the study the multiple regression modal was as follows: -

3.9.1 Multiple Linear Regression Model

The study employed multiple linear regression model given by equation 3.4.

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$…………………………Equation 3.4

Where:

Y=Customer Retention

$\beta_{0=}$constant or intercept which is the value of dependent variable when all the independent variables are zero.

β_1= Regression Coefficient for X_1(i=1, 2, 3, 4)

$X_{1=}$ Strategic Leadership Practice

$X_{2=}$ Strategic Corporate Governance Practice

$X_{3=}$ Strategic Organization Culture Practice

$X_{4=}$Strategic Customer Relations Management Practice

ε= Stochastic error term

3.9.2 Variable Definitions and Measurement

The study used a Likert scale for item analysis to determine the effect of strategic management Practices on customer retention in commercial banks in Kenya. The assessment was done using the 5-point scale on the questionnaire. Patton (2002), as cited by Sasaka *et al*., (2014) and Omar *et al.*, (2017), show that Likert scale was easy to use in respondent studies.

Table 3.6: Variable Definition and Measurement

Variable Scale	Indicators	Measurement Scale
Strategic Leadership Practice	• Employee motivation • Strategic planning • Decisions making	5-Point Likert Scale
Strategic Corporate Governance Practice	• Stakeholder trust • Ethic and integrity • Transparency and Accountability	5-Point Likert Scale
Strategic Organization Culture Practice	• Core competences • Cohesion • Teamwork	5-Point Likert Scale
Strategic Customer Relation Management Practice	• Differentiation • Customer intimacy • Innovativeness	5-Point Likert Scale
Customer Retention	• Customer Satisfaction • Customer Loyalty • Competitive Services	5-Point Likert Scale

3.9.3 Hypotheses Testing

The study was based on the assumption that Strategic management practices had an influence on customer retention in Commercial Bank. The conceptual framework was used to guide the study together with the four relevant hypotheses which were set out and tested at 95 per cent confidence level (level of significance, α=0.05). To test the hypotheses of the study, the p-value was used to test the significance of each independent variable to the dependent variable. If the p-value calculated was less than 0.05, the stated null hypothesis is rejected and that the variable was significant.

Table 3.7: Study of Hypotheses and Analytical Models

Hypotheses	Hypotheses test	Decision Rule and Anticipated Model
There is no significant effect of Strategic Leadership Practice on customer retention in the commercial Banks in Kenya.	Karl-Pearson's co-efficient of correlation; F-test (ANOVA) T-test	RejectH_{01}if p-value ≤ 0.05 otherwise, fail to reject if p-value ≥ 0.05 Analytical Model $Y= \beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\varepsilon$ Where, a=constant; β_1, β_2 β_3=correlation coefficient; X_1=employee motivation, X_2=strategic planning, X_3=decision making, ε=error term
There is no significant effect of Strategic Corporate Governance Practice on customer retention in the commercial Banks in Kenya.	Karl-Pearson's co-efficient of correlation; F-test (ANOVA) T-test	RejectH01if p-value ≤ 0.05 otherwise, fail to reject if p-value ≥ 0.05 Analytical Model $Y= \beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\varepsilon$ Where, a=constant; β_1, β_2 β_3=correlation coefficient; X_1=stakeholder trust, X_2=ethics and Integrity, X_3=transparency and accountability, ε=error term

There is no significant effect of Strategic Organization Culture Practice on customer retention in the commercial Banks in Kenya	Karl-Pearson's co-efficient of correlation; F-test (ANOVA) T-test	RejectH01if p-value ≤ 0.05 otherwise, fail to reject if p-value ≥ 0.05 Analytical Model $Y= \beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\varepsilon$ Where, a=constant; β_1, β_2 β_3=correlation coefficient; X_1=core competences, X_2=cohesion, X_3=teamwork ε=error term
There is no significant effect of strategic Customer Relation Management Practice On Customer Retention in the commercial Banks in Kenya.	Karl-Pearson's co-efficient of correlation; F-test (ANOVA) T-test	Reject$H0_1$if p-value ≤ 0.05 otherwise, fail to reject if p-value ≥ 0.05 Analytical Model $Y= \beta_0+\beta_1X_1+\beta_2X_2+\beta_3X_3+\varepsilon$ Where, a=constant; β_1, β_2 β_3=correlation coefficient; X_1=Differentiation X_2=customer intimacy, X_3= innovativeness, ε=error term

3.10 Research Ethics

The key ethical issues that were addressed in this study were: anonymity of the participants, confidentiality of information, voluntary consents of the respondents, the disclosure of the research objectives and non-disclosure of sensitive information about the commercial banks. The research ensured that all the data collected was treated with confidentiality that it deserved. The questionnaires were delivered to the respective banks personally by the researcher, and collected within the agreed period. No other person had access to the data. Once the questionnaires were recorded, they were safely kept in custody of the researcher. On the other hand, individual responses were not disclosed. In the same vein, the privacy of the participant is a crucial ethical consideration. In this regard, no information about the participants was made public. The aim of the research and the use of the information collected were fully explained to the participants. The data collected was strictly used only for the purpose of this study.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1 Introduction

This chapter presents both qualitative and quantitative results and discussion of the findings. Qualitative results comprise of descriptive statistics and inferential statistics which were used to analyze the data on each variable. The study findings were presented as per the objectives of the study on the effects of strategic management practices on customer retention in commercial banks in Kenya. The inferential statistical analysis was conducted for the purpose of testing hypotheses that were stated in chapter one, to find out the effect of the independent on dependent variables. The study also tested reliability and regression model results.

4.2 Pilot Testing Results

4.2.1 Validity of the Research Instrument

According to Cooper and Schindler (2003) as cited by Apopa *et al.,* (2018), validity can be achieved by pretesting the instrument to be used through identifying and changing of any irrelevant, ambiguous words or offensive questions.

4.2.2 Reliability of the Research Instrument

This study sought to find out the reliability of independent variables (leadership practice, corporate governance practice, organization culture practice and customer relation management practice) on dependent variable customer retention in commercial banks in Kenya. Internal consistency of measures was tested by computing the Cronbach's alpha co-efficient as illustrated in Table 4.1

Table 4.1: Reliability Results

Variable	Number of Items	Sample Size (N)	Reliability Coefficient Alpha	Accept/Reject
Customer Retention	20	19	.837	Accepted
Leadership Practice	20	19	.897	Accepted
Corporate Governance Practice	20	19	.832	Accepted
Organization Culture Practice	20	19	.937	Accepted
Customer Relation Management Practice	20	19	.872	Accepted
Overall			**.837**	**Accepted**

Table 4.1 presents results of the reliability of the questionnaire as derived from the pilot study. It shows Cronbach's alpha was used to determine the reliability of the questionnaire used in this study. Theuri *et al*., (2015) showed that Cronbach's alpha values ranges between 0 and 1.0; while 1.0 indicates perfect reliability, the value 0.70 is deemed to be the lower level of acceptability. It is evident from Table 4.1 that Cronbach's alpha for each of the independent variable is well above the lower limit of acceptability of 0.07.

The findings indicated that Customer retention had a coefficient of 0.837, leadership practice had a coefficient of 0.897, Corporate Governance Practice had a coefficient of 0.832, Organization culture practice had a coefficient of 0.937 and customer relation management practice had a coefficient of 0.872 respectively. The analysis established that all the sections and questions achieved a Cronbach's alpha of 0.8 and above. The study also assessed the responses per question to determine if there were any technical issues with the questions. The coefficients presented showed that the questionnaire was reliable in all the measurements scales and had a high level of the recommended reliability of 0.7 (Hair *et al*., 2009) and so suitable to be used in the field. This implied that the scales in question had a high degree of internal consistency among the measurement items.

4.3 Response Rate

Questionnaires were self-administered whereby the study population comprised of 43 Commercial banks in Kenya of which a total of 117 questionnaires were given out at random to all the commercial banks in Kenya. Out of 117 questionnaires, 100 were filled and returned, which represented 86% response rate. Nagib, Sakwa and Namusonge (2017) in their study, got 77.8% which was very good and was considered satisfactory to make conclusions for the study. Mugenda and Mugenda (2003), as cited by Theuri, Mugambi and Namusonge (2015) and Duncan *et al*., (2015) and Sasaka*at el.*, (2016) cited in their study that, high response rate guaranteed that the findings were representative of the target population.

They cited Emore (2007) who noted that, a response rate is the extent to which the collected data takes care of all the sample items, a ratio of actual respondents to anticipated number of persons who responded to the study. Table 4.2 shows one hundred questionnaires were completely filled returned and used to analyze the study. The eighty-six percent (86%) response rate was realized because of the constant visits to the banks, phone calls and follow ups. The response rate was considered adequate for further analysis; Mugenda (2008) recommends a response rate of 60 percent and above as good and adequate for analysis, as also cited by Theuri, Mugambi and Namusonge, (2015).

According to Sasaka *et al.*, (2016) as cited by Zikmund *et al.*, (2010) who stated that a response rate of over 50 percent was adequate for analysis, 60 percent good while

70 percent and over was to be very good. Hence the study scored a response rate of 86% which made it very good. High response rate enhances validity and importance of findings. Based on this assertion, the response rate of 86% in this case was very good and was considered satisfactory to make conclusions for the study. Studies by Theuri *et al.*, (2015) and Duncan *et al.*, (2015), obtained almost similar response rates hence adequate. The study met the threshold and so it was regarded to be good and adequate for further analysis.

Table 4.2: Response Rate

Classification of Banks	Questionnaires Distributed	Questionnaire Returned	% Returned
GoK and State Corporation owned Banks	09	09	08
Foreign owned Banks	33	25	21
Mortgage finance Institution	03	03	03
Commercial Banks	02	63	54
Total	**117**	**100**	**86%**

4.4 Diagnostic Test

The diagnostic tests that were performed include Kolmogorov-Smirnov (K-S) sample test, Shapiro Wilks (W Test) for normality and Kaiser-meyer –oklin (KMO) for factor analysis

4.4.1 Normality Test

In order to find out whether the distribution of the study data was normally distributed, several tests were computed. There exist several tests for normality. They are namely, Kolmogorov-Smirnov (K-S) sample test, Shapiro Wilks (W Test), of which all were used in the study. According to Malhotra (2007) Kolmogorov-Smirnov (K-S) one-sample test is a non-parametric goodness of fit test that compares the cumulative distribution function for variables within a specific distribution.

Table 4.3: Normality of One-Sample Kolmogorov-Smirnov Test for SMP

Measurements		SLP	SCGP	SOCP	SCRMP
			100	100	100
Normal Parameters[a]	Mean	4.1940	4.2910	4.1800	4.1050
	Std. Deviation	.50489	.43742	.44631	.46891
Most Extreme Differences	Absolute	.100	.089	.097	.099
	Positive	.100	.089	.097	.099
	Negative	-.100	-.083	-.073	-.071
Kolmogorov-Smirnov Z		1.004	.888	.966	.986
Asymp. Sig. (2-tailed)		.266	.409	.308	.285

a. Test distribution is Normal.

Key: SLP Strategic Leadership Practice, SCGP Strategic Corporate Governance Practice, SOCP Strategic Organization Culture and SCRMP Strategic Customer Relation Management Practice

Table 4.3 shows generally, H_0 is rejected if the p-value (sig) ≤ 0.05 if the test is done at 5% level of significance. If the p-value is high, then the null hypothesis is accepted which implies that the data fits the normal distribution. The null hypothesis is that the sample is drawn from the reference distribution (i.e. the data is probably normal. Table 4.3 presents the results of the Kolmogorov-Sminorv test. The overall verdict of K-S test using normalized Z-statistic as indicated in Table 4.3 which revealed that data on strategic leadership practice, strategic corporate governance practice, strategic organizational culture practice and strategic customer relation practice were significantly normally distributed since the $p \geq 0.05$.

Therefore, it would be appropriate to engage other statistical tests and procedures that had normality of these variables. These results were in support of the studies of Sekaran and Bougie (2011) who noted that when data distribution had normality, it was possible to undertake any inferential and parametric statistical analysis since the chance of outliers were minimal. Therefore, according to the rule of 3 standard deviations, an outlier would be a score above 4.272- (3 x 0.552) ≤0 or below 4.272- (3 x 0.552) =2.616 as also shown in Table 4.4. There were no outliers in this distribution. Hence the distribution was normal.

Table 4.4: Normality of One-Sample Kolmogorov-Smirnov Test for Customer Retention

Measurement		**Customer Retention**
		100
Normal Parameters[a,]	Mean	4.2720
	Std. Deviation	.55160
Most Extreme Differences	Absolute	.131
	Positive	.093
	Negative	-.131
Kolmogorov-Smirnov Z		1.310
Asymp. Sig. (2-tailed)		.065

a. Test distribution is Normal.

Table 4.4 shows a one-sample Kolmogorov-Smirnov test failed to reject the null hypothesis that the data followed the normal distribution since the Asymp. Sig. (p-value) is 0.065 which is greater than the one set at p>0.05. The overall verdict of K-S test using normalized Z-statistics as shown in Table 4.4 was that data on Customer Retention did not deviate significantly from normal distribution. Therefore, it was advisable to use statistical tests and procedures that had normality of Customer Retention.

Table 4.5: Normality of Skewness and Kurtosis Test for Customer Retention

variables	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Strategic_Leadership	100	-.309	.241	-.550	.478
Corporate_Governance	100	-.403	.241	.166	.478
Organization_Culture	100	-.098	.241	.095	.478
Customer_Relation management	100	-.047	.241	-.400	.478
Valid N (Listwise)	100				

In Table 4.5 and 4.6 normality of the variables were inspected using the kolmogorov-smirnov statistics. This was necessary since the sample size was less than 200. A non-significant value of the kolmogorov-smirnov with a p-value in excess of 0.05 indicated that data was normally distributed across the respective variable. Results presented in Table 4.5 indicate that all independent and dependent variables had non-significant kolmogorov-smirnov statistics. The variables were therefore adjusted to be normally distributed.

Table 4.6: Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
SL	1.004	100	.266	.962	100	.825
CG	.888	100	.409	.965	100	.837
OC	.966	100	.308	.974	100	.891
CR	.986	100	.285	.966	100	.837

a. Lilliefors Significance Correction

4.4.2 Multicullinarity Test

The general objective of the study was to find out the effects of strategic management practices on customer retention in commercial banks in Kenya, the multiple linear regression models was used to assess the overall effect of independent variables on dependent variable. The ordinary least squares multiple regressions were used to determine whether there was a significant effect of strategic management practices on customer retention in commercial banks in Kenya. One issue that may violate the assumptions of Ordinary Least Square regression was multi Collinearity. Ruhiu, Ngugi and Waititu (2014) indicated in their study that a situation in which there is high degree of association between independent variables is said to be a problem of multicollinearity which results into large standard error of the coefficient associated with the affected variables (Nagib *et al.*, 2017)

Table 4.7: Multi-collinearity

Model	Collinearity Statistics	
	Tolerance	**VIF**
(Constant)		
Strategic Leadership Practice	.646	1.548
Strategic Corporate Governance Practice	.517	1.933
Strategic Organizational Culture Practice	.488	2.050
Strategic Customer Relation Practice	.652	1.533

Dependent Variable: Customer Retention

Table 4.7 above shows the Tolerances for all the independent variables are all above 0.2. The Variance Inflation Factors (VIFs) are all below 5. MultiCollinearity occurs when any independent variable is highly correlated with any of the other independent variables in regression model. MultiCollinearity was therefore examined by computing tolerance and the variance inflation factor. According to Hair *et al.*, (2010) a small tolerance value indicated that the variable under study was almost a perfect linear combination of the independent variables in the equation and therefore the variable should not be included in the regression equation. Tolerance is the proportion of a variables variance that is not accounted for by the other independent variables in the equation.

It was also argued that a tolerance value less than 0.1 should be investigated further. Similarly, the regression model was subjected to statistical collinearity tests which determined whether the study variables had a high tolerance level. The regression analyses are tested to see if there is a presence of autocorrelation and multi

Collinearity in the data Variance Inflation factor (VIF) statistics. The scores of these statistical tests are accepted, implying that there is no presence of autocorrelation and multi Collinearity in the data. Multi-Collinearity is associated with VIF above 5 and tolerance below 0.2. A commonly given rule of thumb is that VIF's of 10 or higher may be a reason for concern (Makori & Jagongo, 2013). The independent variables of the study were therefore accepted for further analysis as they did not exhibit multi Collinearity.

4.4.3 Autocorrelation test result

Durbin–Watson statistic is a test statistic used to detect the presence of autocorrelation (a relationship between values separated from each other by a given time lag) in the residuals (prediction errors) from a regression analysis. The Durbin-Watson (d) was 1.604. The acceptable Durbin Watson range is between 1.5 and 2.5 (Field, 2009). A rule of thumb is that test statistic values in the range of 1.5 and 2.5 are relatively normal. Field (2009) suggests that values under 1 or more than 3 are a definite cause of concern. In this data analysis Durbin Watson value is 1.604, which is between the acceptable ranges, it shows that there were no auto correlation problems. A high degree of correlation among residuals of the regressions' data sets may produce insufficient results. As such, the presence of serial correlation among the OLS regressions is checked using Durbin and Watson's test statistics (Yupitun, 2008).

Table 4.8: Durbin-Watson Test (Autocorrelation) Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.486[a]	.237	.229	.45305	1.604

a. Predictors: (Constant), Strategic Leadership

b. Dependent Variable: Customer Retention

In Table 4.8 shows the Durbin Watson value of 1.604 indicates that the model did not suffer from autocorrelation. Durbin-Watson statistic ranges in value from 1.75 to

2.25 may be considered acceptable. Some authors consider Durbin-Watson value between 1.5 and 2.5 as acceptable level indicating no presence of collinearity (Makori and Jagongo, 2013).

4.5 Demographic results of the Study Population

The demographic characteristics of the respondents in this study were sought through the age, highest level of education attained, the title in the organization and knowledge of strategic management.

4.5.1 Age

The study sought to establish the age distribution among employees working in commercial banks in Kenya. This was necessary since as observed by Karanu and Njeru (2014, as cited by Musau *et al* 2018)

Table 4.9: Age

Age	Frequency	Percent
20-30	43	43.0
31-40	40	40.0
41-50	16	16.0
51-60	1	1.0
Total	**100**	**100.0**

They argued that age moderates the relationship between strategic management practice and customer retention. Results of descriptive analysis of employees' age distribution presented in Table 4.9 revealed that most employees were between 20 and 30 years with and between 40 and 50 years respectively.

Table 4.10: Education levels

Education levels	Frequency	Percent
A level	1	1.0
Ordinary Diploma	6	6.0
Higher National Diploma	7	7.0
Bachelor's Degree	55	55.0
Masters	30	30.0
Doctorate degree	1	1.0
Total	**100**	**100.0**

The study also sought to establish the levels of education of respondents, Table 4.10 displays the results. Education has been noted to be the catalyst towards a better understanding or organizational structures and control systems that enable employees to be creative, innovative and willing to take initiatives leading to teamwork, quality and improved productivity (Goetsch and Davies, 2006 as cited in Musau *et al* 2018). It was therefore, necessary to assess whether the employees in the commercial banks in Kenya meet the relevant levels of education as shown in Table 4.10 majority of the employees were graduates 55% PhD holders 01% while 30% had a master's level whereas the rest were, 1% A level education, 6 % were Ordinary Diploma holders and Higher National Diploma were 7% respectively.

In conclusion, that the employees had the relevant education necessary to proactively participate for issues regarding strategic management practice and customer retention. It should be noted that formal education may not be a good basis to judge customer retention among banks Kapila (2008 as cited in Musau *et al*, 2018) points to inadequacy of some certified professionals.

4.6 Customer Retention Results

The study sought to determine the influence of Strategic Management Practice on customer retention in commercial banks in Kenya. The Strategic Management

Practices were; Strategic Leadership practice, Strategic Corporate Governance practice, Strategic Organization Culture Practice and Strategic Customer Relation Management Practice.

4.6.1 Sample Adequacy Results on Customer Retention

The Kaiser-Mayor-Oklin Measures of sampling adequacy (KMO) and Bartlett's Test of Sphericity was used to test the correlation between customer retention variables.

Table 4.11: KMO and Bartlett's Test

aiser-Meyer-Olkin Measure of Sampling Adequacy.		.861
	Approx. Chi-Square	399.311
Bartlett's Test of Sphericity	Df	45
	Sig.	.000

Table 4.11 shows the KMO measure of sampling adequacy results is 0.861. This value indicates good partial correlation in the data for the study. According to Ali *et al.*, (2016) as cited by Omar *et al.*, (2017), the KMO indexes ranges from 0 to 1, the world over accepted index is over 0.5 considered suitable for factor analysis.

The Bartlett's Test of Sphericity should be significant at $p<0.05$ of the study and thereby shows the validity and suitability of the responses collected to the problem being addressed through the study. For factor analysis to be recommended suitable, the Bartlett's Test of Sphericity must be less than 0.05 (Theuri*et al.*, 2015). This indicates the factor analysis could be carried out as the KMO index was between 0 and 1, the Bartlett's test of Sphericity result is 0.000 which was within the acceptable level to test for significance and validity of the data. Rusuli, Tasmin, Takala, Norazlin (2013), as cited by Omar *et al.*, 2017 explained that Measure of Sampling Adequacy should exceed 0.5 and for Bartlett's test of Sphericity the significant level of p at less than 0.05.

4.6.2 Factor Analysis Results of Customer Retention

The major purpose of factor analysis is to summarize data so that relationships and patterns can be easily interpreted and understood. It is normally used to regroup variables into limited set of clusters based on shared variance (Young and Pearce, 2013

Table 4.12: Customer Retention Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	4.610	46.097	46.097	4.610	46.097	46.097
2	1.124	11.238	57.335	1.124	11.238	57.335
3	.905	9.051	66.386			
4	.794	7.935	74.321			
5	.633	6.327	80.648			
6	.594	5.943	86.592			
7	.511	5.106	91.698			
8	.316	3.164	94.861			
9	.276	2.762	97.623			
10	.238	2.377	100.000			

Extraction Method: Principal Component Analysis

Table 4.12 presents the relevant results for Factor analysis which was employed to identify the major measures driving the study variables that were measured using multiple construct items. Factor analysis was done on the customer retention variables where the constructs were subjected to a variance test through the principle component analysis which was thus used for data reduction and interpretation of large set of data.

All the measures of customer retention were subjected to factor analysis and the results showed that there were two factors extracted explaining customer retention which accumulated to 57.335% of the total variance in this construct. Factor 1 was the highest with 46.097, while factor 2 had 11.238%. These two factors had their Eigen values greater than 1 and had the greatest effect on the customer retention as they explained about 57.335 of the total variance.

The results revealed that the two major factors driving of strategic management practice on customer retention in commercial banks cumulatively accounted for 57.3 percent of the total variance in this construct. This meant that the 57.3 percent of the common variance shared by the ten variables could be accounted for by the two factors.

4.6.3 Customer Retention Component Matrix Results

The rotated component factor loadings for customer retention measures (component 1 was competitive service which has the first four constructs and component 2 was customer loyalty which had two constructs) in which a confirmatory factor analysis was done for the dependent variable, customer retention. The results of this analysis are presented and six out of ten factor loadings were above 0.4 and positive. These results validate that customer retention in this study had two indicators (customer retention linked with competitiveness and customer retention linked with response to customer loyalty) and they represent one main factor which was of customer retention

Table 4.13: Customer Retention Rotated Component Matrix

Opinion Statement	Component: Competitive Service	Component: Customer Loyalty
1. Strategies are put in place ahead of trends in order to satisfy the customers.	.703	-
2. The banks have targets to enable them get customers	.856	-
3. Strategic plans are in place to enable the sustainability of the existing customers (retention)	.815	-
4. Strategic programs are in place to help grow (increase) customers	.727	-
5. The bank has no high turnover of customers from the bank	-	.842
6. The management creates an environment that fosters customer loyalty.	-	.672

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

Table 4.13 indicates the correlation of each variable with each factor. Component 1 was competitive service which had the first four constructs and Component 2 was customer loyalty which had the second two constructs. All the variables of competitive service had a factor loading of higher than 0.4. Rusuli *et al*., (2013), showed that each individual variable must have value of at least, 0.4m above.

Therefore, the component values indicate that they are highly interrelated with each other.

4.6.4 Descriptive Results of Customer Retention

In this section, descriptive data shows responses on the given statements regarding the dependent variable customer retention. The researcher had three parameters to determine the customer retention namely; customer satisfaction, customer loyalty and competitive services. In the analysis, the researcher expected to establish the influence of Strategic management practices on customer retention in commercial banks in Kenya. Customer Retention was finally assessed by two measures namely, competitive service and customer loyalty.

Table 4.14: Descriptive Results of Customer Retention

Measurement	Competitive Service	Customer Loyalty
Mean	4.325	4.141
Cronbach's Alpha	0.833	0.768

Key: Ranked on a scale:1.0-1.7(strongly disagree); 1.8- 2.5(disagree); 2.6-3.3(neutral);3.4-4.1(agree); and 4.2-5.0(strongly agree) Overall Cronbach Alpha=0.08005 Overall Mean=4.233

Table 4.14 presents the relevant results on a scale of 1 to 5 (where 5= strongly agree and 1= strongly disagree). Cronbach's alpha was used to test the Reliability of customer retention linked with competitive service and customer retention linked with customer loyalty respectively (Ali *et al*., 2015). The results on Cronbach's alpha and mean the scores of customer retention linked with competitive service and customer retention linked with customer loyalty respectively. The first component/dimension of customer retention linked with competitive service whereby the findings indicated that competitive service had a coefficient of 0.833 while customer loyalty had a coefficient of 0.768.

Customer retention measures (competitive service and customer loyalty) depicted Cronbach alpha of 0.8005 which was above the suggested value of 0.7 hence the study was reliable. It was observed that Strategies had been put in place ahead of trends in order to offer competitive service which satisfy the customers leading to loyalty which then assist the banks to retain customers thus enabling the banks to have targets as indicated by a mean score of 4.325.

This finding is supported by Fasha (2007) in the study of the impact of service quality on customers' satisfaction and retention in Tanzanian commercial banks. This is also in line with Radomir colleagues (2010) who found that a customer service determines customer satisfaction which lead to customer loyalty and in the long run customer retention. The findings are consistent with those of Mutua (2011), that commercial banks in Kenya embraced customer satisfaction practices to a great extent. Malik *et al*., (2011) carried out a study on hotel service quality and brand loyalty. The study concluded that customers' perceptions regarding hotel brand quality dimensions such as 'tangibles' 'reliability' and 'empathy' contributed to build their brand loyalty.

Malopo and Mukwanda (2011) argued that retained customers tend to have higher levels of perceived service quality which subsequently results in improving firms' performance whereas, Khaligh *et al*., (2012) investigated the impact of CRM on customer loyalty and retention in the telecom industry in Iran. Finding shows that commitment and vision of the management system highly required for a successful CRM implementation, the structure of the strategy should be based on flexibility and explicity of the policies especially pricing policies. These factors are very important to increase customer loyalty and benefit of the firm.

Strategic plans are also in place to enable the sustainability of the existing customers through strategic programs which are in place to help grow (increase) customers. This is in line with the findings of (Simon, 2013), who found that service quality and switching barriers were significantly and positively associated with customer retention. Msoka and Msoka (2014) investigated the determinants of customer retention in commercial Banks in Tanzania. The study discovered that academics need to incorporate quality of products provided by the banks together with pricing of banks products in customer relation model. In this view, customer retention is extremely vital for business to remain competitive and Emmah *et al*., (2015) stipulated in their study that retaining customers is key in giving a competitive edge in the banking industry. The findings are also in line with *Pale et al*., (2001) as cited in Kande, Namusonge and Mugambi (2017) who observed that quality service is key for success, as well as the most powerful competitive tool currently reshaping marketing and business strategy and more so for the commercial banks which is now part of the global and extremely competitive market.

The bank has no high turnover of customers since the management creates an environment that fosters customer loyalty as depicted by the second component/dimension of customer retention linked with customer loyalty which had a mean score of 4.141 and Cronbach’s Alpha of 0.768. Customer retention measures depicted Cronbach’s alpha of above the suggested value of 0.7 hence the study was reliable. This finding was supported by Afsar *et al*., (2010) who attempted to find factors of customer loyalty with the banking industry in one of the developing countries which is Pakistan. The study revealed that effect of satisfaction and trust on commitment was positive as well as significant and the greater the satisfaction, the greater the commitment and the greater the trust, the greater was the commitment.

When a customer is dissatisfied, the management takes it upon them to rectify the situation. Kingshuk and Mounita (2014) argued that customer satisfaction increases the existing customer loyalty, repurchase process. The customer satisfaction is an important factor for the customer retention but not a sufficient (Jones *et al*., 2010). The findings were consistent with the findings of Cho *et al*., (2013) when investigating the impact of customer relationship management on customer relationship management on customer satisfaction and loyalty. The finding stated that behavior of the employees is significantly related and contributed to customer loyalty compared to other elements of CRM. Schulz and Omweri (2012) in their study on the effect of Business image on customer retention in hotels in Eldoret concluded that top management and staff are involved in creating a positive image, use of technology, provision of quality services and customer concern by the personnel improved the image of the establishment. Bartholome (2013) carried out an assessment of CRM strategies used by tourist hotels in Dar-es-saalam and found out that successful CRM strategies can contribute to customer retention through customer loyalty, superior service, better information gathering and organizational learning.

Ondidi (2012) in Homa bay, Kenya revealed that it was possible to increase customer loyalty by about 4.6% through manipulating quality of the service. The study contributes to the validation of the determinants of customer loyalty. Auka (2013) investigated the relationship between service quality dimensions and customers' loyalty in retail banking in Kenya. The results indicated that all the dimensions of service quality had the positive and significant influence on customer loyalty in retail banking. Zafar (2012) in his study found that the customer satisfaction influences the customer commitment and enhances customer loyalty. High customer satisfaction will influence commitment which then affects loyalty.

4.7 Strategic Leadership Practice Results

The first objective of the study, sought to establish the effect of strategic leadership on Customer retention in commercial banks in Kenya. To achieve this specific objective, the study sought to analyze strategic leadership respondents' decision on customer retention in commercial banks in Kenya. This was sought by putting into consideration, the employee motivation, strategic planning and decision making. The effect was analyzed by using; descriptive results, factor analysis and correlation analysis among others.

4.7.1 Sample Adequacy Results on Strategic Leadership Practice

The, Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy was used to test the correlation between strategic leadership practice variables.

Table 4.15: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.838
	Approx. Chi-Square	408.112
Bartlett's Test of Sphericity	Df	45
	Sig.	.000

Table 4.15 shows the KMO measure of sampling adequacy results is 0.838. This value indicates good partial correlation exhibited in the data for this study. According to Ali *et al*., (2016), as cited by Omar *et al*., (2017) the KMO index ranges from 0 to 1, with 0.5 and above considered suitable for factor analysis. The Bartlett's Test of Sphericity should be significant at $p<0.05$ for factor analysis to be suitable. The Bartlett's Test of Sphericity was used at significant level of $p<0.05$ to confirm sufficient correlation among strategic leadership variables.

This indicates that factor analysis could be carried out as the KMO index was between 0 and 1. The Bartlett's test of Sphericity result is 0.000 which was within the acceptable level to test for significance and validity of the data. Rusuli, Tasmin, Takala, Norazlin, (2013), explained that Measure of Sampling Adequacy should exceed 0.5 and for Bartlett's test of Sphericity the significant level of p-value at less than 0.05.

4.7.2 Factor Results of Strategic Leadership Practice

The study sought to determine the effect of strategic leadership on customer retention in commercial bank in Kenya. Strategic leadership practice was assessed by three measures namely employee motivation, strategic planning and decision making and ten constructs were tested for factor analysis. The strategic leadership had a total of ten questions that were assessed for confirmatory validity for subsequent analysis.

Table 4.16: Strategic Leadership Practice Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	4.609	46.089	46.089	4.609	46.089	46.089
2	1.371	13.708	59.797	1.371	13.708	59.797
3	.775	7.749	67.546			
4	.723	7.235	74.780			
5	.694	6.936	81.717			
6	.490	4.901	86.617			
7	.431	4.311	90.928			
8	.365	3.655	94.583			
9	.316	3.165	97.747			
10	.225	2.253	100.000			

Extraction Method: Principal Component Analysis

Table 4.16 shows the result of the factor analysis were two critical factors that were driving strategic leadership of commercial banks which cumulatively accounted for 59.797% of the total variance in this construct. Factor one was the highest with 46.089 while factor two had 13.708 of the total variance. These two factors had their Eigen values greater than one and had the greatest influence on strategic leadership practice as they explain about 59.797 of the total variance as shown in Table 4.16 Therefore, only two critical factors had Eigen values of more than one i.e. first factor had an Eigen value 46.089 and the second factor had an Eigen value of 13.709 respectively.

4.7.3 Strategic Leadership Practice Rotated Component Matrix Results

Table 4.17 depicts the rotated component factor loadings for strategic leadership practice measures. Component 1 was decision making which had the first three constructs and component 2 was employee motivation which had the second two constructs.

Table 4.17: Strategic Leadership Rotated Component Matrix

	Component	
Opinion statement	**Decision making**	**Employee motivation**
1. The leader is genuinely participative in his/her approach to learning and change.	.793	-
2. The leader not only leads but also listens, involves the group in achieving its own insights into cultural dilemmas.	.854	-
3. Leader takes into consideration feedback/comments when making decisions.	.533	-
4. Employees are motivated by the good leadership.	-	.703
5. Employees led by strong leaders are more satisfied, engaged, loyal and motivated.	-	.873

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

All the variables of competitive service had a factor loading of higher than 0.4 as shown in Table 4.17. Rusuli *et al*., (2013), showed that each individual variable must have value of at least, 0.4 m above. Therefore, the component values indicate that they are highly interrelated with each other. Results posted in Table 4.17 shows the components made for strategic leadership practice. The variable comprised of ten (10) factors. Out of the ten (10) factors, only five (5) factors were retained for subsequent analysis because they all met threshold values of 0.4 and above (David *et al*., 2010). Therefore, the component values indicate that they are highly interrelated with each other.

4.7.4 Descriptive Results of Strategic Leadership Practice

The study sought to investigate the effect of strategic leadership on customer retention in commercial banks.

Table 4.18: Descriptive Results of Strategic Leadership

Measurement	Decision Making	Employee Motivation
Mean	4.113	4.317
Cronbach alpha	0.738	0.866

Key: Ranked on a scale:1.0-1.7(strongly disagree); 1.8- 2.5(disagree); 2.6-3.3(neutral);3.4-4.1(agree); and 4.2-5.0(strongly agree) Overall Mean-4.215 Overall Cronbach Alpha-0.802

Table 4.18 summarizes respondents' degree of agreement on how strategic leadership affects customer retention. Strategic leadership practice was assessed by two measures namely, decision making and employee motivation. Descriptive data presents the relevant results on a scale of 1 to 5 (where 5= strongly agree and 1= strongly disagree). Cronbach's alpha was used to test the Reliability test for components of strategic leadership namely, decision making and employee motivation (Ali *et al.*, 2016). Results presented in Table 4.18 presents the

Cronbach's alpha and mean scores for decision making and employee motivation respectively.

Using the principal component analysis, rotation method and promax with Kaiser Normalization, this resulted into two components namely decision making and employee motivation respectively. The findings indicated that Decision making had a coefficient of 0.738 whereas employee motivation had a coefficient of 0.866. Strategic leadership practice measures (decision making and employee motivation) depicted Cronbach's alpha of 0.802 which was above the suggested value 0.7. The Cronbach's alpha results in both cases were acceptable and therefore qualified the variables for subsequent analysis. Strategic leadership practice measures depicted Cronbach's alpha of above the suggested value of 0.7 hence the study was reliable.

It was established that the decision making helped the leaders in being genuinely participative in their approach to learning and change as the leader also takes into consideration feedback/comments when making decisions as indicated by a mean score of 4.113 Therefore, on overall, strategic leadership practice had a great effect on customer retention. These findings were in line with Tawadros (2015) who asserted that, skilled strategic leaders like to question the status quo, nurture diversity, and base their decision on multiple perspectives including the opposing views. Skilled leaders can analyze, interpret, and understand the influence of a complex environment on the business and know how to respond to threats and opportunities (Tawadros, 2015).

Riaz*et al.,* (2011) have come to similar conclusions in their study of the effect of transformational leadership on employees' job commitment. More specifically, they found strong positive interaction between these two elements, and suggested that bank managers should adopt the transformational leadership style in order to increase employees' commitment to the banking institution. On the same note, Bushra *et al.*, (2011) found that transformational leadership had a positive impact on the general job satisfaction, indicating their preference for this particular leadership style.

Transformational leaders inspire employees to work harder, providing them with the idea of a common vision, in the frame of which the company's well-being is strongly related to their personal evolvement and completion.

These findings were also in agreement with the studies conducted by Randeree and Chaudhry (2012) which investigated the influence of leadership styles on job satisfaction and organizational commitment among construction workers in the emirates. The findings revealed that leadership style strongly affected an employee's job satisfaction and moderately affected organizational commitment of employees. It was also established that the leader not only leads but also listens, involves the group in achieving its own insights into cultural dilemmas.

The findings were also consistent with Ochieng Joseph (2016) on the study of the role of strategic leadership in banking profitability which showed that strategic leadership skills that senior bank officials and members of the board need, in order to enhance banking profitability, include the ability to create vision and mission statements, creativity, innovativeness, planning and monitoring the course for the attainment of the strategic objectives. Riwo-Abutho, Nyanja, and Ochieng (2012) also ascertain that, strategic leadership encompasses capacity to communicate the vision of the organization and to motivate followers towards the implementation of the strategic goals.

The study was also supported by Nge'the, Iravo and Namusonge (2012) who examined the determinants of academic staff retention in public Universities Kenya. The results of the study revealed that leadership influence over the behavior or action of subordinates was a potential cause of employees' turnover in Kenyan organizations. Kala (2014) as cited by Datche *et al*., (2015) conducted a study on the relationship between leadership styles and employee engagement using employees from diverse sectors in Coimbatore.

The study concluded that leadership styles influence employee engagement and has significant relationship with all factors in the job engagement. He also found that leadership style is crucial for encouraging employee engagement. It was also established that employee motivation was brought about by good leadership led by strong leaders who were more satisfied, engaged, loyal and motivated as indicated by a mean score of 4.317.

These findings were consistent with Mauri and Romeo (2013) who contended that the role of strategic leadership in creation of enabling organizational values was vital to the success of the organization. The same sentiments were echoed by Greenberg (2011) that, leadership is the process whereby one individual influences other group members toward the attainment of defined group or organizational goal. Ghafoor *et al*., (2011) found significant relationship between transformational leadership, employee engagement practices and performance.

The findings are also supported by Salanova, Chambel and Martinez (2011) as cited by Datche *et al*., (2015). Chiang and Wang (2012) whose studies also indicated that, managers in organizations exercised transformational leadership behaviours. Koech and Namusonge (2012) transformational leadership styles have a strong positive relationship with organizational performance. The study recommended that managers should strive to become role models to their subordinates, inspire subordinates byproviding meaning and challenge to work; stimulate subordinates' efforts to become innovative and creative; and pay attention to each individual's need for achievement and growth.

In order to compete and achieve their success companies employ highly motivated and talented employees. Employees' communication skill, positive attitude and effective relationship with customers are essential to attract and retain customers. These motivated employees can provide quality product and services to the customers to improve sales performance. Motivated employees can deal more effectively and efficiently with customers and this makes customers more loyal to the company (Berman *et al*., 2010)

4.8 Strategic Corporate Governance Practice Results

This study sought to determine the effect of Strategic Corporate Governance Practice on Customer Retention in Commercial banks in Kenya. Strategic Corporate Governance Practice was operationalized by two sub variables namely ethics and integrity and Transparency and accountability where ten factors were assessed and tested for factor analysis.

4.8.1 Sample Adequacy Results of Corporate Governance

The KMO and Bartlett's test were used to test the correlation between strategic corporate governance practice variables,

Table 4.19: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.772
Bartlett's Test of Sphericity	Approx.Chi Square	394.246
	df	45
	Sig.	.000

Table 4.19 The KMO measure of sample adequacy results is 0.772. This value indicates good partial correlation exhibited in the data for this study. According to Ali *et al*., (2016), the KMO index ranges from 0 to 1, with 0.05 and above considered suitable for factor analysis. The Bartlett's Test of Sphericity should be significant at $p<0.05$ for factor analysis to be suitable. The Bartlett's Test of Sphericity was used at significant level of $p<0.05$ to confirm sufficient correlation among the strategic corporate governance practice variables. The Bartlett's Test of Sphericity result is 0.000 which shows high significance. Rusuli *et al*., (2013), explained that measure of sampling adequacy should exceed 0.05 and for the Bartlett's Test of Sphericity the significant level of p at less than 0.05.

4.8.2 Factor Results of Strategic Corporate Governance Practice

The study sought to determine the effect of Strategic Corporate Governance Practice on Customer retention in Commercial Banks in Kenya. Strategic Corporate Governance Practice was assessed by three sub-variables namely stakeholder trust, ethics and integrity and transparency and accountability and ten constructs were tested for factor analysis.

Table 4.20: Strategic Corporate Governance Practice Variance Explained

	Initial Eigen values			Extraction Sums of Squared Loadings		
Component	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	4.384	43.842	43.842	4.384	43.842	43.842
2	1.187	11.871	55.712	1.187	11.871	55.712
3	.991	9.907	65.619			
4	.815	8.150	73.769			
5	.734	7.340	81.109			
6	.629	6.294	87.403			
7	.466	4.660	92.064			
8	.340	3.399	95.462			
9	.251	2.509	97.972			
10	.203	2.028	100.000			

Extraction Method: Principal Component Analysis

Table 4.20 indicates the correlation of each variable with each factor and factor analysis was done on the effect of corporate governance on customer retention using principal component analysis, rotation method, promax with Kaiser Normalization. Two critical factors explained the variance for corporate governance. The first factor had an Eigen value of 43.842 and the second factor had an Eigen value of 11.871. The two factors explained cumulative variation of 55.712%. Factor one was the highest with 46.842 while factor two had 11.871 of the total variance. These two factors had their Eigen values greater than one and had the greatest influence on strategic corporate governance practice as they explain about 55.712 of the total variance as shown in Table 4.20

4.8.3 Strategic Corporate Governance Practice Component Matrix Results

Component 1 was ethics and integrity which had the first three constructs and 2 was transparency and accountability which had the second three constructs. All the variables of customer retention had a factor loading of higher than 0.4. Rusuli *et al*., (2013), showed that each individual variable must have value of at least, 0.4m above. An elaborate factor weighting and analysis for corporate governance was done.

The results revealed that out of ten, four were found to be less than the threshold value of 0.4 and therefore dropped. This was in consonance with Cooper and Schinder (2013) who asserted that factor loadings for data with a value of 0.4 or more are considered for further analysis whereas factors for data with weight of less than 0.4 should be dropped. Therefore, the component values indicate that they are highly interrelated with each other.

Table 4.21: Component Matrix for Strategic Corporate Governance Practice

Opinion Statement	Component	
	Ethics and Integrity	**Transparency and Accountability**
1. The board sets the direction and shapes the strategy as well as pivot between the board, CEO, and external stakeholders.	.802	-
2. The board has better means of addressing pressure when facing a crisis.	.736	-
3. There is improvement on external transparency and accountability to the customers hence their retention.	-	.568
4. Bank operates on fairness, honesty, integrity and the manner in which the bank conducts its affairs,	.500	-
5. The Board accounts for all assets and liabilities of a bank.	-	.662
6. The Board gives accurately balanced accounts of the financial position of the organization at any time and avoids any accounting irregularities.	-	.825

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

Table 4.21 depicts the rotated component factor loadings for of strategic corporate governance Practice.

4.8.4 Descriptive Results of Strategic Corporate Governance Practice Results

Strategic Corporate Governance Practice was assessed by two measures namely, ethics and integrity and transparency and accountability. Descriptive data presents the relevant results on a scale of 1 to 5 (where 5= strongly agree and 1= strongly disagree).

Table 4.22: Descriptive Results of Corporate Governance

Measurement	Ethics and Integrity	Transparency and Accountability
Mean	4.277	4.262
Cronbach alpha	0.721	0.711

Key: Ranked on a scale:1.0-1.7(strongly disagree); 1.8- 2.5(disagree); 2.6-3.3(neutral);3.4-4.1(agree); and 4.2-5.0(strongly agree) Overall Cronbach alpha=0.716 Overall Mean=4.269

Table 4.22 shows responses on statements regarding the effect of strategic corporate governance practice on customer retention. Strategic Corporate Governance Practice was assessed by two measures namely, ethics and integrity and transparency and accountability. The reliability test for ethics and integrity and transparency and accountability was performed to establish whether the coefficients for the variable factors qualified them for subsequent analysis or not. Table 4.22 presents the reliability and mean score results. The findings indicated that ethics and integrity had a coefficient of 0.721 while transparency and accountability had a coefficient of 0.711. Strategic corporate governance measures (ethics and integrity, transparency and accountability) depicted Cronbach alpha of 0.716 was above the suggested value of 0.7 hence the study was reliable.

It was observed that the board has a better means of addressing pressure when facing a crisis and sets the direction and shapes the strategy as well as pivot between the board, CEO, and external stakeholders. The bank also operates on fairness, honesty, integrity and the manner in which the bank conducts its affairs by a mean score of

4.277. This finding is in line with Letting (2011) who carried out a study on board of directors attributes, strategic decision-making and corporate performance of firms listed on the NSE whereas Muriithi (2005) conducted research on the relationship between corporate governance mechanisms and performance of firms quoted on the NSE while Manyuru (2005) researched on corporate governance and organizational performance the case of companies quoted at the NSE.

Jebet (2001) conducted a study of corporate governance practices among the quoted companies in Kenya. More, recently Mwangi (2013) researched on the effects of corporate governance on the financial performance of listed companies at NSE. According to Kemboi (2012), corporate governance is of great concern in the world today because of its influences on the effectiveness and relevance of an organizations strategy. Kemboi (2012) argues that, in order to protect stakeholders' interests and attain expected performance, organizations should integrate corporate governance practice into their corporate strategies.

Del Baldo (2012) observed that the concept by corporate governance gained prominence because of the stock market crashed in different parts of the world and in the aftermath of failure of some corporations (Eron and WorldCom) are due to financial scandals which caused the loss of trust in systems that were in place and therefore it became very difficult for parastatals to ignore their ethical responsibilities and good corporate governance practice. Therefore, CBK (2016) the board and staff will always act in a transparent and accountable manner when handling all affairs of the bank both internally and with external parties so as to uphold the banks image at all times.

In addition, the bank will uphold high standards of ethics, integrity and honesty as guided by the constitution, act in an ethical manner as guided by the leadership and integrity Act and the public officers Act and observe high moral standards. The board gives accurately balanced accounts of the financial position of the organization at any time and avoids any accounting irregularities. The board also accounts for all assets and liabilities of a bank. Thus there is improvement on external transparency and accountability to the customers hence their retention and this is depicted by a mean sore of 4.262 hence, this study is in line with, findings supported by the views of (Ongore and Kobonyo, 2011) which stated that governance practice ensured that parastatals were being held accountable and taking account of their existence.

Further findings lent support to Mackenzie (2007) who stated that a strong governance practice pillar and policies needed to be increasingly considered as part of the responsibility of parastatal boards. Therefore, ethics and integrity and transparency and accountability are mechanisms that actualize customer retention. These results are consistent with the studies of Jamali, Hallal and Abdalla (2010) who established that the retention of customers was motivated by honesty, loyalty and satisfaction.

4.9 Strategic Organization Culture Management Practice

This was the third objective which sought to establish the effect of strategic organization culture Practice had an effect on customer retention in the commercial banks of Kenya. The analysis conducted included descriptive results, factor analysis and correlation analysis among others.

4.9.1 Sample Adequacy Results of Strategic Organization Culture Practice

The KMO and Bartlett's test were used to test the correlation between organizational culture variables.

Table 4.23: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.829
Bartlett's Test of Sphericity	Approx. Chi-Square	363.664
	df	45
	Sig.	.000

Table 4.23 shows the KMO measure of sample adequacy results is 0.829. This value indicates good partial correlation exhibited in the data for this study. According to Ali *et al*., (2016), the KMO index ranges from 0 to 1, with 0.5 and above considered suitable for factor analysis. The Bartlett's Test of Sphericity should be significant at $p<0.05$ for factor analysis to be suitable. The Bartlett's Test of Sphericity was used at significant level of $p<0.05$ to confirm sufficient correlation among the organizational culture variables. The Bartlett's Test of Sphericity result is 0.000 which shows high significance. Rusuli*et al*., (2013), explained that measure of sampling adequacy should exceed 0.05 and for the Bartlett's Test of Sphericity the p at less than 0.05.

4.9.2 Factor Result of Strategic Organization Culture Practice

Factor analysis was done on strategic organization culture practice variables where constructs were subjected to a variance test through the principal component analysis test. Factor one was identified as core values and second factor as teamwork. The principal component analysis was thus used for data interpretation.

Table 4.24: Strategic Organizational Culture Practice-Total Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.403	44.029	44.029	4.403	44.029	44.029
2	1.160	11.599	55.628	1.160	11.599	55.628
3	.969	9.690	65.318			
4	.810	8.097	73.414			
5	.696	6.964	80.379			
6	.560	5.603	85.981			
7	.477	4.768	90.749			
8	.338	3.380	94.129			
9	.314	3.137	97.266			
10	.273	2.734	100.000			

Extraction Method: Principal Component Analysis

Table 4.24 reveals that there are two factors driving strategic organizational culture practice of commercial banks, cumulatively accounting for 55.628% of the total variance in this construct. The component matrix indicates the correlation of each variable with each factor and factor analysis was done on the effect of strategic organizational culture on customer retention using principal component analysis, rotation method, promax with Kaiser Normalization. Two critical factors explained the variance for strategic organizational culture. The first factor had an Eigen value of 44.029 and the second factor had an Eigen value of 11.599. The two factors explained cumulative variation of 55.628%. These two factors had their Eigen values greater than one and had the greatest influence on strategic corporate governance practice as they explain about 55.628 of the total variance.

4.9.3 Strategic Organization Culture Practice Component Matrix Results

Table 4.43 depicts the rotated component factor loadings for strategic management practice of strategic organization culture practice measures. Component 1 was core values and had two constructs and 2 was team work which had the second two constructs.

Table 4.25: Strategic Organization Culture Practice Component Matrix

Opinion Statement	Component	
	Core competencies	Team Work
1. The organization culture encourages open door policy on issues touching the banks activities.	.823	-
2. The organization culture encourages employees to feel as part and parcel of the organizations setup.	.750	
3. The organization culture accepts and implements changes whenever necessary.	-	.695
4. The organization culture encourages employees to be fully aware of the banks objectives and strategies.	.-	.828

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

Table 4.25 shows that all the variables of strategic organization culture practice variables had a factor loading of higher than 0.4. An elaborate factor weighting and analysis for strategic organization culture was done.

The results revealed that out of ten, six were found to be less than the threshold value of 0.4 and therefore dropped. This was in consonance with Cooper and Schinder (2013) who assert that factor loadings for data with a value of 0.4 or more are considered for further analysis whereas factors for data with weight of less than 0.4

should be dropped. Therefore, the component values indicate that they are highly interrelated with each other.

4.9.4 Descriptive Results of Strategic Organization Culture Practice Results

Strategic Organization Culture practice was assessed by two measures namely, core values and teamwork.

Table 4.26: Descriptive Results of Strategic Organization Culture Practice

Measurement	Core values	Teamwork
Mean	4.075	4.245
Cronbach alpha	0.883	0.853

Key: Ranked on a scale:1.0-1.7(strongly disagree); 1.8- 2.5(disagree); 2.6-3.3(neutral);3.4-4.1(agree); and 4.2-5.0(strongly agree) Overall Mean= 4.16 Overall Cronbach Alpha=0.868

Table 4.26 shows Descriptive presenting the relevant results on a scale of 1 to 5 (where 5= strongly agree and 1= strongly disagree). Factor one was identified as core values while factor two was teamwork. The reliability test for core values and teamwork was performed to establish whether the coefficients for the variable factors qualified them for subsequent analysis or not.

Table 4.43 presents the reliability and mean score results. The findings indicated that core values had a coefficient of 0.883 while teamwork had a coefficient of 0.853. Strategic organizational culture measures (core values and teamwork) depicted Cronbach alpha of 0.868 was above the suggested value of 0.7 hence the study was reliable. These results are consistent with a study by Kagaari (2011) who sought to establish the moderating influence of organization culture and climate in public universities in Uganda. It was observed that Core competencies of the organization culture encourages employees to feel as part and parcel of the organizations setup and encourages open door policy on issues touching the bank activities as indicated by a mean score of 4.075. The study findings supported the views of (Cameron and

Quinn, 2011), who argued that organization culture has a strong association with the organization's sense of uniqueness, its values, mission, aims, goals and ways of building shared values. Also, organization culture represents a system of intangible and unquestionable beliefs that justify how organizations behave.

The other study findings that supported the views was (Kennedy and Dain, 2010) stating that, organizational effectiveness as employees needed to have a sense of belonging and share in the organizations vision and find their roles in the organization. It was indicated that Teamwork encourages employees to be fully aware of the banks objectives and strategies as well as accepts and implements changes whenever necessary as depicted by a mean score of 4.245. The study findings were supported by the views of Sabooe *et al.,* (2015) who argued that the leader promotes cooperation and teamwork by instilling in followers a desire to work towards common goals.

4.10 Strategic Customer Relation Management Practice

The study sought to analyze the effect of strategic customer relation practice on customer retention in the commercial banks in Kenya. Strategic customer relation practice was operationalized by three sub variables namely, differentiation, customer intimacy and innovativeness. This was assessed using; descriptive analysis, factor analysis, and correlation analysis.

4.10.1 Sample Adequacy Results on Strategic Customer Relation Practice

The KMO and Bartlett's test were used to test the correlation between strategic customer relation practice variables.

Table 4.27: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.806
Bartlett's Test of Sphericity	Approx. Chi-Square	329.648
	df	45
	Sig.	.000

Table 4.27 shows the KMO measure of sample adequacy results is 0.806. This value indicates good partial correlation exhibited in the data for this study. According to Ali *et al*., (2016), the KMO index ranges from 0 to 1, with 0.05 and above considered suitable for factor analysis. The Bartlett's Test of Sphericity should be significant at $p<0.05$ for factor analysis to be suitable. The Bartlett's Test of Sphericity was used at significant level of $p<0.5$ to confirm sufficient correlation among the strategic customer relation practice. The Bartlett's Test of Sphericity result is 0.000 which shows high significance. Rusuli*et al*., 2013, explained that measure of sampling adequacy should exceed 0.05 and for the Bartlett's Test of Sphericity the significant level of p at less than 0.05.

4.10.2 Factor Results of Strategic Customer Relation Practice

The study sought to determine the effect of strategic customer relation practice on customer retention (competitive service and customer loyalty) in commercial banks in Kenya. Strategic customer relation practice was assessed by three measures namely differentiation, customer intimacy and innovativeness.

Table 4.28: Strategic Customer Relation Practice Variance Explained

Component	Initial Eigen values			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.079	40.794	40.794	4.079	40.794	40.794
2	1.360	13.596	54.391	1.360	13.596	54.391
3	1.075	10.747	65.138	1.075	10.747	65.138
4	.786	7.863	73.001			
5	.654	6.543	79.543			
6	.531	5.312	84.856			
7	.492	4.921	89.776			
8	.395	3.952	93.728			
9	.340	3.403	97.130			
10	.287	2.870	100.000			

Extraction Method: Principal Component Analysis

Table 4.28 shows that, there were only three factors driving strategic customer relation management practice of banks which accounted for the total variance in this construct. The principle component analysis was thus used for data interpretation. All the measures of strategic customer relation were subjected to factor analysis and the results showed that there were three factors extracted that explained about strategic customer relation practice which had a cumulative of 65.138 of total variance. Factor one which was the highest had 40.794, 13.596 and 10.747 of the total variance respectively. These three factors had their Eigen values greater than 1 and were considered to have the greatest effect on strategic customer relation practice as it gives an explanation of 65.138% of the total variance. Table 4.28 gives the component matrix for strategic Customer relation practice.

4.10.3 Strategic Customer Relation Management Practice Component Matrix Results

Table 4.29; Strategic Customer Relation Practice Component Matrix

Opinion statement	Component Competitive advantage	innovativeness	Competitive Strategies
1. There are adequate trained employees to bring in the required changes (technology) and hence be competitive.		.558	-
2. All employees have embraced the goals of the bank to assist in customer retention.	-	.880	-
3. All employees are committed to the success of the retention plan of customers.	.574	-	-
4. Employees are highly motivated.	.786	-	-
5. Employees are highly trained to deal with prospective customers.	.640	-	-
6. Employees are trained on how to resolve problems effectively and at the customer's touch point.	-	-	.652
7. Employees are willing to accept change, learn and develop continuously.	-	-	.838

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

Table 4.29 depicts the rotated component factor loadings for strategic customer relation. Component 1 was differentiation which had the first three constructs and second was innovativeness which had the second two constructs and component three which was customer intimacy and had two constructs respectively. Before the data was subjected for subsequent inferential analysis, factor loading analysis was performed to give chance to retain or discard some of the factors. Table 4.29 shows, all the variables of competitive service had a factor loading of higher than 0.4. Rusuli *et al*., (2013), showed that each individual variable must have value of at least, 0.4m above. Therefore, the component values indicate that they are highly interrelated with each other.

Strategic customer relation management practice had ten questions in which seven were confirmed valid because they all had a factor loading of above 0.4 threshold recommendation. Three of the statements on this variable were required to be dropped since the strategic customer relation practice components were below 0.4. The seven that were selected had above 0.4 as recommended by Hair, Black and Babin, (2010).

Table 4.29 above presents the relevant results on the component matrix of strategic customer relation management practice. The identified components are differentiation, customer intimacy and innovativeness. All the variables of strategic customer relation management practice have a factor loading of higher than 0.4. Therefore, the component values indicate that they are highly interrelated with each other.

4.10.4 Descriptive Results of Strategic Customer Relation Results

The study responded to the objective which sought to analyze whether the strategic customer relation management practice indeed affected customer retention in commercial banks in Kenya. The study sought to shed light on the effect of strategic customer relation management practices on customer retention. Strategic Customer Relation management practice was assessed by three measures namely, differentiation, customer intimacy and innovativeness.

Table 4.30: Descriptive Results on Strategic Customer Relation Practice

Measurement	Innovativeness	Differentiation	Customer intimacy
Mean	4.145	4.195	4.080
Cronbach alpha	0.803	0.856	0.714

Key: Ranked on a scale:1.0-1.7(strongly disagree); 1.8- 2.5(disagree); 2.6-3.3(neutral);3.4-4.1(agree); and 4.2-5.0(strongly agree) Overall Mean=4.14 Overall Cronbach Alpha=0.791

Table 4.30shows Descriptive data presenting the relevant results on a scale of 1 to 5 (where 5= strongly agree and 1= strongly disagree). Factor one was identified as innovativeness while factor two was Differentiation and factor three was customer intimacy. The reliability test for differentiation, customer intimacy and innovativeness were performed to establish whether the coefficients for the variable factors qualified them for subsequent analysis or not.

Table 4.30 presents the reliability and mean score results. The findings indicated that innovativeness had a coefficient of 0.803; differentiation had a coefficient of 0.856 while customer intimacy had a coefficient of 0.714. Strategic customer relation measures (differentiation, customer intimacy and innovativeness) depicted Cronbach alpha of 0.791which was above the suggested value of 0.7 hence the study was reliable.

Table 4.30 presents Cronbach's alpha coefficient and mean of the components. From the factor results, innovativeness registered a mean score of 4.145; differentiation on the other had a mean score of 4.195 while customer intimacy registered mean score of 4.080 and on the overall, they depicted a mean score of 4.14 on overall therefore, the three components have major effects on retention of customers. These findings were in agreement with a study of Kotler and lee (2005) who established that today's customers were not only concerned about quality but also satisfaction and loyalty.

It was established that innovativeness was evident by the fact that all employees had embraced the goals of the bank to assist in customer retention with the adequate trained employees who would bring in the required changes technologically and hence be competitive by a mean score of 4.45. Therefore, competitive advantage enables the firm to create superior value for its customers and superior profits for itself (Porter, 1998). Organization are required to integrate technology to improve the capabilities of understanding customer behavior, develop predictive models, build effective communications with customers with real time an accurate information (Kumbirai and Nyasha, 2014).

Innovativeness refers to leading in the ICT sector through having superior technological performance and characteristics as compared to competitors within the same industry (Mwawasi, 2014) whereas Tanja (2013) studied ICT as a new competitive advantage in hotels and concluded that ICT had a direct impact on the performance of hotels. According to Gudema (2015), the early adopters frequently achieve a major competitive advantage that isn't available later when a new, superior technology or modern production process comes along. Maina (2011) found out that information technology, funds technical skills and market research and hence positively affects growth of MFI's.

Technology plays a fundamental role in enhancing the competitive advantage of an organization, but as Whitmire (2014) stipulates, business must warrant that the money, time and energy spent on technology is properly put as cited by (Theuri *et al*., 2015). This finding is also supported by Poradau (2009) as cited by Kungu *et al*., (2017). The rapid growth of information technology has not only changed the ways that information is collected and used, but also the ways in which businesses are conducted. Piccoli (2008) says that tapping into customers' needs through the use of information technology can be instrumental in building loyalty and gaining competitive advantage. Identifying patterns of current and potential customers and servicing their needs is one way that organizations are attempting to use information as a leverage tool against competitors.

The study findings are also consistent with zhou and Uhlaner (2009) as cited in Kande, Namusonge and Mugambi (2017) who indicated that institutions globally are bound to benefit in the long term if they enhance their collaborative efforts, embrace technology and innovation and leverage from knowledge sharing especially external knowledge acquisition. The results are also in line with Strukelj (2011) who examined innovativeness as a strategic management practice in Slovenia. They further recommended that institutions should take an explicit innovative action around their policies and consequently their way of management to drive competitiveness, relevance and growth.

Proactive identification and implementation of these technologies can help in building a sustainable competitive advantage. Lo, Stalcup, and Lee (2010) established that CRM brings benefits in terms of improved performance which results from acquiring new customers as well as sustaining customers for competitive advantage. A bank achieves strategic competitive advantage (SCA) when an attractive number of customers prefer its services over the offerings of competitors and when the basis of this preference is durable (Sabah, Laith, and Manar, 2012).

It was also established that Differentiation was evident as employees are highly motivated and trained to deal with prospective customers and at the same time are committed to the success of the retention plan of customers by a mean score of 4.195. The study findings supported the views of Anand Sharma *et al*., (2014) who found in their study that customer loyalty is very significant in creating and retaining differentiation in service industry especially in sectors like the banking industry in India. Warraich *et al*., (2013) further stipulates that accomplishing this differentiation is a strategic objective and that performance excellence will inevitably result from competitive advantage in the business environment. Waiganjo (2013) argued that synergies between competitive practices and strategic management practices can have positive effect on the performance of CSR of parastatals.

It was established that strategies were adoptable as employees were trained on how to resolve problems effectively and at the customer's touch point and were also willing to accept change, learn and develop continuously by a mean score of 4.080. This is supported by the views of Mwangeka, Mjomba, Omindo and Nyatich (2014) that studied strategies influencing customer retention in the hotel industry in Mombasa County and established that technology utilization was a strategy that was helping to retain customers. Mecha *et al*., (2015) conducted a study on customer retention strategies in Kenya's commercial banks. This study sought to determine the effectiveness of the customer retention strategies used by commercial banks in Kenya. The banking industry is very competitive since all banks offer similar products and services.

As a result, banks fiercely compete to acquire and retain customers, this affects their performance as it is costly affair to acquire new customer base than retaining existing customers. Ahmad and Jawabreh (2012) say that customer relation is a strategic process of managing customer relation in an organized way with the aim of guaranteeing that each customer gets the most value from the organization while Yueh, Lee and Barnes (2010) argue that customer relation enables organizations to interact with their customers in a dynamic and profitable manner.

4.11 Inferential Statistics

Inferential statistics were used to assess the effect of independent variables on dependent variable. They included correlation analysis, univariate regression analysis and multiple regression analysis.

4.11.1 Strategic Leadership Practice Correlation Results

Correlation analysis was used to determine the nature and the strength of the association between employee motivation, decision making and customer retention measures (competitive services and customer loyalty) in commercial banks in Kenya.

Table 4.31: Strategic Leadership Practice Correlation Results

Sub Variables		Competitive Service	Customer Loyalty	Decision Making	Employee Motivation
Competitive Service (CS)	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	100			
Customer Loyalty(CL)	Pearson Correlation	.350**	1		
	Sig. (2-tailed)	.000			
	N	100	100		
Decision Making(DM)	Pearson Correlation	.390**	.309**	1	
	Sig. (2-tailed)	.000	.002		
	N	100	100	100	
Employee Motivation(EM)	Pearson Correlation	.265**	.355**	.382**	1
	Sig. (2-tailed)	.008	.000	.000	
	N	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.31 shows a correlation analysis with varied degree of interrelationship between Strategic leadership (Decision making and employee motivation) and Customer retention (competitive service and customer loyalty) of commercial Banks. The Pearson correlation coefficient was generated at 0.01 significance level (2-

tailed). The output indicates a strong positive relationship between strategic leadership (decision making and employee motivation and Customer Retention (competitive service) of commercial Banks in Kenya, (decision making *rho*=0.390 and employee motivation *rho*=0.265).

A strong relationship also exists between decision making and employee motivation and customer loyalty. (Decision making *rho*=0.309 and employee motivation *rho*=0.355). The *p*-value <0.01 which is significant at 0.01 level as the correlation matrix indicates. Strategic leadership is therefore a very important factor on customer retention in commercial banks in Kenya. The results are in agreement with findings of Cho, *et al*., (2013) in which case the study stated that behavior of the employee was significantly related and contributed to customer loyalty comparatively. Thus it can be noted that success of customer retention depended on the relationship with strategic leadership.

Therefore, the strategic leadership practice measures (decision making and employee motivation) are key factors in customer retention (competitive service and customer loyalty) of commercial banks. This is supported by Kala (2014) who conducted a study on the relationship between leadership styles and employee engagement. The study implies that leadership styles influence employee engagement and has significant relationship with all the factors in the job engagement.

4.12 Univariate Regression Analysis

4.12.1 Strategic Leadership Practice Goodness-of-Fit Model Results

Table 4.32 shows that strategic leadership practice measures (employee motivation and decision making) had exemplary power on competitive service of commercial banks as it accounted for 16.8% of its variability (R square=0.168) on Model 1, hence the model is a good fit for the data.

Table 4.32: Strategic Leadership Practice Model Summary on Competitive Service

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.410[a]	.168	.151	.56860

a. Predictors: (Constant), Employee Motivation, Decision Making

This implies that there is a moderate positive relationship between strategic leadership practice measures (decision making and employee motivation) and competitive services of commercial banks.

Table 4.33: Strategic Leadership Practice Model Summary on Customer Loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.402[a]	.161	.144	.65907

a. Predictors: (Constant), Employee motivation, Decision making

Table 4.33 shows that strategic leadership practice measures i.e. employee motivation and decision making had exemplary power on customer loyalty of commercial banks as it accounted for 16.1% of its variability (R square=0.161) on Model 2, hence the model is a good fit for the data. This implies that there is a moderate positive relationship between strategic leadership practice measures (decision making and employee motivation) and customer loyalty of commercial banks.

4.12.2 Strategic Leadership Practice ANOVA Results

Table 4.34 presents the analysis of variance of the study of the study on strategic leadership practice measures (Decision making and employee motivation) and competitive services of commercial banks Kenya.

Table 4.34: Strategic Leadership Practice ANOVA on Competitive Service

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.327	2	3.163	9.784	.000[b]
	Residual	31.361	97	.323		
	Total	37.688	99			

a. Dependent Variable: Competitive Service
b. Predictors: (Constant), Employee Motivation, Decision Making

The results reveal that a significant relationship exists between Decision making, employee motivation and competitive service in commercial banks in Kenya (F=9.784, p=.000) as in model 1. The p-value is less than 0.05, thus indicating that the predictor variable explains the variation in the dependent variable which is strategic leadership (employee motivation, decision making) on competitive services in commercial banks in Kenya. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable (Lakew and Rao, 2009).

Table 4.35: Strategic Leadership Practice ANOVA on Customer Loyalty

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.113	2	4.056	9.339	.000[b]
	Residual	42.135	97	.434		
	Total	50.248	99			

a. Dependent Variable: Customer Loyalty
b. Predictors: (Constant), Employee Motivation, Decision Making

Table 4.35 above presents the analysis of variance of the study on strategic leadership practice measures (Decision making and employee motivation) and customer loyalty of commercial banks. The results reveal that a significant relationship exists between Decision making, employee motivation and customer loyalty in commercial banks in Kenya (F=9.339, p=.000) as in model 2. P-value is less than 0.05, thus indicating that the predictor variable explains the variation in the dependent variable which is strategic leadership measure (Decision making and employee motivation) on customer loyalty in commercial banks in Kenya. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable (Lakew and Rao, 2009).

4.12.3 Regression Results of Strategic Leadership Practice on Competitive Service

To establish the influence of strategic leadership practice measures i.e. decision making and employee motivation on customer retention (competitive service) of commercial banks in Kenya. Regression analyses was conducted to empirically determine whether strategic leadership practice measures (decision making and employee motivation), had a significant influence on competitive service of commercial banks in Kenya.

Table 4.36: Regression Coefficients of Strategic Leadership Practice on Competitive Services

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.433	.454		5.359	.000
	Decision Making	.323	.096	.338	3.372	.001
	Employee Motivation	.133	.098	.136	1.357	.178

a. Dependent Variable: Competitive Service

Table 4.36 Displays the regression coefficient results of the independent variable i.e. strategic leadership practice measure i.e. decision making and employee motivation The results reveal that the explanatory power of strategic leadership on the variability of customer retention of commercial bank was strong at Decision making (supported by β=0.338, p-value=0.001) and to employee motivation (supported by β=0.136, p-value=0.178) statistically employee motivation in relation to competitive service had no significance in explaining customer retention of commercial banks in Kenya.

The influence of strategic leadership measures (decision making) is therefore significant indicating that the greater the levels of strategic of leadership by commercial banks, the greater the competitive service generated from the leaders. Thus higher levels of strategic leadership among commercial banks are associated with increased satisfaction, loyalty which is translated into customer retention. This implied that the null hypothesis was rejected since $\beta \neq 0$ and $p\text{-value} < 0.05$. The regression model is summarized as shown by equation 4.1 below:

$$Y = 2.433 + 0.323X_1 + 0.133X_2 \qquad (4.1)$$

Where,

Y=Competitive services

X_1=Decision making

$\mathbf{X_2}$ = employee motivation

4.12.4 Regression Results of Strategic Leadership Practice on Customer Loyalty

To establish the influence of strategic leadership practice measures i.e. decision making and employee motivation on customer retention (customer loyalty) of commercial banks in Kenya. Regression analyses was conducted to empirically determine whether strategic leadership practice measures i.e. decision making and employee motivation, had a significant influence on customer loyalty of commercial banks in Kenya.

Table 4.37: Regression Coefficients of Strategic Leadership Practice on Customer Loyalty

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.752	.526		3.330	.001
	Decision Making	.224	.111	.203	2.022	.046
	Employee Motivation	.312	.113	.277	2.757	.007

a. Dependent Variable: Customer Loyalty

Table 4.37 Displays the regression coefficient results of the independent variable i.e. strategic leadership practice measure i.e. decision making and employee motivation The results reveal that the explanatory power of strategic leadership on the variability of customer retention of commercial bank was Decision making (supported by $\beta=0.203$, p-value=0.046) to employee motivation was significance against customer loyalty (supported by $\beta=0.277$, p-value=0.007) whereas decision making and employee motivation was statistically significant in explaining customer retention of commercial banks in Kenya.

The influence of strategic leadership measures (decision making and employee motivation) is therefore significant indicating that the greater the levels of strategic of leadership by commercial banks, the greater the customer loyalty generated from the leaders. Thus higher levels of strategic leadership among commercial banks are associated with increased satisfaction, loyalty which is translated into customer retention. This implied that the null hypothesis was rejected since $\beta \neq 0$ and p-value<0.05.

The regression model is summarized as shown by equation 4.2 below:

$$Y = 1.752 + 0.224X_1 + 0.312X_2 \quad \ldots (4.2)$$

Where,

Y=Customer Loyalty

X_1=Decision Making

X_2=Employee Motivation

It was necessary to validate the multiple regression equations by testing the significance of the overall regression models. When the F-test was performed, the regression model was valid and significant in totality.

This implied that decision making and employee motivation affected customer retention linked with competitive service and customer retention linked with customer loyalty. Use of decision making was statistically significant and hence, included as a predictor of customer retention linked with competitive service and use of decision making and employee motivation was statistically significant and hence, included as a predictor of customer retention linked with customer loyalty since results of the regression analysis in this study indicate. These findings were in agreement with the studies done by Randeree and Chaudhry (2012) who investigated the influence of leadership styles on job satisfaction and organizational commitment among construction workers in the emirates. The study also examined the impact of organizational culture on job satisfaction. The findings revealed that leadership style strongly affected an employee's job satisfaction and moderately affected organizational commitment of employees.

It was concluded that, there is strategically significant correlation between strategic leadership practices i.e. decision making and customer retention measures (competitive service) and decision making and employee motivation and customer retention measures (competitive service and customer loyalty) in commercial banks in Kenya.

4.12.5 Strategic Corporate Governance Practice Correlation Results

Correlation analysis was used to establish the nature and the strength of the association between strategic corporate governance practice measures (ethics and integrity and transparency and accountability) and customer retention measures (competitive service and customer loyalty) in commercial banks in Kenya.

Table 4.38: Strategic Corporate Governance Practice Correlation Results

Sub Variable		Competitive Service	Customer Loyalty	Ethics and Integrity	Transparency and Accountability
Competitive Service (CS)	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	100			
Customer loyalty(CL)	Pearson Correlation	.350**	1		
	Sig. (2-tailed)	.000			
	N	100	100		
Ethics and Integrity (EI)	Pearson Correlation	.460**	.357**	1	
	Sig. (2-tailed)	.000	.000		
	N	100	100	100	
Transparency and Accountability(TA)	Pearson Correlation	.375**	.273**	.656**	1
	Sig. (2-tailed)	.000	.006	.000	
	N	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.38 shows a correlation analysis with varied degree of interrelationship between Strategic corporate governance (ethics and integrity and transparency and accountability) and Customer retention (competitive service and customer loyalty) of commercial Banks in Kenya. The Pearson correlation coefficient was generated at 0.01 significance level (2-tailed). The output indicates a strong positive relationship between strategic corporate governance (ethics and integrity and transparency and accountability) and Customer Retention (competitive service) of commercial Banks in Kenya, (ethics and integrity rho=0.460 and transparency and accountability rho=0.375).

A strong relationship also exists between ethics and integrity and transparency and accountability on customer loyalty. (Ethics and integrity rho =0.357 and transparency and accountability rho=0.273). The p-value <0.01 which is significant at 0.01 level as the correlation matrix indicates. Strategic corporate governance is therefore a very important factor on customer retention in commercial banks in Kenya. The results are in agreement with findings of BCBS (2015) that banks play an important role of financial intermediaries. Their efficiency is essential for financial stability, whereas inefficiency may have a ripple effect on the economy (Qian and Yeung, 2015). It is therefore, relevant to understand whether sound corporate governance may improve banking efficiency. In banks governance boards of directors play an important role, monitoring managers and advising them in the elaboration and implementation of strategies. Thus it can be noted that success of customer retention depended on the relationship with strategic corporate governance practice.

Therefore, the strategic corporate governance practice measures (ethics and integrity and transparency and accountability) are key factors in customer retention (competitive service and customer loyalty) of commercial banks. Strategic Corporate governance practice is therefore an important factor on customer retention in commercial banks in Kenya. These results were echoed by Kapoor and Sandhu (2010) who argued that accountability and transparency which are component of corporate governance are key to conducting business in a responsible manner.

4.13 Univariate Regression Analysis

4.13.1 Strategic Corporate Governance Practice Goodness-of-Fit Model Results

Table 4.39 shows that Strategic Corporate Governance practice measures i.e. ethics and integrity and transparency and accountability had exemplary power on competitive services in commercial banks as it accounted for 22.1% of its variability (R square=0.221) on model 1, hence the model is a good fit for the data. This implies that there is a positive relationship between (strategic corporate governance practice measures ethics and integrity and transparency and accountability) and competitive service in commercial banks in Kenya.

Table 4.39: Strategic Corporate Governance Practice Model Summary on Competitive Service

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.470[a]	.221	.205	.55022

a. Predictors: (Constant), Transparency and Accountability, Ethics and Integrity

Table 4.39 shows that Strategic Corporate Governance practice measures (ethics and integrity and transparency and accountability) had exemplary power on customer loyalty in commercial banks as it accounted for 13.0% of its variability (R square=0.130) on model 2, hence the model is a good fit for the data. This implies that there is a positive weak relationship between (strategic corporate governance practice measures ethics and integrity and transparency and accountability) and customer loyalty in commercial banks in Kenya.

Table 4.40: Strategic Corporate Governance Practice Model Summary on Customer Loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.360[a]	.130	.112	.67136

a. Predictors: (Constant), Transparency and Accountability, Ethics and Integrity

4.13.2 Strategic Corporate Governance Practice ANOVA Results

The analysis of variance of the study on strategic corporate governance practice measures (Transparency and Accountability, Ethics and Integrity) was conducted on competitive service and customer loyalty of commercial banks in Kenya respectfully.

Table 4.41: Corporate Governance Anova[a] on Competitive Service

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.322	2	4.161	13.744	.000[b]
	Residual	29.366	97	.303		
	Total	37.688	99			

a. Dependent Variable: Competitive service
b. Predictors:(Constant), Transparency and Accountability, Ethics and Integrity

Table 4.41 shows the analysis of variance of the study on strategic corporate governance practice measures (Transparency and Accountability, Ethics and Integrity) and competitive service of commercial banks in Kenya. The results reveal that a significant relationship exists between corporate governance (ethics and integrity, transparency and Accountability and competitive service in commercial banks in Kenya with an (F=13.744, p-value of 0.000), as indicated in model 1.

The p-value is less than 0.05, thus indicating that the predictor variable explains the variation in the dependent variable which is strategic corporate governance practice measures (ethics and integrity, transparency and Accountability) on competitive service in commercial banks in Kenya. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable (Lakew and Rao, 2009)

Table 4.42: Corporate Governance Anova[a] on Customer Loyalty

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6.527	2	3.264	7.241	.001[b]
	Residual	43.720	97	.451		
	Total	50.248	99			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Transparency and Accountability, Ethics and integrity

Table 4.42 below presents the analysis of variance of the study on strategic corporate governance practice measures (Transparency and Accountability, Ethics and Integrity) and customer loyalty of commercial banks in Kenya. The results reveal that a significant relationship exists between corporate governance (ethics and integrity, transparency and Accountability and customer loyalty in commercial banks in Kenya with an (F=7.241, p-value of 0.001), as indicated in model 2. The p-value is less than 0.05, thus indicating that the predictor variable explains the variation in the dependent variable which is strategic corporate governance practice measures (ethics and integrity, transparency and Accountability) on customer loyalty in commercial banks in Kenya. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable (Lakew and Rao, 2009)

4.13.4 Regression Results of Strategic Corporate Governance Practice on Competitive Service

To determine the influence of strategic corporate governance practice measures i.e. ethics and integrity, transparency and accountability on competitive service of commercial banks in Kenya.

Table 4.43: Regression Coefficients of Strategic Corporate Governance Practice on Competitive Service

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.705	.508		3.358	.001
	Ethics and Integrity	.469	.149	.374	3.152	.002
	Transparency and Accountability	.149	.136	.130	1.093	.277

Table 4.43 displays the regression coefficient results of the independent variable i.e. strategic corporate governance Practice measures (ethics and Integrity, Transparency and Accountability). Regression analysis was conducted to empirically determine whether Strategic corporate governance practices i.e. ethics and Integrity, Transparency and Accountability had a significant influence on competitive services in commercial banks in Kenya. The results reveal that the explanatory power of corporate governance measures on the variability of competitive service was that, Ethics and Integrity have significant relationship (supported by β=0.374, p-value=0.002 and Transparency and Accountability (supported by β=0.130, p-value=0.277), are not statistically significant in explaining customer retention in commercial banks in Kenya.

This implied that the null hypothesis is rejected since $\beta \neq 0$ and p-value<0.05 but for transparency and accountability it failed to reject because p-value >0.05. The regression model is summarized as shown in equation 4.3 below:

$$Y = -1.705 + 0.469X_1 + 0.149X_2 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots(4.3)$$

Where,

Y=Competitive service

X_1=Ethics and Integrity

The influence of strategic corporate governance practice measures (ethics and integrity) is therefore significant indicating that the greater the levels of strategic corporate governance by commercial banks, the greater the competitive service generated from the board. Thus the higher levels of strategic corporate governance practice among commercial banks are associated with increased satisfaction, loyalty which is translated in customer retention.

4.13.5 Regression Results of Strategic Corporate Governance Practice on Customer Loyalty

To determine the influence of strategic corporate governance practice measures i.e. ethics and integrity, transparency and accountability on customer loyalty of commercial banks in Kenya.

Regression analysis was conducted to empirically determine whether Strategic corporate governance practices (customer loyalty) i.e. ethics and Integrity, Transparency and Accountability had a significant influence on customer retention in commercial banks in Kenya.

Table 4.44: Regression Coefficients of Strategic Corporate Governance Practice on Customer Loyalty

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.710	.619		2.761	.007
	Ethics and Integrity	.451	.182	.311	2.482	.015
	Transparency and Accountability	.091	.166	.069	.549	.585

Table 4.44 displays the regression coefficient results of the independent variable i.e. strategic corporate governance Practice. The results reveal that the explanatory

power of corporate governance on the variability of customer retention was Ethics and Integrity (supported by β=0.311, p-value=0.015 and whereas Transparency and Accountability (supported by β=0.069, p-value=0.585) are not statistically significant in explaining customer retention in commercial banks in Kenya. This implied that the null hypothesis is rejected i.e. since $\beta \neq 0$ and p-value<0.05. The regression model is summarized as shown in equation 4.4 below:

$$Y = -1.710 + 0.451X_1 + .091X_2 \qquad (4.4)$$

Where,

Y=Customer Loyalty

X_1=Ethics and Integrity

X_2 =Transparency and accountability

To check for the significance of the overall multiple regression model, an F test was performed and the regression equations were found to be valid and significant as a competitive service and the findings were as follows:

Using the model, the null hypothesis that there is significant effect of corporate governance on customer retention in commercial banks in Kenya was rejected. This is because the standardized regression coefficients about interaction between ethics and integrity and transparency and accountability and customer retention linked with response to competitive service, were significantly and statistically different from zero.

The findings of this study lend support to Del Baldo (2012) who observed that the concept of corporate governance gained prominence because of the stock market crashes in different parts of the world and in the aftermath of failure of some corporations (such as Eron and World Com) due to financial scandals which caused the loss of trust in systems that were in place and therefore it became very difficult for parastatals to ignore their ethical responsibilities and good corporate governance practice.

4.14 Univariate Regression Analysis

4.14.1 Strategic Organization Culture Practice Correlation Results

The study used correlation analysis to establish the strength and the nature of the relationship between strategic organizational culture practice (teamwork and Core competencies) and customer retention (competitive services and customer loyalty) in commercial banks in Kenya.

Table 4.45: Strategic Organization Culture Correlation Results

Sub Variables		**Competitive Service**	**Customer Loyalty**	**Core competencies**	**Team Work**
Competitive Services (CS)	Pearson Correlation	**1**			
	Sig. (2-tailed)				
	N	100			
Customer Loyalty (CL)	Pearson Correlation	.350**	1		
	Sig. (2-tailed)	.000			
	N	100	100		
Core competencies (CV)	Pearson Correlation	.174	.436**	1	
	Sig. (2-tailed)	.083	.000		
	N	100	100	100	
Team Work (TW)	Pearson Correlation	.221*	.345**	.275**	1
	Sig. (2-tailed)	.027	.000	.006	
	N	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).
*. Correlation is significant at the 0.05 level (2-tailed).

Table 4.45 shows a correlation analysis with varied degree of interrelationship between Strategic organizational culture (core competencies and team work) and

Customer retention (competitive service and customer loyalty) of commercial Banks. The Pearson correlation coefficient was generated at 0.01 significance level (2-tailed). The output indicates a strong positive relationship between strategic organization culture (core competences) and Customer Retention (competitive service) whereas, there is no relationship between core values and competitive service of commercial Banks in Kenya, (core competencies rho=0.174 and teamwork *rho*=0.221). A strong relationship also exists between core competencies and teamwork on customer loyalty. (Core competencies *rho*=0.436 and teamwork *p*=0.345). The p-value <0.01 which is significant at 0.01 level as the correlation matrix indicates. Strategic organization culture practice is therefore a very important factor on customer retention in commercial banks in Kenya. These results were in agreement with Argyris (2010) who asserted that culture can be counterproductive for inhibiting change when: organizations are rigid and bureaucratic they contain organizational defensive routines that inhibit learning and change; fear of getting into trouble by taking initiative that organizational norms define as unpopular, lack of appropriate organizational rewards etc.

Corporate culture is a vital tool that can shelter organizations, from the (un)intended failures witnessed in Kenya's commercial state corporations. Culture of an organization is neither static nor can it remain in isolation. Mose *et al*., (2017) recommends that, it must be dynamic and has to interact with external environment. It is the responsibility of the organization to become adaptive and make the transition supportive so that the ensuing changes are useful to employees in enhancing their individual performances and for the organization to remain a viable entity in the change scenario for eventually improving organizational performance.

4.14.2 Strategic Organization Culture Practice Goodness-of-Fit Model Results

Table 4.46 shows the results of strategic organizational culture practice measures i.e. Core competencies and team work had exemplary power on customer retention in commercial banks as it accounted for 6.3% of its variability (R square=0.63) on model 1. This implies a strong positive relationship between strategic organizational culture practice and customer retention (competitive services) in commercial bank.

Table 4.46: Strategic Organization Culture Practice Model Summary on Competitive Services

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.251[a]	.063	.044	.60342

a. Predictors: (Constant), Team Work, Core competencies

Table 4.46 shows that strategic organization culture practice measures i.e. Core competencies and teamwork had exemplary power on customer loyalty of commercial banks as it accounted for 24.5% of its variability (R square=0.245) on Model 2, hence the model is a good fit for the data. This implies that there is a moderate positive relationship between strategic organization culture practice measures (Core competencies and teamwork) and customer loyalty of commercial banks.

Table 4.47: Strategic Organization Culture Practice Model Summary on Customer Loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.495[a]	.245	.229	.62536

a. Predictors: (Constant), Team Work, Core competencies

4.14.3 Strategic Organization Culture Practice ANOVA Results

Table 4.48 below presents the analysis of variance of the study on strategic organization culture practice measures (team work and core competencies and competitive services of commercial banks.

Table 4.48: Strategic Organization Culture Practice ANOVA Results on Competitive Services

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	2.368	2	1.184	3.252	.043[b]
1	Residual	35.319	97	.364		
	Total	37.688	99			

a. Dependent Variable: Competitive Service

b. Predictors: (Constant), Team Work, core competencies

Table 4.48 results reveal that a significant relationship exists between teamwork, Core competencies and competitive service in commercial banks in Kenya (F=3.252, p=.043) as in model 1. P-value is less than 0.05, thus indicating that the predictor variable explains the variation in the dependent variable which is strategic organization culture on customer retention in commercial banks in Kenya. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable (Lakew and Rao, 2009).

Table 4.49: Strategic Organization Culture Practice ANOVA Results on Customer Loyalty

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	12.313	2	6.156	15.742	.000[b]
1	Residual	37.935	97	.391		
	Total	50.248	99			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Team Work, Core competencies

Table 4.49 presents the analysis of variance of the study on strategic organization culture practice measures (team work and core competencies) and core competencies of commercial banks. The results reveal that a significant relationship exists between teamwork, core competencies and core competencies in commercial banks in Kenya (F=15.742, p=.000) as in model 2. P-value is less than 0.05, thus indicating that the predictor variable explains the variation in the dependent variable which is strategic organization culture on customer retention in commercial banks in Kenya. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable (Lakew and Rao, 2009).

4.14.4 Regression Results of Strategic Organization Culture Practice on Competitive Service

To find out the effect of strategic organization culture practice measures i.e. Core competencies, teamwork on customer retention (competitive service) of commercial banks in Kenya.

Table 4.50: Regression Coefficients of Strategic Organization Culture Practice on Competitive Services

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
	(Constant)	2.933	.549		5.340	.000
	Core competencies	.118	.098	.122	1.196	.235
	Team Work	.215	.117	.188	1.836	.069

a. Dependent Variable: Competitive Service

Table 4.50 shows regression analyses was conducted to empirically determine whether strategic organization culture practice measures i.e. core competencies and team work had a significant influence on competitive service of commercial banks in Kenya.

Table 4.50 displays the regression coefficient results of the independent variable i.e. strategic organization practice measure i.e. Core competencies and teamwork. The results reveal that the explanatory power of strategic organization culture on the variability of customer retention of commercial bank was core competencies (supported by β=0.122, p-value=0.235) and to team work (supported by β=0.188, p-value=0.069) are statistically not significant in explaining customer retention of commercial banks in Kenya.

The influence of strategic organization culture measures (Core competencies and teamwork) is therefore not significant indicating that the greater the levels of strategic of organization culture by commercial banks, the greater the competitive services generated from the culture. Thus higher levels of strategic organization culture among commercial banks are associated with increased satisfaction, loyalty which is translated into customer retention. This implied that the null hypothesis failed to be rejected since $\beta \neq 0$ and $p\text{-value} > 0.05$. The regression model is summarized as shown by equation 4.5 below:

$$Y = 2.933 + 0.118X_1 + 0.215\,X_2 \qquad (4.5)$$

Where,

Y=Competitive Services

X_1=Core competencies

X_2 = Team work

It was concluded that, there is strategically no significant correlation between strategic organization culture practices i.e. Core competencies, team work and customer retention measures (competitive service) in commercial banks in Kenya. Thus higher levels of strategic organization culture among commercial banks are associated with increased customer retention (competitive services) of commercial banks in Kenya.

4.14.5 Regression Results of Strategic Organization Culture Practice on customer Loyalty

To find out the effect of strategic organization culture practice measures i.e. Core competencies, teamwork on customer retention (customer loyalty) of commercial banks in Kenya, the following hypotheses were stated.

Table 4.51 regression analyses was conducted to empirically determine whether strategic organization culture practice measures i.e. core competencies and team work had a significant influence on customer loyalty of commercial banks in Kenya.

Table 4.51: Regression Coefficients of Strategic Organization Culture Practice on Customer Loyalty

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.966	.569		1.697	.093
	Core competencies	.410	.102	.369	4.019	.000
	Team Work	.322	.121	.244	2.658	.009

a. Dependent Variable: Customer Loyalty

Table 4.51 displays the regression coefficient results of the independent variable i.e. strategic organization culture practice measure i.e. Core competencies and teamwork. The results reveal that the explanatory power of strategic organization culture on the variability of customer retention of commercial bank was Core competencies (supported by β=0.369, p-value=0.000) and to team work (supported by β=0.244, p-value=0.000) are statistically significant in explaining customer retention of commercial banks in Kenya.

The influence of strategic organization culture measures (Core competencies and teamwork) is therefore significant indicating that the greater the levels of strategic of organization culture by commercial banks, the greater the customer loyalty generated from the culture. Thus higher levels of strategic organization culture among commercial banks are associated with increased satisfaction, loyalty which is translated into customer retention. This implied that the null hypothesis was rejected since $\beta \neq 0$ and p-value<0.05.

The regression model is summarized as shown by equation 4.6 below:

$$Y=0.966 + 0.410X_1 + 0.322X_2 \qquad (4.6)$$

Where,

Y=Customer Loyalty

X_1=Core competencies

X_2=Team Work

An F test was done for establishing the significance of the above overall regression equations and they were found to be significant. This is supported by a study by Kagaari (2011) who sought to establish the moderating influence of organizational culture and climate in public universities in Uganda and recent empirical studies show that culture of an organization has a lasting impact on the how banks perform in the volatile business environment.

It was concluded that there is statistically significant correlation between strategic organizational culture practices measures i.e. core values and team work and customer retention of measures (customer loyalty) in. commercial banks in Kenya.

4. 15 Univariate Regression Analysis

4.15.1 Strategic Customer Relation Management Practice Correlation Results

The correlation analysis was done to establish the relationship between strategic customer relation practice and customer retention in commercial banks in Kenya.

Table 4.52: Strategic Customer Relation Practice Correlation Results

Sub Variables		Competitive Service	Customer Loyalty	Innovativeness	Customer intimacy	differentiation
Competitive service (CS)	Pearson Correlation	1				
	Sig.(2-tailed)					
	N	100				
Customer Loyalty(CL)	Pearson Correlation	.350**	1			
	Sig.(2-tailed)	.000				
	N	100	100			
Innovativeness (CI)	Pearson Correlation	.332**	.362**	1		
	Sig.(2-tailed)	.001	.000			
	N	100	100	100		
Customer intimacy (CI)	Pearson Correlation	.197*	.225*	.554**	1	
	Sig.(2-tailed)	.050	.024	.000		
	N	100	100	100	100	
differentiation (D)	Pearson Correlation	.144	.037	.425**	.529**	1
	Sig.(2-tailed)	.152	.713	.000	.000	
	N	100	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Table 4.52 shows correlation analysis with the varied degree of interrelationship between strategic customer relation management practice (innovativeness, differentiation, and customer intimacy) and customer retention (competitive service and customer loyalty), in commercial banks in Kenya. A correlation analysis with varied degree of interrelationship between strategic customer relation practice (innovativeness, customer intimacy, differentiation) and Customer retention (competitive service and customer loyalty) of commercial Banks. The Pearson correlation coefficient was generated at 0.01 significance level (2-tailed).

The output indicates a weak positive relationship between strategic customer relation practice (innovativeness, customer intimacy) and no relationship between, (differentiation and Customer Retention (competitive service) of commercial Banks in Kenya, (innovativeness p-value=0.332 and customer intimacy *p-value*=0.197 and differentiation *p-value*=0.144).

A positive relationship also exists between strategic customer relation practices (innovativeness, customer intimacy, differentiation,) and no relationship between (differentiation) on customer loyalty. (Innovativeness *rho*=0.362 and customer intimacy *rho*=0.225 and differentiation *rho*=0.037). The p-value <0.01 which is significant at 0.01 level as the correlation matrix indicates. Strategic customer relation management is therefore a very important factor on customer retention in commercial banks in Kenya.

The results are supported by findings of Cho, *et al*., (2013) in which case the study stated that behavior of the employee was significantly related and contributed to customer loyalty comparatively. On their research, Ologbo and Safian (2012) on individual factors of employee engagement and concluded that employee engagement could be a strong factor for organizational performance and success as it has a significant potential to effect employee loyalty, productivity and retention.

Thus it can be noted that success of customer retention depended on the relationship with strategic customer relation.

Therefore, the strategic customer relation practice measures (competitive innovativeness, customer intimacy, and differentiation)) are key factors in customer retention (competitive service and customer loyalty) of commercial banks. This is supported by Fraering *et al*., (2013) who revealed that a satisfied customer is willing to use the same product despite of the change in price and time and hence become loyal to a Company.

Owiti, (2014) studied quality management practices and on drivers of hotels in Nairobi and it was concluded that the driver that was influencing hotel performance was quality because satisfied customers would recommend others amounting to increased competitiveness and profitability. This is also supported by the findings on innovativeness which equally agrees with Hamel and Prahalad (2013) who advocate for strategic innovativeness that entails consideration by strategic managers for both strategies for the future as well as for the present in order to stay successful over time focusing on both operational effectiveness and differentiation.

4.15.2 Strategic Customer Relation Practice Goodness-of-Fit Model Results

Table 4.53 shows that strategic customer relation practice measures i.e. (innovativeness, customer intimacy, and differentiation) had exemplary power on customer retention (competitive service) of commercial banks as it accounted for 11.0% of its variability (R square=0.110) on Model 1, hence the model is a good fit for the data. This implies that there is a moderate positive relationship between strategic customer relation practice measures (innovativeness, customer intimacy, differentiation) on competitive services of commercial banks.

Table 4.53: Strategic Customer Relation Practice Model Summary on Competitive Services

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.332[a]	.110	.083	.59097

a. Predictors: (Constant), differentiation, innovativeness, customer intimacy

Table 4.54 below shows strategic customer relation management practice measures i.e. innovativeness, customer intimacy, and differentiation) had exemplary power on customer retention (customer loyalty) in commercial banks as it accounted for 15.5% of its variability (R square=0.155). This implies a weak strong positive relationship between strategic customer relation practice and customer retention (customer loyalty) commercial banks in Kenya.

Table 4.54: Strategic Customer Relation Practice Model Summary on Customer Loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.393[a]	.155	.128	.66513

a. Predictors: (Constant), differentiation, innovativeness, customer intimacy

4.15.3 Strategic Customer Relation Practice ANOVA Results

Table 4.55 below presents the analysis of variance of the study on strategic customer practice measures (innovativeness, customer intimacy, and differentiation) and competitive services of commercial banks. The results reveal that a significant relationship exists between innovativeness, customer intimacy, and differentiation) on competitive service in commercial banks in Kenya (F=3.970, p=.010) as in model 1. P-value is less than 0.05, thus indicating that the predictor variable explains the variation in the dependent variable which is strategic customer relation on customer retention in commercial banks in Kenya. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable (Lakew and Rao, 2009).

Table 4.55: Strategic Customer Relation Practice on Competitive Services

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.160	3	1.387	3.970	.010[b]
	Residual	33.527	96	.349		
	Total	37.688	99			

a. Dependent Variable: Competitive Services

b. Predictors: (Constant), innovativeness, customer intimacy, differentiation

Table 4.56 presents the analysis of variance of the study on strategic customer practice measures (innovativeness, customer intimacy, and differentiation) and customer loyalty of commercial banks. The results reveal that a significant relationship exists between innovativeness, customer intimacy, and differentiation) on customer loyalty in commercial banks in Kenya (F=5.860, p=.001) as in model 2. P-value is less than 0.05, thus indicating that the predictor variable explains the variation in the dependent variable which is strategic customer relation on customer retention in commercial banks in Kenya. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable (Lakew and Rao, 2009).

Table 4.56: Strategic Customer Relation Practice on Customer Loyalty

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	7.778	3	2.593	5.860	.001[b]
1	Residual	42.470	96	.442		
	Total	50.248	99			

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), differentiation, innovativeness, customer intimacy

4.15.4 Regression Results of Strategic Customer Relation Practice on Competitive Service

Regression analysis was conducted to empirically determine whether strategic customer relation practice measures i.e. innovativeness, customer intimacy, and differentiation had a significant influence on customer retention (competitive service) in commercial banks in Kenya

To analyze the effects of strategic customer relation practice measures i.e. innovativeness, customer intimacy, and differentiation on customer retention (competitive services) of commercial banks in Kenya.

Table 4.57: Regression Coefficients of Strategic Customer Relation Practice on Competitive Services

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.956	.523		5.649	.000
	Innovativeness	.309	.113	.322	2.738	.007
	differentiation	.021	.135	.019	.155	.877
	Customer intimacy	-.003	.131	-.003	-.023	.981

a. Dependent Variable: Competitive Services

Table 4.57 displays the regression coefficient results of the independent variable i.e. strategic customer relation practice i.e. differentiation, innovativeness, customer intimacy, innovativeness (supported by, β=0.322, p-value=0.007), differentiation (supported by β=0.019, p-value=0.877), customer intimacy (supported by β=-0.003, p-value=0.981) therefore, are statistically innovativeness is significant in explaining customer retention (competitive service) whereas differentiation and customer intimacy are not significant in commercial banks in Kenya. This implied that the null hypothesis was rejected since β≠0 and p-value<0.05. The regression model is summarized as shown in equation 4.7 below:

$Y = 2.956 + 0.309X_1$ ....(4.7)

Where,

Y=Competitive Services

X_1= Innovativeness

4.15.5 Regression Results of Strategic Customer Relation Practice on Customer Loyalty

To analyze the effects of strategic customer relation practice measures i.e. innovativeness, differentiation, and customer intimacy on customer retention (customer loyalty) of commercial banks in Kenya, the following hypotheses were stated.

Regression analysis was conducted to empirically determine whether strategic customer relation practice measures i.e. customer intimacy, innovativeness, differentiation had a significant influence on customer retention (customer loyalty) in commercial banks in Kenya.

Table 4.58: Regression Coefficients of Strategic Customer Relation Practice on Customer Loyalty

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.66	.589		4.545	.000
	Innovativeness	.417	.127	.376	3.281	.001
	differentiation	.140	.152	.113	.925	.357
	Customer intimacy	-.240	.148	-.182	-1.621	.108

a. Dependent Variable: Customer Loyalty

Table 4.58 displays the regression coefficient results of the independent variable i.e. strategic customer relation practice i.e. innovativeness, differentiation, customer intimacy (supported by, $\beta=0.376$, p-value=0.001), differentiation (supported by $\beta=0.113$, p-value=0.357), customer intimacy (supported by $\beta=-0.182$, p-value=0.108) therefore, only innovativeness was statistically significant in explaining customer retention (customer loyalty) in commercial banks in Kenya. This implied that the null hypothesis was rejected since $\beta\neq0$ and p-value<0.05. The regression model is summarized as shown equation 4.8 below:

$Y=2.66 + 0.417X_1$ .... Equation 4.8

Where,

Y=Customer Loyalty

X_1= innovativeness

An F test was done for establishing the significance of the above overall regression equations and they were found to be significant. The results were consistent with findings of Cho *et al*., (2013) when investigating the impact of customer relationship management on customer satisfaction and loyalty. The finding stated that behavior of the employees is significantly related and contributed to customer loyalty compared to other elements of CRM.

4.16 Multivariate Regression analysis

4.16.1 Strategic management Practice Correlation Results

The correlation analysis was done to establish the relationship between strategic management practice and customer retention in commercial banks in Kenya.

Table 4.59: Strategic Management Practice Correlation Results

		SMDCR	SL	CG	OC	CRM
SMDCR	Pearson Correlation	1				
	Sig. (2-tailed)					
	N	100				
SL	Pearson Correlation	.486**	1			
	Sig. (2-tailed)	.000				
	N	100	100			
CG	Pearson Correlation	.576**	.455**	1		
	Sig. (2-tailed)	.000	.000			
	N	100	100	100		
OC	Pearson Correlation	.552**	.517**	.665**	1	
	Sig. (2-tailed)	.000	.000	.000		
	N	100	100	100	100	
CRM	Pearson Correlation	.360**	.498**	.485**	.485**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	100	100	100	100	100

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.59 shows, correlation analysis with the varied degree of interrelationship between strategic management practices (Strategic leadership, strategic corporate governance, strategic organization culture and strategic customer relation management) and customer retention, in commercial banks in Kenya. The Pearson correlation coefficient was generated at 0.01 significance level (2-tailed).

The output indicates a moderate positive relationship between strategic leadership practices and Customer Retention of commercial Banks in Kenya, (Strategic leadership (rho=0.486, p-value <0.05) which is significant at 0.01 level as the correlation matrix indicates. Strategic leadership practice is therefore a very important factor on customer retention in commercial banks in Kenya. The findings are in line with Datche *et al.*, (2015) who cited that Wang *et al.*, (2005) who found significant relationships between transformational leadership behaviors and organizational performance

A moderate positive relationship also exists between strategic corporate governance practices and customer retention *(*rho=0.576, p-value <0.05) which is significant at 0.01 level as the correlation matrix indicates. Strategic corporate governance is therefore a very important factor on customer retention in commercial banks in Kenya. This therefore means that if commercial banks in Kenya adopt corporate governance as a practice of their retention they were likely to improve their retention in this study. The results are in line with the findings of Sasaka *et al.,* (2017) who cited that, these results were in agreement with what was said that CSR performance in Africa could not be separated from the social-political reform process which forced business behavior in the direction of integrating social and ethical issues (De Oliveira, 2006). These results are echoed by Kapoor and Sandhu (2010) who argued that accountability and transparency are key to conducting business in a responsible manner

A moderate positive relationship also exists between strategic organization culture practices and customer retention *(*rho=0.552, p-value <0.05) which is significant at 0.01 level as the correlation matrix indicates. Strategic organization culture is therefore a very important factor on customer retention in commercial banks in Kenya. Mose *et al*., (2017) recommends that, it must be dynamic and has to interact with external environment. It is the responsibility of the organization to become adaptive and make the transition supportive so that the ensuing changes are useful to employees in enhancing their individual performances and for the organization to remain a viable entity in the change scenario for eventually improving organizational performance

A weak positive relationship also exists between strategic customer relation management practices and customer retention (*rho*=0.360, p-value <0.01 which is significant at 0.01 level as the correlation matrix indicates. Strategic customer relation management practices are therefore a very important factor on customer retention in commercial banks in Kenya. Wang, Huang, Chen and Lin, (2010) as cited by Uzel *et al*., (2015) supported these results in his findings which indicated a moderate positive relationship between CRM and hotel performance. Similarly, other findings established a significant relationship between CRM and hotel performance (Abdullateef *et al*., 2010). In summary CRM had strong implications to the customer retention with a significance P-value of 0.000. This therefore means that if commercial banks in Kenya adopt CRM as a practice of their retention they were likely to improve their retention in this study

This shows that the strategic management practices were therefore very important factors on customer retention in commercial banks in Kenya.

4.16.2 Multiple linear regression analysis of strategic management practice and customer retention

After analyzing each variable's effect on performance using simple regression, factor analysis and Pearson's correlation, multiple linear regression analysis was used to assess the relevant investigation of the study to assess the effect of strategic management practices of customer retention in commercial banks in Kenya. The mean scores of strategic leadership, corporate governance, organization culture and customer relation management were collectively regressed against the mean score of customer retention the combined influence of the four independent variables (strategic leadership, strategic corporate governance, strategic organization culture and customer relation management) on the dependent variable (customer retention in commercial banks in Kenya). The statistical overall model used for analysis was as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

Y=Customer Retention (dependent variable)

β_0=constant or intercept which is the value of dependent variable when all the independent variables are zero.

β_1= Regression Coefficient for X_1(i=1, 2, 3, 4)

X_1= Leadership Practice

X_2= Corporate Governance Practice

X_3= Organization Culture Practice

X_4= Customer Relations Practice

ε= Stochastic error term

4.16.3 Model Summary Results

The model summary statistics in table show that the coefficient of determination (R square) for combined set of strategic management practice was 0.794 which indicates that variations in strategic management practices accounted for up to 79.4% of variations on customer retention.

4.16.4 Model Summary for Strategic Management Practices and Customer Retention

Table 4.60: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.891[a]	.794	.785	.18162

a. Predictors: (Constant), strategic customer_relation management, strategic organization_culture, strategic_leadership, strategic corporate_governance

The relationship between the independent variables and the dependent variable explains 79.4% of all the variations in Customer Retention. Other factors accounts for 20.6% of all the variations.

According to the findings, the R squared for the relationship between the four independent variables (strategic leadership, corporate governance, organization culture customer relation).and customer retention in commercial banks in Kenya was 0.794. This implies that the four strategic leadership, corporate governance, organization culture and customer relation can explain 79.4% of the customer retention in commercial banks in Kenya. This shows that other factors not included in this study explains 20.6% of customer retention in commercial banks in Kenya.

The findings, took note that because a high R-squared (coefficient of determination) was more critical in times series analysis, the calculated R-squares for this OLS regression were satisfying for this research reflecting sufficient validity. The researcher interprets the effect of this particular data set as reflective that banks ranking higher on the strategic management practice also have higher performance of customer retention when measured.

4.16.5 ANOVA

The ANOVA output revealed that the hypothesized linear regression model was statistically adequate. The significant F-value revealed that the regression coefficients were significantly different from zero ($F=91.341$, $p<0.05$)

4.16.6 ANOVA F-Test results for SMP and Customer retention

The ANOVA test was conducted to test the significance of the models and to test the existence of variable variations within the models.

Table 4.61: ANOVA Results of Strategic Management Practices and Customer Retention

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.051	4	3.013	91.341	.000[b]

Residual	3.133	95	.033
Total	15.185	99	

a. Dependent Variable: customer

b. Predictors: (Constant), strategic customer_relation, strategic organizational_culture, strategic_leadership, strategic corporate_governance

This shows that the model was of good fit and there exists significant relationship between the independent and dependent variables.

The findings, as shown in table 4.61 show that the F-calculated (91.341) was greater than the F-critical (4,95) which was and the p-value (0.000) was less than the significance level (0.05). This shows that the linear regression model is a good fit for the data and chances are zero that the result of regression model is due to random events instead of a true relationship hence can be used to assess the effect of the four independent variables (strategic leadership, corporate governance, organization culture and customer relation) on customer retention in commercial banks in kenya.

4.16.7 Regression coefficients

An examination of the regression coefficients displayed in table 4.62 Indicated that the regression coefficients of the conceptualized variables were significant. The implication was that all of the strategic management practices used had impacts on customer retention,

4.16.8 Coefficients Regression results for SMP and customer retention

The general objective of the study was to find out the effects of strategic management determinants of customer retention in commercial banks in Kenya, the multiple linear regression models were used to assess the overall effect of independent variables on dependent variable. The ordinary least squares multiple regressions were used to determine whether there was a significant effect of strategic management practices on retention of customers in this study. One issue that may violate the assumptions of Ordinary Least Square regression was multiCollinearity. MultiCollinearity occurs when any independent variable is highly correlated with any of the other independent variables in regression model. MultiCollinearity was therefore examined by computing tolerance and the variance inflation factor.

According to Hair *et al*. (2010) a small tolerance value indicated that the variable under study was almost a perfect linear combination of the independent variables in the equation and therefore the variable should not be included in the regression equation. Tolerance is the proportion of a variables variance that is not accounted for by the other independent variables in the equation. It was also argued that a tolerance value less than 0.1 should be investigated further. Similarly, the regression model was subjected to statistical collinearity tests which determined whether the study variables had a high tolerance level. When there is no multicollinearity the variance inflation factor should be less than 10 and tolerance value 0.1. (Anderson *et al*. 2003).

When Variance Inflation Factor was computed in strategic management practices and customer retention model, all the independent variables had tolerance values greater than 0.1 and Variance Inflation Factor less than 10 as shown in Tables 4.60 and 4.61. Hence the findings suggested multicollinearity was not a problem for this data set. The analysis in Table 4.62 presents interesting relevant results on multiple linear regression models1.

Table 4.62: Coefficient Regression of Strategic Management Practice and Customer Retention

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.366	.203		1.802	.075
	Strategic_Leadership	.197	.041	.271	4.852	.000
	Corporate_Governance	.235	.051	.278	4.584	.000
	Organization_Culture	.100	.049	.121	2.048	.043
	Customer_Relation	.366	.048	.452	7.691	.000

a. Dependent Variable: customer

From this table all the variables were significant and the resultant equation is given as; $Y_i = 0.197x_1 + 0.235x_2 + 0.1x_3 + 0.366x_4$ where $x_1, x_2, x_3\ and\ x_4$ are strategic leadership, strategic corporate Governance, strategic organization culture and customer relation management respectively and y is customer retention.

The findings show that the relationship between strategic leadership practices and the customer retention of commercial banks in Kenya had a coefficient (*β_1*) of 0.197 (p-value =0.000). This shows that a unit improvement in strategic leadership practices would lead to a 0.197 increase in the customer retention of commercial banks in Kenya.

In addition, the association between corporate governance and customer retention in commercial banks in Kenya has a regression coefficient of 0.235 (p-value =0.000). this shows that a unit improvement on corporate governance would lead to 0.235 increase in customer retention in commercial banks in Kenya.

Further, the findings show that the effect of organization culture and customer retention in commercial banks in Kenya had a coefficient of 0.100 (p-value =0.043).

This shows a unit improvement on organization culture would lead to 0.100 increases in customer retention in commercial banks in Kenya.

The findings also indicate that the effect of customer relation and customer retention in commercial banks in Kenya had a coefficient of 0.366 (p-value =0.000). This shows a unit improvement on customer relation would lead to 0.366 increases in customer retention in commercial banks in Kenya.

The coefficient at this point revealed different trends as compared to simple regression analysis. Customer relation had the highest effect of 0.366 on customer retention followed by corporate governance with beta values of 0.235and 0.197 for strategic leadership and organization culture with the least beta value of 0.100 thus yielding a regression model where

$Y_i = 0.197x_1 + 0.235x_2 + 0.1x_3 + 0.366x_4$ as shown in Table 4.62

4.17 Results of Hypothesis Testing

The study used multiple regression analysis to establish the linear statistical effect of independent variables on dependent variable of this study. The four null hypotheses as mentioned in chapter one of this study was tested using multiple linear regression model.

4.17.1 The effect of strategic leadership practices on customer retention in the commercial banks in Kenya.

The hypotheses $\mathbf{H_O1}$ stated that**,** there is no significant effect of strategic leadership practices on customer retention in the commercial banks in Kenya. To test this claim multiple regression model was used. The regression coefficients displayed in Table4.62 indicates that leadership were positive and significant practice of customer retention. (β=0.271, $p<0.05$). This implies that an increase of a unit standard deviation in strategic leadership is likely to increase customer retention by 0.271 standard deviation when other practices are held constant.

The hypothesis that leadership has no significant effect on customer retention was therefore rejected. The implication is that introduction of strategic leadership has direct effect on customer retention in commercial banks in Kenya. The findings in this study that strategic leadership directly affects customer retention are consistent with findings previously established by Determinants of Academic Staff Retention in Public Universities in Kenya Ng'ethe, Namusonge, Iravo (2013) The study recommended that leadership style and promotion practices be enhanced to decrease intention to leave and thus enhance academic staff retention in these institutions. The study also recommended that the public universities embrace current trends in employee retention such as employer branding in order to retain the core employees-the academic staff.

4.17.2 To determine the effect of strategic corporate governance practices on customer retention in the commercial banks in Kenya

Hypotheses $\mathbf{H_O2}$ states that there is no significant effect of strategic corporate governance practices on customer retention in the commercial banks in Kenya. To test this claim multiple regression model was used. The regression coefficients displayed in Table 4.62 indicates that strategic corporate governance were positive and significant practice of customer retention. ($\beta=0.278$, $p<0.05$). This implies that an increase of a unit standard deviation in strategic corporate governance is likely to increase customer retention by 0.278 standard deviation when other practices are held constant.

The hypotheses that strategic corporate governance have no significant effect on customer retention was therefore rejected. The implication is that introduction of strategic corporate governance has direct effect on customer retention in commercial banks in Kenya. The findings in this study that corporate governance directly affects customer retention are consistent with findings previously established by Koech Namusonge, Mugambi, (2018) on determinants of Effectiveness of Corporate Governance in State Corporations in Kenya the study concluded that Board

Characteristics, executive compensation, audit committee characteristics, directors' compensation policies and legal and regulatory framework were critical in determining effectiveness of Corporate Governance in State Corporations in Kenya

4.17.3 To establish the effect of strategic organization culture practices on customer retention in the commercial banks in Kenya.

Hypotheses **H_O3** states that there is no significant effect of strategic organization culture practices on customer retention in the commercial banks in Kenya. To test this claim multiple regression model was used. The regression coefficients displayed in Table4.62 indicates that strategic organization culture were positive and significant practice of customer retention. ($\beta=0.121$, $p<0.05$). This implies that an increase of a unit standard deviation in organization culture is likely to increase customer retention by 0.121 standard deviation when other practices are held constant.

The hypothesis that organization culture had no significant effect on customer retention was therefore rejected. The implication is that introduction of organization culture has direct effect on customer retention in commercial banks in Kenya. The findings in this study that strategic organization culture directly affects customer retention are consistent with findings previously established by Mose, Iravo, Orwa, Senaji (2017) on the role of Corporate Culture on the Performance of Commercial State Corporations in Kenya. The results showed that the role of corporate culture appears significant in performance of commercial state corporations. The results also indicated that corporate culture could improve performance of state corporations.

4.17.4 To analyze the effects of strategic customer relation management practices on customer retention in the commercial banks in Kenya

Hypotheses **H_O4** states that there is no significant effect of strategic customer relation practices on customer retention in the commercial banks in Kenya. To test this claim multiple regression model was used. The regression coefficients displayed in Table 4.62 indicates that customer relation management were positive and significant practice of customer retention. (β=0.452, $p<0.05$). This implies that an increase of a unit standard deviation in CRM is likely to increase customer retention by 0.452 standard deviation when other practices are held constant.

The hypotheses that strategic leadership has no significant effect on customer retention were therefore rejected. The implication is that introduction of organization culture has direct effect on customer retention in commercial banks in Kenya. The findings in this study that organization culture directly affects customer retention are consistent with findings previously established by Kangu, Wanjau, Kosimbei, Arasa (2017) on the study Customer Relationship Management Dimensions on Customer Loyalty in the Hotel Industry in Kenya, concluded that customer relationship management is an important factor in achieving customer loyalty in the hotel industry. The study recommended that the government and the hotel management are to ensure that the hotels are upgraded with modern technological facilities, standardization of the training curriculum for service providers in the hotel industry and come up with well -defined loyalty programmes.

Table 4.63: Summary of Hypothesis Test Result

Hypothesis	P-values	Decision
H_{o1}There is no significant effect of strategic leadership on customer retention in the commercial banks in Kenya	0.000	Rejected H_{01}
H_{o2}There is no significant effect of corporate governance on customer retention in the commercial banks	0.000	Rejected H_{02}
H_{o3}There is no significant effective of organizational culture in customer retention in the commercial banks.	0.045	Rejected H_{03}
H_{o4} There is no significant effect of customer relation on customer retention in the commercial banks in Kenya	0.000	Rejected H_{04}

A summary of the decision rule on the hypotheses tested is shown on table 4.63 highlighting the results of the model outputs

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATATIONS

5.1 Introduction

This chapter presents summarized results of the study inclusive of conclusions and recommendations for management and policy. The study therefore examined views of Bank managers and customer care personnel of the 43 commercial banks involved with customer retention in line with the topic of study, the effect of strategic management practices on customer retention in commercial banks in Kenya.

5.2 Summary

The overall objective of the study was to find out the effects of strategic management practices on customer retention in commercial banks in Kenya. The specific objectives were; to establish the effect of strategic leadership practice on customer retention in the commercial banks in Kenya; to determine the effect of corporate governance practice on customer retention in the commercial banks in Kenya; to find out the effect of organization culture practice on customer retention in the commercial banks in Kenya; and to analyze the effects of customer relation management practice on customer retention in the commercial banks in Kenya.

The main findings of the study were: one that variations in the four strategic management practices namely; strategic leadership, strategic corporate governance, strategic organization culture and strategic customer relation management accounted for 74.9% of the variation in customer retention. The summary of findings focuses on the specific objectives that guided the study.

5.2.1 Effect of Leadership on Customer Retention in the Commercial Banks in Kenya

The first objective of the study sought to establish the effect of strategic leadership practice on customer retention in Kenya. Through multiple regression analysis the study established that leadership practice was positive and significant on customer retention. Consequently, the use of strategic leadership has potential to improve customer retention. The study revealed that commercial banks use strategic leadership in the banking institutions and this has the potential to impact positively on customer retention as employees led by strong leaders are more satisfied, engaged, loyal and motivated, as it is said that motivated employee can easily achieve the set organizational goals.

As such, a unit change in strategic leadership resulted in a change on customer retention in commercial banks in Kenya. Therefore, opinion statements which sought effect of strategic leadership practice were concluded to be statistically significant in explaining changes in customer retention of commercial banks in Kenya. The results showed that the retention of customers highly depended on the relationship with its customers who were satisfied and loyal to the banks due to the fact that the leadership was tolerable and geared towards giving the competitive and quality service to the customers.

5.2.2 Effect of Strategic Corporate Governance Practice on Customer Retention in the Commercial Banks in Kenya.

The second objective determined to find the effect of strategic corporate governance practice on customer retention of the commercial banks in Kenya. The responses revealed that the commercial banks had high level of ethics and integrity in its operations which led to customer satisfaction and loyalty. The board worked hard to ensure there were accurate balanced accounts of the financial position at any given time and avoided accounting irregularities which then increased stakeholder confidence which led to gaining of customer loyalty and subsequently retention. The study also found out that strategic corporate governance positively and significantly had a significant effect on customer retention in commercial banks in Kenya. In addition, it was found that among the four conceptualized drivers, strategic corporate governance was the third best predictor of customer retention. As it is, a unit change in strategic corporate governance practice resulted in a change on customer retention in commercial banks in Kenya. On the same note, the study further revealed that majority of customers became loyal and remained in the said banks because of the increased trust and confidence in the board and the transparency involved.

5.2.3 Effect of Organization Culture Practice on Customer Retention in the Commercial Banks in Kenya

The third objective determined to find out the effect of strategic organization culture practice on customer retention of commercial banks in Kenya. The indicators of strategic organization culture were core competencies, and teamwork. The study through the branch managers and customer care staff questionnaire established that commercial banks were aware of organization culture. Most of the respondents agreed that strategic organization culture encourages open door policy on issues touching the banks activities and encourages employees to feel part and parcel of the organization setup and are fully aware of the banks goals and strategies.

Multiple regression analysis revealed that strategic organization culture was the best predictor of customer retention. The study further revealed that among the 4 conceptualized drivers, strategic organization culture was the best predictor for customer retention. As such, a unit change in strategic organization culture practice resulted in a change in customer retention in commercial banks in Kenya. There was an effect of strategic organization culture practice on customer retention. On the same note, the study further revealed that majority of customers became loyal and remained in the said banks because of the increased quality competitive service from a unique team.

5.2.4 Effects of Strategic Customer Relation Practice on Customer Retention in the Commercial Banks in Kenya

The fourth objective determined to find out the effect of strategic customer relation management practice on customer retention of commercial banks in Kenya. The indicators of customer relation practice were differentiation strategies, customer intimacy and innovativeness. Most of the respondents agreed that customer relation management greatly had an effect on customer retention in commercial banks in Kenya. This was brought about by the fact that employees had embraced the goals of the banks in order to assist in customer retention. They were highly trained, motivated and committed to the success of the retention plan of customers and were readily acceptable to change in the unpredictable competitive banking environment.

The study further revealed that strategic customer relation management were positively and significantly predictors of customer retention. As such a unit change in strategic customer relation management practice resulted in a change on customer retention in commercial banks in Kenya. On the same note, the study further revealed that majority of customers became loyal, satisfied and remained in the said banks because of the increased trust in the bank’s management and the relationship with customers.

5.3 Conclusions

The aim of this study was to find out the effect of strategic management practice on customer retention in commercial banks in Kenya, with specific interest in all the commercial banks in Kenya. In view of the findings made, the following conclusions were made:

5.3.1 Effect of Strategic Leadership on Customer Retention in the Commercial Banks in Kenya

Strategic Leadership practice determines customer retention in commercial banks in Kenya. The banks have taken note of this and have engaged focused leaders to ensure they succeed in motivating employees to achieve the set goals and to remain competitive in the banking industry. Their effort is being hampered by challenges related to intense competition not only from banks but also from other financial institutions e.g. Saccos

5.3.2 Effect of Strategic Corporate Governance Practice on Customer Retention in the Commercial Banks in Kenya

Strategic Corporate governance practice determines customer retention in commercial banks in Kenya. After the Enron and WorldCom, transparency and accountability is the top most agenda. It is important to note that the bank's board need to give accurately balanced accounts of the financial position of the bank at any given time and thus avoiding any accounting irregularities. This increases the stakeholder's confidence in the bank and gains their loyalty which leads to retention of customers. However, the major challenge being faced is implementing government policies and maintaining stakeholder confidence, trust and ensuring safety for all deposits and transactions.

5.3.3 Effect of Strategic Organization Culture Practice on Customer Retention in the Commercial Banks in Kenya

Strategic organization culture practice determines customer retention. It is important for the employees to have high values and to embrace the organization goals to be able to achieve them. The banks have taken note of this and put in place programs towards building a team that its core competencies cannot be matched with their competitors. Despite all this the bank management is challenged by competition from its rivals and the current dynamics trends in the banking sector.

5.3.4 Effects of Strategic Customer Relation Management Practice on Customer Retention in the Commercial Banks in Kenya

Strategic customer relation management determines customer retention. The banks management has seen the need to have differentiated products in order to satisfy the consumers as well as retain them. The intimacy between the bank and the customer has been highly adopted and new innovations encouraged to reduce consumer turnover. Programs have been adopted to motivate employees to be able to embrace the modern way of doing things, and especially be accustomed to the latest technology by keeping at par and embracing change that is positive. Revisiting the strategies can move the bank to another level. However, all these efforts are challenged by competitors and the ever changing dynamics in the banking industry.

5.4 Recommendations

In view of the conclusions made above, the following managerial and policy recommendations were made.

5.4.1 Recommendation to Bank Managers

The study established that leadership practice, corporate governance, organization culture and customer relation practice positively had an effect on customer retention in the commercial banks in Kenya. Therefore, the study recommends that it would be appropriate for management to address challenges of competition, and embracing change in order to gain competitive advantage over their competitors. Hence it is important for banks to design comprehensive motivating programs for employee in dealing with the customer by being prompt in offering the service and solving the problems, pleasing and courteous while communicating with them.

There is also need for management to encourage continued use of modern technology to optimize customer retention and by consequence gain in the market share. Challenges facing customers e.g., fraud, prompt service delivery ought to be eliminated. Management should look to address issues of unique product innovation, improve transparency and accountability in operations.

Mechanisms for addressing customer retention are commendable and should be maintained and other systems that can improve on customer retention should also be introduced. Management should design ideal programs and whenever possible address the issues of automation and customer retention in order to improve on service in order to create loyalty, satisfaction and subsequently retention. Internal discipline and a strong operational agenda rooted in corporate governance, strong leadership, strengthened by moral questions bordering on integrity to carry out functions as appropriate should be put in place in the banking industry.

Banks should ensure that Strategic Corporate Governance Practice become their watchword. This will enhance efficiency and profitability and encourage an environment for the cultivation of other attributes. Corporate Governance Practice should become the company's watchword; also promote accountability, transparency, healthy ethics, integrity and participation of stakeholders

The study made a major step in contributions toward academic knowledge on strategic management practices and customer retention from the context of other major countries and particularly on commercial banks in Kenya. The study therefore encouraged more scholarly output on strategic management practices and customer retention.

5.4.2 Recommendation to Policy makers

Based on the conclusions the researcher recognizes that commercial banks in Kenya plays a key role towards the achievement of vision 2030 and therefore recommends that policy makers in the banking industry should establish relationship to ensure that the policies which govern the banking sector are utilized harmoniously. The findings show that variation in the four strategic management practices namely; leadership, corporate governance, organization culture and customer relation management practices, accounts for 74.9% of the variation on customer retention, the remaining 25.1% un-explained variation in customer retention is significant enough that policy formulation should incorporate all stakeholders in order to identify other potential determinants.

5.5 Policy Recommendations

Banking industry is highly competitive, with the banks not only competing against each other, but also with non-banks and other financial institutions. Thus, customer is equally potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever increasing banking competitive banking environment. The study would assist bank managers and board of management of the banks to develop structures and institutions that would contribute towards foiling any attempts by customers to switch by raising the customer satisfaction to the highest level and retaining the customer. Managers need to consider the importance of customer retention as it makes the bank remain relevant in the banking industry.

5.6 Areas for further Research

This study came up with some very important results, although carrying out a research is an everyday process to find results and to be able to make good decision from the results. However, there are other areas to be pursued. For further research on how banks can incorporate sustainability and business strategy to improve on customer retention.

A review of literature indicated that there had been limited amount of research on customer retention in commercial banks in Kenya. Thus, the findings of this study serve as a basis for future studies on retention and on the population. The study has pointed out the effect of strategic management practices on customer retention. It is important to note that the practices were customer relation practice. strategic Organization culture practice needs to be investigated further to see how best they can be adapted to work positively towards customer retention. This study was confined to commercial banks in Kenya. A comparative study should be carried out to compare whether the findings also apply in other sectors.

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APENDICES

Appendix I: Letter of Introduction

Josephine A Miyonga
Jomo Kenyatta University of Agriculture and Technology
Mombasa CBD Campus
MOMBASA

06 July 2016

The Manager
Keny**a** Commercial Bank
Treasury Square Mombasa
P O Box 897
MOMBASA

Dear Sir/Madam

REQUEST FOR RESEARCH DATA

I am a PhD student in the Department of Entrepreneurship and Technology, Leadership and Management in the School of Entrepreneurship, Procurement and Management undertaking a thesis research in partial fulfillment of the requirement for the award of the degree of Doctor of philosophy in Business Administration, Strategic Management Option of Jomo Kenyatta University of Agriculture and Technology JKUAT Mombasa CBD Campus. I am conducting the research based on "**Effects of Strategic Management Practices on Customer Retention in Commercial Banks in Kenya".**

In order to effectively undertake the research, I have selected all the Banks in Kenya and your organization is among the selected ones. I am therefore, kindly requesting you to fill in the attached questionnaire as truthfully and with honesty. The information given will be treated with utmost confidence and is purely required for academic purposes. In cases where a name or personal input accidentally appears, it will not under any circumstance appear in the final document.

A copy of the final report will be made available to you upon request.
Your assistance and co-operation in this research will be highly appreciated.
Yours faithfully

Josephine Awuor Miyonga
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Appendix II: Questionnaire

THE RESEARCHER SEEKS TO FIND OUT EFFECTS OF STRATEGIC MANAGEMENT DETERMINANTS OF CUSTOMER RETENTION IN COMMERCIAL BANKS IN KENYA

Please take time to read through and answer the questions correctly and honestly. Thank you.

SECTION A: BACKGROUND INFORMATION QUESTIONS

Please tick (√) the appropriate response.

1. How old are you?

a. 20-30
b. 31-40
c. 41-50
d. 51-60

2. The highest level of education you have attained.

a. O level
b. A level
c. Certificate
d. Ordinary diploma
e. Higher diploma
f. Bachelor’s degree
g. Master’s degree
h. Doctorate degree

3. What is your title in the organization?

a. Front Office manager (Retail and Business)
b. Back Office (Operations) Manager
c. Personal selling (Relationship and Corporate) Manager
d. Branch manager
e. Sales Manager
f. Customer care

4. Do you have any formal knowledge on strategic management?

a. Yes
b. No

Use a scale of 1 to 5 to respond to the following statements.

1- If you strongly disagree
2- If you disagree a little
3- If you are undecided
4- If you agree a little
5- If you strongly agree

SECTION B: STRATEGIC MANAGEMENT PRACTICES ON CUSTOMER RETENTION (Please show your level of agreement on the following statements by ticking in the appropriate box.)

	Statement	**SD**	**D**	**UD**	**A**	**SA**
5.	The bank is fully involved with giving customers the best service.					
6.	Strategies are put in place ahead of trends in order to satisfy the customers					
7.	The Banks have targets to enable it get customers					
8.	Strategic plans are in place to enable the sustainability of the existing customers (retention)					

9.	Strategic programs are in place to help grow (increase) customers					
10.	The bank offers better services as compared to other banks					
11.	The bank has no high turnover of customers from the bank					
12.	The management creates an environment that fosters customer loyalty					
13	When a customer is dissatisfied, the management takes it upon them to rectify the situation.					
14	There is customer satisfaction due to alignment of the banks mission, setting meaningful goals, improve resource allocation and accountability.					

SECTION C: STRATEGIC LEADERSHIP PRACTICE

Indicate the level of agreement on how you perceive the strength of strategic leadership style in the organization.

	Statement	**SD**	**D**	**UD**	**A**	**SA**
15.	The leader is genuinely participative in his/her approach to learning and change.					
16.	The leader not only leads but also listens, involves the group in achieving its own insights into its cultural dilemmas.					
17.	The leader visualizes ahead and provides clear expectations.					
18.	Leader uses influence to guide through action or toward and achievement of certain goals.					
19.	Leader takes into consideration feedback/comments when making decision.					

20.	Leader encourages and motivates staff to succeed					
21.	Leader is focused on the success and reputation of the organization, not his/her own.					
22.	Leader shows adequate commitment of managers to the organization and its strategic plans.					
23.	Employees are motivated by the good leadership					
24.	Employees led by strong leaders are more satisfied, engaged and loyal and motivated					

SECTION D: STRATEGICORPORATE GOVERNANCE PRACTICE

Indicate the level of agreement on how you perceive the strength of strategic corporate governance practice in the organization.

	Statement	**SD**	**D**	**UD**	**A**	**SA**
25.	The bank's board is made up of informed and strong board leadership					
26.	The board sets the direction and shapes the strategy as well as pivot between the board, CEO, and external stakeholders					
27.	The board has better means of addressing pressure when facing a crisis.					
28.	The executive and board members positively exchange ideas on the key issues that underpin the banks performance					
29.	There is improvement on external transparency and accountability to the customers hence their					

	retention					
30.	The bank fosters relationships with its employees, customers and suppliers					
31.	Bank operates on fairness, honesty, integrity and the manner in which the bank conducts its affairs					
32	Governance ensures stakeholders are served within prescribe time frame with added value.					
33	The Board accounts for all assets and liabilities of a bank.					
34	The Board gives accurately balanced accounts of the financial position of the organization at any time and avoid any accounting irregularities.					

SECTION E: STRATEGICORGANIZATIONAL CULTURE PRACTICE

Indicate the level of agreement on how you perceive the strength of strategic organizational culture in the organization.

	Statement	**SD**	**D**	**UD**	**A**	**SA**
35.	The organizational culture encourages customer retention					
36.	Corporate culture brings about positive commitment and loyalty from employees hence helping in retention of customers					
37.	Trust is noticeable between the employees and their immediate supervisors and senior managers					
38.	The organizational culture encourages open door policy on issues touching the banks activities.					

39.	The organizational culture encourages employees to feel as part and parcel of the organizations setup.					
40.	The organizational culture recognizes and appreciates the employees positive contribution towards retention of customers					
41.	The organizational culture accepts and implements changes whenever necessary					

SECTION VI: STRATEGIC CUSTOMER RELATION PRACTICE

Indicate the level of agreement on how you perceive the strength of strategic customer relation in the organization.

	Statement	**SD**	**D**	**UD**	**A**	**SA**
45.	There are adequate trained employees to bring in the required changes (technology) and hence be competitive					
46.	All employees have embraced the goals of the bank to assist in customer retention					
47.	All employees are committed to the success of the retention plan of customers					
48.	All employees are trained, appraised, rewarded and compensated to bring out the best out of them					
49.	Employees are highly motivated					
50.	Employees are highly trained to deal with prospective customers					
51.	Employees are trained on how to resolve problems effectively and at the customers touch point					
52.	Employees are willing to accept change, learn and develop continuously					
53.	Employee commitment is increased by					

	encouraging them to identify with the mission and objectives of the bank					
54.	Employee’s expectations towards wages, working condition, control, promotion and recognition of talents are met.					

Appendix III: Commercial Banks Location and Addresses

1. African Banking Corporation Limited Group
   Postal Address: P.O Box 46452-00100, Nairobi
   Telephone: +254-20- 4263000, 2223922, 22251540/1, 217856/7/8.4443482
   Email: headoffice@abcthebank.com; talk2us@abcthebank.com
   Branches: 13

2 Bank of Africa Kenya Limited
Postal Address: P. O. Box 69562-00400 Nairobi
Telephone: +254-20- 3275000, 3275223, 0703058000
Email: headoffice@boakenya.com
Peer Group: Medium
Branches: 45

3 Bank of Baroda (K) Limited
Postal Address: P. O Box 30033 – 00100 Nairobi
Telephone: +254-20-2248402/12, 2226416, 2220575, 2227869,
Email: ho.kenya@bankofbaroda.com, Kenya@bankofbaroda.com
Peer Group: Medium
Branches: 14.

4 Bank of India
Postal Address: P. O. Box 30246 - 00100 Nairobi
Telephone: +254-20-2221414 /5 /6 /7, 0720606707, 0734636737
Email: cekenya@boikenya.com
Peer Group: Medium
Branches: 7

5 Barclays Bank of Kenya Limited
Postal Address: P. O. Box 30120 – 00100, Nairobi
Telephone: +254-20-4254000, 5700059/56 Fax: +254-20-2213915
Email: barclays.kenya@barclays.com
Peer Group: Large
Branches: 108, Sales Centre – 1

6 Stanbic Bank Kenya Limited (Formerly CfC Stanbic Bank Ltd.)
Postal Address: P. O. Box 72833 - 00200 Nairobi
Telephone: +254-20-3638000 /11 /17 /18 /20 /21, 3268000, 3269000,
Email: cfcstanbic@stanbic.com
Peer Group: Medium
Branches: 27

7 Charterhouse Bank Limited UNDER - STATUTORY MANAGEMENT
Postal Address: P. O. Box 43252 -00100 Nairobi
Telephone: +254-20-2242246 /47 /48/ 49

Peer Group: Small
Branches: 10

8 Chase Bank (K) Limited IN RECEIVERSHIP
Postal Address: P. O. Box 66015-00800 Nairobi
Telephone: +254-20- 2774000, 0732174100, 0703074000, 0736-432025,
Email: info@chasebank.co.ke, atyouservice@chasebank.co.ke
Peer Group: Medium
Branches: 58

9 Citibank N.A Kenya
Postal Address: P. O. Box 30711 - 00100 Nairobi
Telephone: +254-20- 2754000. 2711221
Email: Kenya.citiservice@citi.com
Peer Group: Medium
Branches: 3; Agency 1

10 Commercial Bank of Africa Limited
Postal Address: P. O. Box 30437 – 00100, Nairobi
Telephone: +254-20-2884000, 2884444, 0711056444, 0732156444
Email: contact@cbagroup.com
Peer Group: Large

Branches: 35, Agencies 5

11 Consolidated Bank of Kenya Limited
Postal Address: P. O. Box 51133 - 00200, Nairobi
Telephone: +254-20-3340208/3340836, 3340551, 3340298,
Peer Group: Small
Branches: 18.

12 Co-operative Bank of Kenya Limited
Postal Address: P. O. Box 48231 - 00100 Nairobi
Telephone: +254-20-3276100, 0711-049000
Email: md@co-opbank.co.ke
Peer Group: Large
Branches: 142.

13 Credit Bank Limited
Postal Address: P. O. Box 61064-00200 Nairobi
Telephone: +254-20-2222300/2220789/2222317,2283000, 0728607701,
Peer Group: Small
Branches: 18

14 Development Bank of Kenya Limited
Postal Address: P. O. Box 30483 - 00100, Nairobi

Telephone: +254-20-3340401 /2 /3, 3340416, 2251082, 3340198, 3340478,
Email: dbk@devbank.com
Peer Group: Small
Branches: 3

15 Diamond Trust Bank Kenya Limited
Postal Address: P. O. Box 61711 – 00200, Nairobi
Telephone: +254-20-2849000, 2210988/9, 2210989, 0732121000, Email: info@dtbafrica,com
Peer Group: Large
Branches: 63

16 Ecobank Kenya Limited
Postal Address: P.O. Box 49584- 00100 Nairobi
Telephone: +254-20-2883000, 719 098 000, 0722-204863
Park, Muthangari Drive-Westlands
Peer Group: Medium
Branches: 31

17 Spire Bank Limited (Formerly Equatorial Commercial Bank Limited)
Postal Address: P. O. Box 52467-00200 Nairobi
Telephone: +254-20- 4981000, 0713600724, 0733333780
Email: ecbcustomerservice@ecb.co.ke
Peer Group: Small
Branches: 154

18 Equity Bank Limited
Postal Address: P. O. Box 75104-00200, Nairobi
Telephone: +254-20- 2262000, 0711026000, 0711025000, 0734108000
Email: info@equitybank.co.ke
Peer Group: Large Branches: 164, Sub-Branches 12.

19 Family Bank Limited
Postal Address: P. O. Box 74145-00200 Nairobi
Telephone: +254-020- 3318173, 3318940/2/7, 2244166, 2240601,
Email: info@familybank.co.ke
Peer Group: Medium
Branches: 91

20 Fidelity Commercial Bank Limited
Address: P. O. Box 34886-00100 Nairobi
Telephone: +254-20-2242348, 2244187, 2245369, 2220845, 2243461,
Email: customerservice@fidelitybank.co.ke
Peer Group: Small
Branches: 12

21 Guaranty Trust Bank (K) Ltd (Formerly-Fina Bank Limited)
Postal Address: P. O. Box 20613 – 00200, Nairobi
Telephone: +254-20-3284000, 07203084000, 0722-202929
Peer Group: Small
Branches: 16

22 First Community Bank Limited
Postal Address: P. O. Box 26219-00100, Nairobi
Telephone: +254-20-2843000 -3, 0726-736833, 0738-407521
Email: info@fcb.co.keWebsite: www.firstcommunitybank.co.ke
Peer Group: Small
Branches: 18

23 Giro Commercial Bank Limited
Postal Address: P. O. Box 13400-00800, Nairobi
Telephone: +254-20-4229000, 0722823684, 0722823684, 0788999044
Email: girobank@girobankltd.com
Peer Group: Small
Branches: 9

24 Guardian Bank Limited
Postal Address: P. O. Box 67681 – 00200, Nairobi
Telephone: +254-020-2226771, 2226774, 2226341, 222483, 0722-282213,
Email:biashara@guardian-bank.com, headoffice@guardian-bank.com,
Peer Group: Small
Branches: 11

25 Gulf African Bank Limited
Postal Address: P. O. Box 43683 – 00100, Nairobi
Telephone: +254-20-2740000, 2718608/9, 2740111 Fax: +254-20-2715655
Email: info@gulfafricanbank.com
Peer Group: Small
Branches: 19

26 Habib Bank A.G Zurich
Postal Address: P. O. Box 30584 - 00100 Nairobi
Telephone: +254-20-3341172/76/77, 3340835, 3310694
Peer Group: Small
Branches: 6

27 Habib Bank Limited
Postal Address: P. O. Box 43157 – 00100, Nairobi
Telephone: +254-20-2226433, 2222786, 2226401/7, 0727531143
Email: hblro@hblafrica.com

Peer Group: Small
Branches: 6

28 Imperial Bank Limited IN - RECEIVERSHIP
Postal Address: P. O. Box 44905 – 00100, Nairobi
Telephone: +254-20-2874000, 3343416 /12/17/18/19/94, 3342373, 2719617
Email: info@imperialbank.co.ke
Peer Group: Medium
Branches: 26

29 I and M Bank Limited
Postal Address: P.O. Box 30238 – 00100, Nairobi
Telephone: +254-20- 2711994-8, 3221200/2, 3221000
Email: invest@imbank.co.ke
Peer Group: Medium
Branches: 36

30 Jamii Bora Bank Limited
Postal Address: P. O. Box 22741 – 00400, Nairobi
Telephone: +254-20- 2224238/9, 2214976, 2219626, 2210338/9, 0722-
Email: info@jamiiborabank.co.ke
Peer Group: Small
Branches: 27

31 KCB Bank Kenya Limited
Postal Address: P. O. Box 48400 – 00100, Nairobi
Telephone: +254-20-3270000, 2851000, 2852000, 0711012000,
Email: kcbhq@kcb.co.ke
Peer Group: Large
Branches: 198

32 Sidian Bank Limited (Formerly K-Rep Bank)
Postal Address: P. O. Box 25363 – 00603, Nairobi
Telephone: +254-20- 3906000-7, 0711-058000-7, 0732-158000
Email: registry@k-repbank.com, enquiries@k-repbank.com
Peer Group: Small
Branches: 39

33 Middle East Bank (K) Limited
Postal Address: P. O. Box 47387 - 00100 Nairobi
Telephone: +254-20-2723120/24, 2722879, 2723124, 2723130, 0722-
ho@mebkenya.comWebsite:http:// www.mebkenya.com
Peer Group: Small
Branches: 5

34 National Bank of Kenya Limited
Postal Address: P. O. Box 72866 - 00200 Nairobi
Telephone: +254-20-2828000, 2226471, 0711-038000,
Email: info@nationalbank.co.ke.
Peer Group: Medium
Branches: 73, Agencies 8

35 NIC Bank Limited Group
Postal Address: P. O. Box 44599 - 00100 Nairobi
Telephone: +254-20-2888000, 2888217, 0711041000, 0732141000
Email: info@nic-bank.com
Peer Group: Medium
Branches: 35

36 M-Oriental Commercial Bank Limited
Postal Address: P.O BOX 44080-00100, Nairobi
Telephone: +254-20-2228461/2, 0734333291, 0722209585
Peer Group: Small
Branches: 9.

37 Paramount Bank Limited
Postal Address: P. O. Box 14001 -00800 Nairobi
Telephone: +254-20-4449266/7/8, 446106 /7, 4443896, 445722, 4441528,
Email: info@paramountbank.co.ke
Peer Group: Small
Branches: 8

38 Prime Bank Limited
Postal Address: P. O. Box 43825 – 00100, Nairobi
Telephone: +254-20-4203000 /116 /148, 07220205491, 0733611494
Email: headoffice@primebank.co.ke
Peer Group: Medium
Branches: 20

39 Standard Chartered Bank Kenya Limited
Postal Address: P. O. Box 30003 - 00100 Nairobi
Telephone: +254-20-3293000, 3293900, 3291000, 3294000, 0719081000
Email: Talk-Us@sc.com
Peer Group: Large
Branches: 42

40 Transnational Bank Limited
Postal Address: P. O. Box 34353 – 00100 Nairobi
Telephone: +254-20-2252216/19, 2224235/6, 2252188/90/91, 0720081772,
Email: info@tnbl.co.ke

Peer Group: Small
Branches: 26

41 UBA Kenya Bank Limited
Postal Address: P. O. Box 34154 - 00100 Nairobi
Telephone: +254-020- 3612000 /1 / 2,
Email: ubakenya@ubagroup.com
Peer Group: Small
Branches: 4

42 Victoria Commercial Bank Limited
Postal Address: P. O. Box 41114 - 00100 Nairobi
Telephone: +254-20-2719499, 2719815, 2710271, 2716108,
Peer Group: Small
Branches: 4

B: MORTGAGE FINANCE COMPANIES

1 HFC Limited
Postal Address: P. O. Box 30088 -00100 Nairobi
Telephone: +254-20- 3262000, 317474, 2221101, 0722201174,
Email: housing@housing.co.ke Website: www.hfgroup.co.ke
Peer Group: Medium
Branches: 27.

Appendix IV: Letter of Introduction

JOMO KENYATTA UNIVERSITY
OF
AGRICULTURE AND TECHNOLOGY
OFFICE OF THE DIRECTOR - MOMBASA CAMPUS P.O Box 81310 – 80100, Mombasa. Tel: +254 735 628 272, 041 2315434 E-mail:director-mombasa@jkuat.ac.ke

REF. JKU/MSA/ACA/07/05 14/01/2014

TO WHOM IT MAY CONCERN

SUBJECT: JOSEPHINE MIYONGA REG.NO.HD433-C005-2680/2012

RE: COLLECTION OF DATA

The above named is a Doctor of Philosophy in Business Administration (Strategic Management Option) student in this campus. she is currently carrying out research on the topic: **Effect of strategic management practice on customer retention in commercial banks in kenya**.

Kindly allow her into your organization to collect relevant data that we believe will go a long way in helping her to meet the objectives of her study.

Yours faithfully,

Dr. Fridah Simba
DIRECTOR.

Setting Trends in Higher Education, Research, Innovation and Entrepreneurship