

INFLUENCE OF CUSTOMER RETENTION STRATEGIES ON PERFORMANCE OF COMMERCIAL BANKS IN KENYA

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Abstract

The banking industry has been facing severe competition and major customers' switch off. Lack of customer retention strategies has not been profitable for both the banks and their clients. Existing customers, if retained effectively, have years of revenue-producing potential and are more likely to purchase new products and services than new customers. The General objective of this study was to find out the influence of customer retention strategies on the performance of Commercial Banks in Kenya. The specific objectives of this study were to establish the influence of customer focus on the performance of Commercial Banks in Kenya and to determine the effect of effective complain handling on the performance of Commercial Banks in Kenya. The study adopted the social exchange theory and customer bonding theory. A descriptive survey method was applied in this research in attempting to describe and explain the influence of customer retention strategies on the performance of Commercial Banks in Kenya, by using unstructured questionnaires to fully describe the phenomenon. The study adopted a descriptive research design. The target population of this study comprised of all the licensed commercial banks in Kenya. According to the Central bank supervision report, there are 41 operating commercial banks in Kenya as of December 2016. The study picked four respondents in each of the 41 banks, making a population of 164 respondents. The data were analyzed using descriptive statistics and presented on tables. The study also applied regression analysis to establish the relationship between the dependent and the independent variables. The study also employed multiple regressions as an analytical tool to give more insight into the effect of customer retention on the performance of commercial banks in Kenya. The study found that customer focus and complain handling had a positive and statistically significant effect on Bank performance. The study concluded that customer focus and effective complain handling, were the key determinant of customer retention hence improving banks performance. Based on the finding the study recommends that managers and various stakeholder should emphasize enhancing customer focus and effective complaint handling as this would create a good reputation of the firm hence customer retention. The study further recommends that both the banks and other firms in the banking industry to ensure that they come with communication strategies that will ensure the retention of customers.

Keywords: *Customer focus, effective complain handling and performance*

1.1 Introduction

Saturated markets and high levels of competition within industries have necessitated the practice of customer retention strategies among firms (Honts and Hanson, 2011). Customer retention is significant to organizations because the cost of acquiring a new customer is far greater than the cost of maintaining the existing customer

(Ro-King, 2005). According to Kotler (2006), acquiring new customers can cost five times more than the costs involved in satisfying and retaining the current customers and that the customer profit rate tends to grow over the life of the retained customer.

The advocates of customer retention argue that retaining customers improve profitability, mainly by reducing the costs sustained in acquiring new customers (Reichheld, 1996). Customer retention enables the organization to withstand the intense competition besides appreciating significant savings from retaining existing customers. According to Stengel (2003), organizations can increase profits by 25 to 95 percent with a mere increase of 5 percent in customer retention rates. A small increase in customer retention rate will further accelerate organization's profits (Ryals and Knox, 2005).

According to Reichheld and Scheffer (2000), the strategies pursued that help retain customers include loyalty, change of channels of distribution creative filtering of quality customers, rewarding the sales force, paying for continuity, and designing special programs that attract and hold the most valuable customers. Customer retention entails providing a differentiated attention. Lions (2010) states that customer service is one of the undisputable ways of retaining customers. It means that your customers feel that you understand them and their needs outstanding service is what customers require and if this is offered then the customers feel worth of the relationship. A successful organization is defined by the relationship it has with its customers (Jill & Lowenstein, 2007).

Mermann (2007), argues that when an organization differentiates its products it will make its competitor irrelevant and guarantee sales which ensure its survival. Services can be differentiated through speed, performance, quality, responsiveness, and availability. Neil (2008), states that strong brands have the capability to attract and retain customers. Thus, organizations should endeavor to have strong brands so as to enhance their branding in order to build product recognition and loyalty that further enhances customer value. Customer retention involves a series of strategies that must be taken in order to attract and retain customers by ensuring that service providers deliver the expected service first. Customer retention strategies is a key factor in determining businesses today. Fluss (2010), agrees that competitors are always on the lookout to steal customers through better deals

1.1.1 Customer Retention Strategies

Customer retention is the marketing goal of preventing customers from going to the competitor (Ramakrishnan, 2006). Mostert et al., (2009), defines customer retention as the way in which organizations focus their efforts on existing customers in an effort to continue doing business with them. Customer retention strategies refer to the actions companies take to always provide the service customers expect in order to reduce the number of customer defections, which makes it relevant for managers in any industry or organization that provides some sort of service to external or internal customers.

A strategy or general plan of action might be formulated for broad, long-term, corporate goals and objectives, for more specific business unit goals and objectives, or for a functional unit, even one as small as a cost center. The benefits of customer retention are reflected on three crucial business attributes: increased revenue, lower customer acquisition costs and increased referrals. With rising customer acquisition costs, businesses need to get innovative and start taking a proactive role in retaining their clients (Nickols, 2011).

1.1.2 Commercial Banks in Kenya

Commercial banks in Kenya are governed by the Companies Act (Cap, 486) the Banking Act, (Cap, 488) the Central Bank of Kenya Act (Cap, 491) and the various prudential regulations issued by the Central Bank of

Kenya (CBK). The Central Bank of Kenya is responsible for formulating and implementing monetary policy and fostering the liquidity, solvency and proper operations of the commercial banks in Kenya which involves financial risk management and the financial management of commercial banks in Kenya.

The Banks in Kenya have continued to grow in terms of assets, deposits, profits and product offerings. This has been due to an industry-wide branch network expansion strategy, the automation of a large number of services, and an emphasis on the complex customer needs. It has led to increased competition resulting from increased innovations among the players and new entrants into the market (Price Water Coopers Report, 2014). The commercial banks in Kenya are operating in a more competitive business environment than before. The importance of strategic management cannot be overemphasized, because it determines how an organization reacts to competition and other business environmental challenges.

1.2 Statement of the Problem

The banking industry has been facing severe competition and major customers' switch off. Lack of customer retention has not been profitable for both the banks and their clients. Existing customers, if retained effectively, have years of revenue-producing potential and are more likely to purchase new products and services than new customers (Jamieson, 2004). The Commercial Banks in Kenya have been facing challenges in customer retention amidst the increasing number of banks and environmental changes. Customers are hopping from one bank to another in the hope of finding a bank that meets their needs. Despite the strategic effort to build and promote good customer relationship, customer retention still remains a vital managerial issue. It is not clear which strategy works in customer retention.

Numerous studies related to customer retention have been done. For example, Padmashantini et al., (2013), conducted a study on competitive strategies and customer retention for retail supermarkets, the study concluded that customer retention was vital for the survival of firms due to its nature of multiplying firm's yields merely with the slight improvement in its practices. A study by Kihoro and Ombui (2012) on effects of competitive strategies on customer retention in G4S services (K) Ltd found that competitive strategies played an important role in achieving customer retention (Krapfel et al., 2006).

Momanyi and Njuguna (2010) in their study on Customer retention Strategies adopted by Mobile Telecommunications Companies in Kenya concluded that customer retention strategies were found out to be most effective in achieving competitive advantage. Although a number of studies have been done on competitive strategies and customer retention, a knowledge gap exists. None of the studies has focused on the influence of customer retention on the performance of commercial banks in Kenya. This study, therefore, seeks to establish the influence of customer retention strategies on the performance of Commercial Banks in Kenya.

1.3. General Objective

The general objective of the study was to identify the influence of customer retention strategies on the performance of Commercial Banks in Kenya.

1.3.1 Specific Objectives

- i. To establish the influence of customer focus on the performance of Commercial Banks in Kenya
- ii. To identify the influence of effective complain handling on the performance of Commercial Banks in Kenya

1.4 Research Questions

- i. What is the influence of customer focus on the performance of Commercial Banks in Kenya?
- ii. What is the influence of effective complain handling on the performance of Commercial Banks in Kenya?

1.5 Scope of the Study

The study will be confined to 41 Commercial Banks in Kenya, specifically to identify the effect of customer retention strategies on the performance of the banks.

2.0 LITERATURE REVIEW

2.1 Theoretical Review

2.1.1 Social Exchange Theory

The theory was proposed by Homans (1958) and it posits that all human relationships are formed by the use of cost-benefit analysis and comparisons of alternatives. Homans suggested that when an individual perceives the cost of a relationship outweighs the perceived benefits, then the person will choose to leave the relationship. The theory further states that persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them.

The social exchange relationships between two parties develop through a series of mutual exchanges that yield a pattern of reciprocal obligations to each party. Social exchange theory indicates that individuals are willing to maintain relationships because of the expectation that to do so will be rewarding. Individuals voluntarily sacrifice their self- benefits and contribute these benefits to other individuals with the expectation for more future gains. Thibaut and Kelly (1959) propose that whether an individual retains a relationship with another one depends on the comparison of the current relationship, past experience, and potential alternatives. The constant comparison of social and economic outcomes between a series of interactions with current partners and available alternatives determines the degree of an individual's commitment to the current relationship.

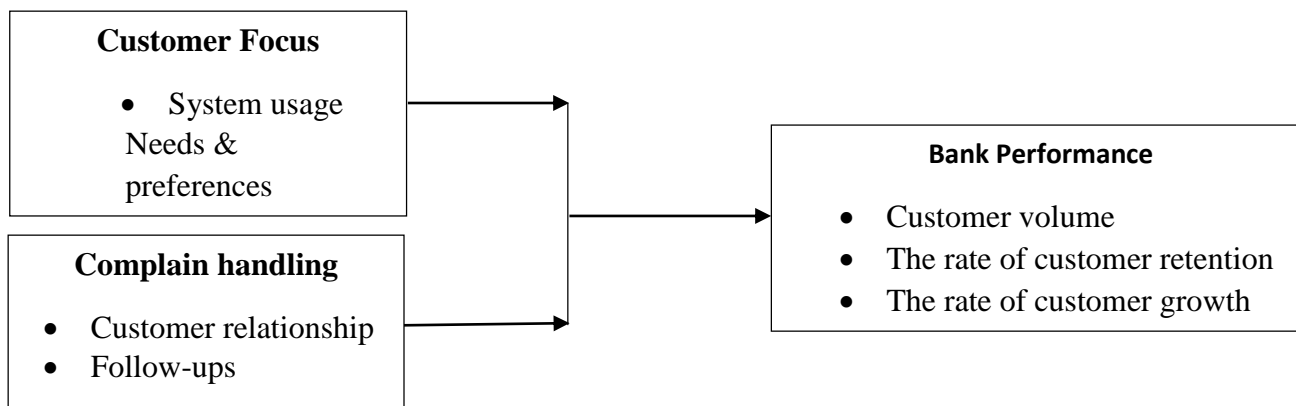
2.1.2 Customer Bonding Theory

The customer bonding theory was developed by Turnbull and Wilson (1989), which emerged from their work on industrial marketing. They argue for a strategy of protecting existing profitable customer relationships through social and structural bonding. Social bonds are positive interpersonal relationships between representatives of the buyer and seller. Structural bonds are relationships built upon joint investments, which often cannot be retrieved when the relationship ends. Buyers and sellers also form structural bonds through interdependencies founded upon their relative resources. Bonding and interdependencies have also been the subject of other studies. These conceptualize relationships between and amongst firms in terms of active links, resource ties, and actor bonds (Håkansson and Snehota, 1994), and in terms of maintaining multi-level bonding (Turnbull et al., 1996). Turnbull and Wilson (1989) claim that structural bonding is stronger than social bonding and is essential for keeping profitable industrial customers.

Customer bonding has also been cited by Berry and Parasuraman (1991) as a strategy for retaining service customers. They argue that there are three levels of bonding: financial, social and structural. Financial bonding occurs when the customer is tied to the selling firm primarily through price incentives. Social bonding is introduced on top of the financial bond. At this second level, the selling firm regards the buyer as a client and the marketing mix now goes beyond price to include personal communication. The third and highest level

occurs when all financial, social and structural bonds are deployed. At this level, the customer is not only regarded as a client but also as a partner. The seller works closely with its partners to develop services that are tailored to their needs.

2.2 Conceptual Framework



Independent Variable

Dependent Variable

Figure 2.1: Conceptual Framework

2.3 Empirical Review of the study Variables

2.3.1 Customer Focus

Customers of today have become more demanding, expecting more value and benefits from the services they buy (Achumba, 2006). To survive, organizations must adapt to the changing business environment including changing customer needs and wants. In order to effectively adapt to the changing environment, achieve set goals and objective as well as improve organizational performance, an organization needs to develop strategies that match the customers' changing needs. This can be achieved by having policies that are focused on understanding, the needs, and desires of the customers. Customer satisfaction is enhanced by placing these needs at the heart of the business and by integrating them with the organization's strategy, people, technology and business processes (Croteau and Li, 2003). The whole concept of designing customer-focused services lays emphasis on understanding what customer want and anticipating their future requirements.

Rust and Chung (2006) noted that a service based primarily on information gathered from the customer has a higher potential of satisfying customers' needs better. Customers' needs are also satisfied by adjusting an existing service to suit the customers' purpose and designing new services that are tailored to the consumers need, to solve a particular problem of the customer. According to Fagbemi (2006), customer-centered service incorporates customer's concerns at every stage of the service design and delivery process. Rust and Chung (2006) indicate that the satisfaction that results from creating customer-focused services often results in profitability, productivity and improve organizational performance.

According to Gan et al., (2006) and Varki and Colgate (2005), customer-focused service is a variable that has proven to aid and promote good relations between organizations and their customers. In this light, Varki and Colgate (2005) argued that nothing can replace customer focused service because service, as perceived by the customer, has an effect on the value of the service rendered by a service provider from the customer viewpoint.

In other words, the value of the service is enhanced by the extent to which the service can be personalized to meet the customers' needs. According to Armstrong and Kotler (2005), no matter the quality of the product, if it is not what consumer's desire, it will not meet the desired expectations on sales.

2.3.2 Effective Complain Handling

Wasfi and Kostenk (2014) did a study on the impact of complaint management on customer retention, a case of the banking industry in Jordan. The purpose of the study was to examine the aftermath of effective complaint management structure in relevance to customer's retention in the banking industry. The sample of the study consisted of five commercial banks in Jordan. The results of the findings showed that there is a statistically significant impact of the overall dimensions of complaint handling (service recovery service quality, switching cost, service failure, service guarantee, and perceived value) on customer satisfaction.

Supriaddin, Palilati, Bua, Patwayati, and Jusuf (2015), did a study on the effect of complaint handling towards customers' satisfaction, trust and loyalty to Bank Rakyat Indonesia (BRI) in Southeast Sulawesi. The purposes of the research were to examine and prove empirically: the effect of complaint handling towards customers' satisfaction of Bank BRI in Southeast Sulawesi, the effect of complaint handling towards customers' trust of Bank BRI in Southeast Sulawesi, and the effect of complaint handling towards customers' loyalty of Bank BRI in Southeast Sulawesi. The population of the research was all customers of Bank BRI customers in Southeast Sulawesi whoever delivered complaints with more than two years saving account, in addition, the customers were adult in age category (more than 17 years old). The sample of this research were 168 respondents, those samples were taken by purposive sampling. Findings in this research showed that the better of customers' complaint handling will increase customer's satisfaction, customer's trust, and customer's loyalty of Bank BRI in Southeast Sulawesi.

Kivetz and Simonson (2003) observed that if customers are satisfied with the handling of their complaints, dissatisfaction can be reduced and the probability of repurchase can be increased. Furthermore, effective complaint handling can have a dramatic impact on customer retention rate, deflect the spread of negative word-of-mouth, and improve customer deposits in the banking industry (Tax, Brown, and Chandrashekar, 1998). Service entities could increase their profits by up to 85% by reducing the customer defection rate by 5% (Reichheld and Sasser, 1990). Customer loyalty can be increased by encouraging consumers to complain. Customers who complain return to the organization even though their complaint is not handled satisfactorily than those customers who do not complain when a service failure is experienced.

Satisfying complaints creates optimal conditions for customer retention (Stauss, 2002). First, there are already some indications that a well-executed complaints-handling process is of strategic relevance because it can have a positive effect on customer retention (Stauss and Seidel, 2004). Indeed, customers who complain and are well recovered can be more satisfied, and less likely to switch than customers who had no cause for complaint at all (Nyer, 2000). Complainants who enjoy high standards of complaints handling experience the service quality attributes of empathy and responsiveness, which are not routinely on display when services are delivered, or products function, right first time (Buttle, 2004).

2.3.3 Customer Retention

Studies of customer behavior placed emphasis on customer satisfaction as the heart of the post-purchase stage. Because positive customer satisfaction frequently leads to repeat purchases and constructive word-of-mouth advertising, this concept is vital to marketers. In saturated markets, firms have found that customer satisfaction is one of the most precious assets. Customer satisfaction serves as a deterrent to customer disloyalty, leading

firms to customer retention. This relationship is explained by Rowley and Dawes (2000), who stated that customer satisfaction drives retention rates, leading to enhanced market share. Reichheld and Sasser (1996), stated that the longer a firm retains a customer, the more profit the customer generates. This is a result of numerous factors, including the effects of the higher costs of attracting new customers, increased the cost of purchases over time, expanded number of purchases, a mutual understanding between the customer and the firm, and positive word-of-mouth.

Recent marketing activity has seen a shift in emphasis among marketers from a traditional transactional approach, to one that seeks a more long-term relationship. The differentiation, according to Gronroos (1998), is that transactional marketing is supplier-focused, whereas relationship marketing is customer-focused. This has resulted in organizations moving away from merely attracting business to attempting to retain and sustain it for the long-term. Customer retention can be measured by the length of time as a customer. By analyzing information about a customer's tenure, the company is able to forecast customer duration and whether or not the customer is likely to stay loyal to the company. Customer retention could help a company increase its profitability and revenues as well as generate referred customers in the future (Zeithaml *et al.*, 2009).

According to Chattopadhyay (2001), organizations have to continuously re-invent themselves in order to retain customers. Buchanan and Gilles (1990) identified several benefits associated with customer retention. These include the following: the acquisition cost of a customer takes place only at the beginning of a relationship. Consequently, the longer the relationship, the lower the is the amortized cost; the likelihood of long-term customers switching is low; long-term customers tend to be less price sensitive; long-term customers are more likely to initiate referrals; long-term customers are more likely to purchase ancillary products and high margin supplemental products; regular customers are cheaper to service because of their knowledge of the organization.

2.4 Empirical Review

Retention of customers through varying means and practices ensures repeated transaction from the already existing customers. This is done when the company is able to meet the expectation of the customer's way beyond what the competition offers (Dortyol, 2009). Studies done from different fields suggest the following strategies for customer retention. To retain customers entails improving customer service quality and satisfaction (Zeithaml & Bitner, 1996). Customer retention has been researched from various perspectives in commercial organizations. For example, Ang and Buttle (2006) and Ahmed and Buttle (2002) focused on customer retention management; Venetis and Ghauri (2004) examined the link between service quality and customer retention; and Strauss *et al.*, (2001) investigated retention effects of customer clubs.

Though the precise meaning and measurement of customer retention can vary between industries and firms there appears to be a general consensus that focusing on customers retention can yield several economic benefits (Dawkins & Reichheld, 1990). There are challenges in retaining customers. The problem of attempting to retain valued customers can be complicated as a result of asymmetric information where the manager in an organization does not know the information for which to ask from the customers and the customer does not know what information to provide. Customers, like products, have a life cycle that organizations can attempt to manage (Ang & Buttle, 2006). In addition, they are dynamic in nature (Slater & Narver, 1994). They are acquired, retained and grown in value over time.

Ondieki (2012), attempted to examine factors determining bank selection 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. Rootman *et al.* (2011), in the study of relationship marketing and customer retention for South African banks, revealed that six banking service delivery variables influence banks' customer retention including fee structures and the ethical behavior of banks. On the other (Anani, 2013), found that service quality and switching barriers were significantly and positively associated with customer retention.

Nwankwo (2013), found that customer relationship management positively influences customer retention in the insurance industry, and thus helps create values for ensuring populace in Nigeria. Caroline *et al.*, (2014), conducted a study on customer retention in commercial banks in Tanzania and discovered that academics need to incorporate quality of products provided by the banks together with the pricing of banks products in customer retention models.

2.5 Research Gap

From the literature review, much of the empirical studies done and have been conducted on the general significance of the customer, fill the existing research gap by conducting a study to determine the influence of customer retention strategies on the performance of commercial banks in Kenya which is a developing country. In specific, it will address the role of the system upgrade, effective complaint handling, and compensation offers and loyalty programs on the performance of Commercial Banks in Kenya.

3.0 RESEARCH METHODOLOGY

The research applied descriptive research design. According to Burns and Grove (2003), descriptive design portrays an accurate profile of persons, events, or account of the characteristics, for example, behavior, opinions, abilities, beliefs, and knowledge of a particular individual, situation or group. The descriptive design is preferred because it ensured a complete description of the situation (in-depth study of customer retention strategies), making sure that there is minimum bias in the collection of data.

The target population of this study comprised of all licensed commercial banks in Kenya. According to the Central bank supervision report, there were 41 operating commercial banks in Kenya as of December 2016. The study picked four respondents in each of the 41 banks, more so the marketing managers and customer care departments.

The study used census approach to pick all the 41 commercial banks in Kenya since the population is not large. A census is where data is collected from all members of the population (Hair, Celsi, Money, Samouel, & Page, 2011). Further, the researcher used purposive sampling to choose 164 respondents from commercial banks.

The study performs a questionnaire structured to objectives of the study. Data collection was done by the drop and pick method. The questionnaires were dropped at Commercial Banks and later collected.

Data were analyzed using both descriptive and inferential statistics. Frequency, mean, mode and percentages were used for descriptive statistics. In this study, the researcher used the Statistical Package for Social Sciences (SPSS) Version 21.0 to analyze data. The results were presented in form of tables, figures, charts, and graphs. The data were coded, assigned labels to variables categories and entered into the computer. Pearson's Correlation Coefficient, regression, and ANOVA were used to establish the significance of the correlation

between customer retention strategies and performance of Commercial Banks in Kenya. The following regression equations were used to test the significance of the study hypotheses;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \varepsilon$$

Where Y is the Bank Performance, β_0 is constant, and ε is the error term of the model.

- X_1 = Customer Focus
- X_2 = Effective Complain handling

4.0 RESULTS AND DISCUSSION

4.1 Response Rate

The study population was 164 respondents. However, not all questionnaires were returned a shown below in table 4.1

Table 4.1 Response rate

	Number	Percentage
Responded	101	61
Did Not Respond	63	39
Total	164	100

Table 4.1 indicates that out of the 164 questionnaires administered, only 101 were returned. The overall response rate was thus found to be 61 % which was high and above the average. The 39% of the respondents did not respond. The interpretation was that the high response rate was essential to obtain sufficient observations for further analysis. According to Kothari (2007) response rate of 50% and above is adequate for further analysis.

4.2 Descriptive analysis

4.2.1 Customer focus

Table 4.2 Customer Focus

Opinion Statement	Mean	Std. Deviation
The bank ensures that transactions of the bank are accurate.	4.16	1.115
Banks services are tailored to meet customer needs	4.21	1.165
The banks put effort to inform customers about new products and services	4.22	1.148
The bank foresees customer changing needs	4.23	1.102
The bank customizes products and services to meet customers' needs	4.20	1.135
The bank provides customer tailored products	4.24	1.138
The bank communicates products available to customers	4.18	1.132

The study sought to examine the respondent's level of agreement or disagreement on the various measures of Customer focus. Table 4.2 presents the relevant results which show that on a scale of 1 to 5 (where 1= strongly disagree and strongly agree=5) the means and standard deviations were; bank ensures that transactions of the bank are accurate had a mean of 4.16, Banks services are tailored to meet customer needs had a mean of 4.21, banks put effort to inform customers about new products and services had a mean of 4.22, bank foresee

customer changing needs had a mean of 4.23, bank customizes products and services to meet customers' needs had a mean of 4.20, bank provides customer tailored products had a mean of 4.24 and bank communicates products available to customers had a mean of 4.18.

4.2.2 Complain handling

Table 4.3 Complain handling

Opinion Statement	Mean	Std. Deviation
Customer service officers use customer relationship management system to understand customers profile and provide instant responses	4.10	1.254
Customers call customer care centers for assistance	4.13	1.295
The bank has set customer care section for all customer assistance	4.09	1.276
Complaints are handled immediately	4.15	1.279
Follow up is made to seek whether complaints were handled effectively and customer is satisfied	4.14	1.225

The study sought to examine the respondent's level of agreement or disagreement on the various measures of customer handling. Table 4.3 presents the relevant results which show that on a scale of 1 to 5 (where 1=strongly disagree and strongly agree=5) the means and standard deviations were Customer service officers use customer relationship management system to understand customers profile and provide instant responses had a mean of 4.10, Customers call customer care centers for assistance had a mean of 4.13, The bank has set customer care section for all customer assistance had a mean of 4.09, Complaints are handled immediately had a mean of 4.15 Follow up is made to seek whether complaints were handled effectively and customer is satisfied had a mean of 4.14.

4.2.3 Bank performance

Table 4.4 Bank performance

Opinion Statement	Mean	Std. Deviation
Implementation of customer retention strategies contribute to our improved market share	4.11	1.266
The implementation of customer retention strategies contributes to increased new customers	4.19	1.148
We have retained customers who had complains before	4.04	1.148
Customer retention strategies helps to retain our customers longer	4.08	1.108
Retention strategies have created a good reputation for the bank in the market	4.09	1.148

The study sought to examine the respondent's level of agreement or disagreement on the various measures of bank performance. Table 4.4 presents the relevant results which show that on a scale of 1 to 5 (where 1=strongly disagree and strongly agree=5) the means and standard deviations were; Implementation of customer retention strategies contribute to our improved market share had a mean of 4.11, The implementation of customer retention strategies contributes to increased new market had a mean of 4.19, we have retained customers who had complained before had a mean of 4.04, Customer retention strategies helps to retain our customers longer had a mean of 4.08 and Retention strategies are have created good reputation for the bank in the market had a mean of 4.09.

4.3 Correlation Analysis

Table 4.5 Correlation Analysis

		Customer focus	Complain Handling	performance
Customer focus	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	101		
Complain Handling	Pearson Correlation	0.347**	1	
	Sig. (2-tailed)	0.000		
	N	101	101	
performance	Pearson Correlation	0.871**	0.776**	1
	Sig. (2-tailed)	0.000	0.000	
	N	101	101	101

From table 4.5 it can be observed that the correlate on between the independent variables and the dependent variable was high and positive at 0.871 and 0.776 for customer focus and complain handling respectively. Customer focus was found to have the highest influence on Bank performance followed complain handling. The interpretation was that the level of multicollinearity between the independent variable was not very high which meant that the influence of each variable in the regression model could be estimated with a low Multi-collinearity problem.

4.4 Regression Analysis

4.4.1 Good-of- fit Statistics

The results in Table 4.6 indicated that the overall model was a good fit since the value of(ANOVA) F-statistic was found to be 225.365 and it p-value was found to be 0.000 which is less than the critical value of 0.05. The value of the adjusted R squared was found to be 0.899. This suggests that there is a strong relationship between customer focus, complaint handling, and performance. This indicates that all the variables considered causing a variation of 89.9 % on bank performance.

Table 4.6 Regression statistics

Model	Unstandardized Coefficients	Std. Error	Standardized Coefficients Beta	t-statistic	p-value
(Constant)	1.418	0.310		4.574	0.000012
Customer focus	0.371	0.053	0.371	7.032	0.000100
Complain handling	0.254	0.044	0.254	5.824	0.000020
F=> 225.365	P- Value 0.000		Adjusted R Square 0.899		

The fitted regression model is

$$Y = 1.418 + 0.371 X_1 + 0.254 X_2 + \epsilon$$

Standard Error 0.310 0.053 0.044

t-Statistics 4.574 7.032 5.824

p-value 0.000 0.000 0.000

Where; Y = Bank Performance, X_1 = Customer Focus, X_2 = Complain Handling, ε = Error Term,

4.9.1 Customer focus

From table 4.6 the regression coefficient of banks customer focus was found to be 0.371. This value shows that holding other variables in the model constant, an increase in customer focus by one unit causes the bank performance to increase by 0.371 units. The value of the coefficient is also positive. The positive effect shows that there is a positive relationship between customer focus and bank performance.

The coefficient was positive statistically significant with a t-statistic value of 7.032. The variable was also found to be the first most influential variable on the bank performance in Kenya. These findings support those of Magasi (2015) and Ansari's (2010) who found that customer focus affects the performance of an organization. Ansari's (2010) study on just-in-time purchasing concluded that the commitment and leadership of top-level management are essential in enhancing customer needs and preferences. The interpretation was that customer focus causes the bank performance to increase. The commercial banks in Kenya should consider the effect of customer focus on their performance.

4.9.2 Complain handling

From table 4.6 the regression coefficient of banks complains handling was found to be 0.254. This value shows that holding other variables in the model constant, an increase in complain handling by one unit causes the bank performance to increase by 0.254 units. The value of the coefficient is also positive. The positive effect shows that there is a positive relationship between complaint handling and bank performance.

The coefficient was positive statistically significant with a t-statistic value of 5.824. The variable was also found to be the third most influential variable on the bank performance in Kenya. These findings support those of Magasi (2015) and Muriera (2015) who found that complain handling can have an effect on performance. This implies the immediate handling and sorting out complains raised by customers make them feel take care of and consider in the organization. Customers prefer an organization that listens to them and can solve their problems first and efficiently. Therefore commercial banks in Kenya should consider the effect of customers complain handling to enhance customer retention hence performance.

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary of the findings

The measures of customer focus were found to be of good reliability that allowed the researcher to proceed to the actual data collection, qualitative and inferential analysis. All the measures of Customer focus were found to have an effect on the commercial bank performance as shown by the various responses from the respondents that were presented using the table. This variable was found to have a positive effect from the regression model on commercial bank performance. This meant that an increase in customer focus caused an increase in commercial bank performance in Kenya.

The measures of customers complain handling was found to be of good reliability that allowed the researcher to proceed to the actual data collection, qualitative and inferential analysis. All the measures of customers complain handling was found to have an effect on the commercial bank performance as shown by the various responses from the respondents that were presented using the table. This variable was found to have a positive effect on commercial bank performance. This meant that enhancement in customers complain handling caused an increase in commercial bank performance in Kenya.

5.2 Conclusion

The study concluded that customer focus in Kenya has an influence on commercial bank performance. The findings that, customer focus had a positive effect on commercial bank performance were good indications that the increase in customer focus causes the performance of the commercial bank in Kenya. This meant that improving customer focus would have a positive effect on commercial bank performance. This variable was found to have a positive and a statistically significant effect on commercial bank performance. The study concluded that customer focus was a key strategy for customers' retention not only in commercial banks but also in other organizations.

The study also concluded that complain handling in Kenya has an influence on banks performance. The findings that, complaint handling had a positive effect on commercial bank performance was a good indication that increases in customer retention. This variable was found to have a statistically significant effect on commercial bank performance. Based on the finding for this study, handling complaints from customers lead to a motivational relation in that the customer feels recognized and accepted in the bank or organization.

5.3 Recommendation

Given that customer focus was found to be a key determinant of commercial bank performance, the owners of the commercial bank in Kenya should ensure that management support on customers focus is enhanced. A commercial bank in Kenya should, therefore, come up with strategies to train the management teams to improve their customer focus techniques. Since the results showed that customer focus caused the tendency for the commercial bank to perform better, these commercial banks should come up with ways and strategies that help them to perform better. The banks' management authorities should come up with proper ways of ensuring that the commercial bank has put in place regulations to ensure that customer focus is a priority in the banks.

The study further recommends the Commercial banks in Kenya should come up with more innovative ways of enhancing their customers complain handling among themselves. Since the results showed that complain handling causes the tendency for the commercial bank to perform better, these commercial banks should come up with ways and strategies that help them to perform better in terms of complaint handling.

5.4 Area for further research

Future research should be directed toward identifying more factors that affect commercial bank performance. From the regression model, it was noted that the variables included were only able to explain 89.9 % of the variation in commercial bank performance. This study, therefore, recommends the improvement of this model by including more variables that are relevant in explaining the variation some of which have been mentioned above. This paper also recommends further research to include studies in other organizations apart from the commercial banks. These studies would include institutions such as insurance firms and microfinance institutions.

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