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**Influence of Customer Relationship Management Capabilities on Performance of
Commercial Banks in Kenya**

Githinji Lisa Nyambura

Admission No. 054900

**Submitted in partial fulfillment of the requirements the Degree of Master of Commerce,
School of Management and Commerce at
Strathmore University**

June 2017

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DECLARATION

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APPROVAL

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ABSTRACT

The purpose of this study was to investigate the influence of customer relationship management capabilities on the performance of commercial banks in Kenya. The study aimed to establish whether customer relationship management capabilities such as human resource capabilities, information technology capabilities and business architecture capabilities influence the performance of commercial banks. The performance measures used were non-financial measures which were assessed from the employees' perspective. The target population was 41 commercial banks regulated by the Central Bank of Kenya. A descriptive and correlational research design was used. Semi-structured questionnaires were distributed to a sample size of 111 employees who work in the 37 commercial banks in Nairobi County. The data was analyzed using the Statistical Packages for Social Sciences (Version 16). Regression analysis was used to establish the relationship between customer relationship management capabilities and organizational performance. The findings established that the most dominant customer relationship management capability used by commercial banks was the human resource capability where building relationships with customers was emphasized on. Both the information technology and human resource capabilities had a significant positive effect on organizational performance. Based on these findings, the human resource capabilities should be enhanced by training employees on how to improve their skills and competencies by developing more profitable and sustainable relationships with customers. Additionally, information technology combined with the people skills would further improve the organizations effectiveness in service delivery. This is because the technological innovations provide suitable infrastructure to employees to increase their responsiveness to customer queries, increase their productivity and reduced the amount of time required in dealing with a large pool of customers. The study had its limitations. The use of a descriptive cross-sectional research design reduced the generalizability of the results. Future research should address these limitations by corroborating with a longitudinal research design and increasing the industries with which the study was conducted. Replication of the study to other industries could serve as a useful reference for future research.

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LIST OF ABBREVIATIONS AND ACRONYMS

BAC- Business Architecture Capability

B2B -Business to Business

CRM- Customer relationship management

CBK - Central Bank of Kenya

HRC- Human Resource Capability

IT- Information Technology

ITC-Information Technology Capability

RMT- Relationship Marketing Theory

RBV - Resource based view

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CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Globalization has fostered growth in different industry sectors including the banking sector and has also created challenges and threats creating an atmosphere of survival in the highly competitive environment (Saxena & Khandelwal, 2011). There is a transformation in the banking industry globally where factors such as regulations in the environment, technology and structures of institutions have led to an increase of stiff competition (Padmavathy, Balaji, & Sivakumar, 2012). To stay ahead of competition and increase profits, organizations are changing how they are conducting business. They are moving away from transaction centered techniques to relationship centered techniques. Majority of firms have discovered there is need to focus more on meeting customers' needs especially with the increase in competition (Nguyen, Sherif, & Newby, 2007). Further, Nguyen and Mutum (2012), claim that management has recognized that for any organization's success, the customers have to be the centre of business where customer relationships are well managed. In light of this, organizations are increasingly looking for strategies to deal with the competition. One such strategy being adopted by organizations especially service organizations is customer relationship management (CRM) strategy (Padmavathy et al., 2012).

Customer relationship management is a concept that has been studied broadly and various scholars have defined customer relationship management concept in different ways. For instance, CRM has been defined as an action plan that emphasizes on adding value to shareholders by developing suitable customer relationships (Saxena & Khandelwal 2011). According to Dyché, (2002, p.4) CRM has been founded on providing value to customers by motivating them to stay loyal which leads to repeat buying of a service or product. Nguyen and Mutum (2012) argue that CRM involves creating and developing sustainable relationships that benefit both internal and external stakeholders in a firm such as the overall organization and customers respectively. This leads to an increase in the life time value of customers and profits. The CRM concept as defined by Reynolds (2002) shows the underlying capabilities that enable successful implementation of the strategy such as technology, human resource and business architecture capabilities. There is an agreement in the different definitions of customer relationship management. The definitions have highlighted value creation, maintenance of customer relationships to retain customers resulting in increased profits. This

study will refer to Reynolds (2002) explanation of CRM as the strategic use of structures, processes, culture and technological knowhow to enable an organization to maximize on revenue generation and add value by meeting and understanding the needs of customers. The definition is wholesome as it includes the support structures necessary to successfully execute a CRM strategy.

The CRM capabilities have been influenced by various theories namely: Resource Based View (RBV) (Wang & Feng, 2012; Mohammed, Ohman, Jabar, Majid & Kamarudin 2014) and Relationship Marketing (RM) theory (Berry, 1995). The RBV theory assesses CRM as a resource to organizations through the lower order capabilities such as human resource, information technology and business architecture that link superior performance to gaining competitive advantage (Coltman, Devinney, & Midgley, 2009). The RM theory shows how the development of managing and engaging with customers directly adds value that increases value-exchange between customers and organizations in order to meet both the customer and organizational needs (Jayachandran, Sharma, Kaufman, & Raman, 2005). Chen and Popovich (2003) emphasize that to successfully implement CRM capabilities, focusing on the needs of customers is crucial and integrating these needs by combining them with the organization's people, processes and technology is necessary as it leads to benefits such as retaining customer loyalty, customer satisfaction and profitability. This is an indication that there is an influence of CRM capabilities on organizational performance. However, existing studies have revealed that many firms have unsuccessfully implemented CRM programmes due to failure of utilizing CRM resources (Reinartz, Krafft, & Hoyer, 2004). Organizational performance is the achievement of firms' goals and objectives (Almatrooshi, Singh, & Farouk, 2016).

There are various schools of thought that have revealed the influence of customer relationship management on organizational performance. The first school of thought argues that organizations that implement CRM capabilities have a positive and significant influence on customer satisfaction. According to Krasnikov, Jayachandran, and Kumar (2009), firms that have implemented CRM capabilities have achieved significant customer satisfaction which has led to higher customer retention. The firms benefit from price premiums and increased performance. Padmavathy et al., (2012) study was conducted to investigate the effects of investing in CRM capabilities and how it affected customer satisfaction. The authors showed that the organization's implementation of CRM systems and use of CRM capabilities resulted to a positive significant increase in satisfaction levels. The results of organizations learning to manage CRM capabilities over time has created closer relationships with customers at a more

personal level, which has reduced the cost of maintaining customers leading to an increase in profit earnings (Padmavathy et al., 2012).

The second school of thought indicates that performance is not affected by CRM capabilities directly rather the link between CRM capabilities and performance is influenced by strategies such as cost leadership and differentiation. For example, Reimann, Schilke, and Thomas (2010) conducted a study on CRM capabilities to establish whether CRM capabilities have a direct effect on firm performance. The research was conducted through a large scale survey across different industries such as manufacturing, service and retail. The findings showed that CRM did not have a direct influence on performance.

The third school of thought highlights there is no relationship between CRM capabilities and organizational performance. A survey was carried out in a bank in Finland by Leverin and Liljander (2006) to find out whether the CRM strategy implemented improved customer relationships with the organization and the level of customer loyalty. The findings pointed out that the customers' perception of services they received did not influence their loyalty towards the bank hence had no influence on the organization. The three schools of thought show that there is no agreement on the relationship between CRM capabilities and organizational performance.

Research on CRM has been widely conducted in the developed countries as well as in developing countries. In the Kenyan context, there are a number of studies that have been conducted. Fozia, Shiamwama and Otiso (2014) conducted a study on the impact of CRM as a strategy for competitive advantage in Kenyan public universities. Their findings revealed that the confidence of customers when dealing with the universities increased when CRM was implemented and improved on the relationships the customers had. Muro, Magutu and Getembe (2013), assessed the advantages and difficulties faced in the use of CRM systems in commercial banks in Kenya. The results of their study showed that the information technology (IT) facilitated in giving personalized attention to customers, increased profits and built sustainable customer relationships since the utilization of the CRM systems. A case study was conducted on the effect of CRM on customer retention in one commercial bank in Kenya by Wanjau (2011). The study found out that customer recognition was not used mainly in the customer recognition effort but brand promotion was extensively used which led to increased customer retention and profitability.

Given that past studies on CRM capabilities have been conducted in different contexts and there were mixed findings from literature, there was therefore need to carry out a study on the influence of CRM capabilities on performance of banks in the Kenyan context.

1.1.1 Customer Relationship Management Capabilities

Customer relationship management capabilities enable firms to incorporate skills and knowledge to attract customers and build relationships to retain them so as to increase profits and reduce costs of acquiring new customers (Wang & Feng 2012). Customer relationship management (CRM) capabilities refer to the centralized firm processes that aim to develop, maintain and contribute to lifelong relationships with customers that lead to increased satisfaction levels of customers and enhances customer retention (Herhausen & Schogel, 2013). There are many well defined CRM capabilities that have been identified by various scholars. These include: customer orientation, information technology, organizational, human resource, customer relationship orientation, marketing, processes, business architecture and customer centric management (Jayachandran et. al 2005; Frow, Payne, Wilkinson, & Young, 2011; Coltman, Devinney & Midgley, 2004).

There is a widespread agreement across literature that human resource, information technology and business architecture capabilities are important capabilities that facilitate in successful implementation of CRM (Ata & Toker, 2012; Jayachandran et., al 2005; Vella & Caruana 2012). This is because for CRM to be implemented, it requires the integration of all the capabilities simultaneously (Wang & Feng, 2012). The three capabilities were proposed by Wang and Feng (2012) and were tested in a large scale survey that was conducted in service industries in five developed cities in China. Wang and Feng (2012) developed a measurement model of CRM capabilities and assessed their influence on organizational performance. According to Chen and Popovich (2003), CRM capabilities such as human resource, processes and technology, when integrated, lead to a strategic approach of managing customer relationship, increasing customer retention and superior organizational performance. The three CRM capabilities were focused on in this study.

Human resource capability is described as professionals who are trained, motivated and knowledgeable in their field (Isalm, Kassim, Ali, & Sadiq, 2014). Nasution and Mavondo (2008), highlight that human resource practices are important firm capabilities because human capital is considered a strategic asset that creates competitive advantage. When employee skills in an organization are enhanced, this results to an increase in satisfaction and motivation of

employees which impacts positively on the outcome of their work through increased customer satisfaction (Nasution & Mavondo, 2008). Information technology capability is an enabler of better relationship management between customers and organizations (Wang & Feng, 2012). The IT capability enhances the organization's ability to develop and sustain relationships that are profitable by creating efficient channels of customer interaction with the organization through websites, social media and gathering information about customers for storage in databases (Day, 2003). Business architecture capability is how the design of a business acts as a guide on the alignment of the strategic goals and objectives of an organization (Coltman et al., 2009).

The business architecture creates the support environment by providing the necessary processes, people, structures and control systems to ensure a customer oriented culture is created to gain competitive advantage (Coltman et al., 2009). The creation of customer value has to be integrated across the organization's processes and structures to have a customer oriented culture which is created by having a customer centric organizational system (Wang & Feng, 2012). Literature has assumed that having implemented these three CRM capabilities has created superior business performance and reaped rewards in gaining customer retention and increasing profits (Smith & Chang, 2010). However, firms have found it challenging to implement CRM because they lack the understanding that CRM should cut across the whole organization (Chen & Popovich, 2003).

1.1.2 Organizational Performance

Organizational performance is the achievement of a firm's strategic goals and objectives (Almatrooshi, Singh, & Farouk, 2016). There is no standard measure of performance. However, there are ways in which performance of organizations can be measured either through financial and non-financial measures. Financial measures concentrate on tangible and quantifiable measures such as the profitability of organizations, percentage of increase in sales, capital gains, or return on investments (Wang, Bhanugopan, & Lockhart, 2015; Clulow, Barry, & Gerstman, 2007). However, financial measures make intangible measures of performance to be ignored. For instance, assessing customer satisfaction levels, service delivery, effectiveness, employee satisfaction, quality go unnoticed (Clulow et al., 2003). Non-financial measures are able to appraise the performance of firms by taking the necessary control measures to avoid deviation from set goals and work towards ensuring corporate objectives are met (Hussain & Hoque, 2002). Further, Wang et al., (2015) ascertain that financial measures only point out one

view of organizational performance and conclude that non-financial measures provide a different perspective on performance.

It has been highlighted by Wahab, Noor, Ali, and Jusoff (2009), that the performance of CRM in organizations is assessed based on how customers are retained in institutions, positive impact shared to other customers on customer experiences, and willingness to receive the service or purchase a product from the same provider. This study will focus on how CRM capabilities, will be measured through non-financial measures of performance. Chang, Fang, and Cho (2013) have ascertained that the use of financial outcomes will not be able to evaluate the behaviour and perception on customer or employees on CRM capabilities. Therefore, a customer centric parameter should be used to identify how value is created to customers as suggested by Chang et al., (2013). The CRM capabilities will be measured through information given by employees in the banks because they are more informed about the customer management. For the purposes of this study, the performance metrics that were used to assess organizational performance include organizational effectiveness, employee satisfaction and customer retention.

Organizational effectiveness is the ability of a service provided to meet the desired expectations of a firm (Baird, 2017). The measures of effectiveness in the case of CRM capabilities include; coverage such as the number of customers attended, quality assessment through reduction in the number of complaints from customers and customization of service (Baird, 2017). Employee satisfaction is a measure whether workers in an organization are happy with their work and the environment they work in (Sageer, Rafat & Agarwal, 2012). Employee satisfaction measures include; customer oriented culture to encourage customer relations, incentives, and trainings. These were used to assess organizational performance (Jayachandran et al., 2005). Customer retention is the willingness of a customer to remain committed to doing business with a specific organization (Hansemark & Albinsson, 2004). The ability to retain customers, enhancing business processes to improve customer interactions, and the design of business processes centering them on retention of customers will be assessed as measures of performance (Hansemark & Albinsson 2004).

1.1.3 Banking Sector in Kenya

The Central Bank of Kenya (CBK) is the regulatory authority in the banking sector. According to the Central Bank Annual Report for 2015, there are 42 banking institutions which include 41 commercial banks and 1 mortgage finance company. There has been robust growth in the

banking sector that has supported the government's initiatives for Kenya's Vision 2030 goals especially in creating competition in the financial sphere. The banking sector has grown in developing efficient structures that are in line with the legal, regulatory and supervisory reforms and initiatives. The banking industry financial performance has been attributed to an increase of the total net assets by 9.2 per cent from Ksh. 3.2 trillion in December 2014 to Ksh. 3.5 trillion in December 2015 with the growth being as a result of increase in loans and advances. Customer deposits increased by 8.73 per cent from Ksh. 2.29 trillion in December 2014 to Ksh 2.49 trillion in December 2015. An increase in deposit mobilization by banks through their outreach and use of mobile platforms to mobilize lower cost deposits, has contributed to the growth in customer deposits (CBK Report 2015).

There are various changes that have taken place in Kenya to enhance the performance of banks according to the CBK report for 2015. For instance, to remain competitive, new products have been introduced, expansion of existing products and new channels of service delivery have been enhanced to improve the quality of service. Banks have enhanced how they meet customers' needs by differentiating their products and services by use of alternative delivery channels such as e-banking and m-banking. Banks have also used mobile platforms to enable customers to access short term loans for instance, using products such as m-shwari. Agency banking services have created an opportunity for customers to access bank services such as depositing and withdrawing of deposits from third parties who are contracted by banks. Other applications include use of mobile phone banking services to facilitate enquiries on accounts as well as enable customers conduct banking transactions e.g. cash withdrawals, account opening, loan applications and commodity payments (CBK Report 2015). These new developments in banking sector have spurred increased efficiency and enhanced competition. This has facilitated growth because banks are continuously trying to respond to the needs of the Kenyan market for convenience and efficiency.

The current issue under investigation in this study was to assess the influence of CRM capabilities such as human resource, information technology and business architecture capabilities that influence the performance of commercial banks in Kenya. According to the CBK report (2015), the new developments such as mobile banking, agency banking, and online customer service, have created efficiency and increased productivity because of high technological developments in the banking sector. However, whether the technological applications have improved their customer relationship management resulting to enhanced performance is yet to be assessed. According to Smith and Chang (2010), adaptation to

technology in firms is more compared to the implementation of CRM. CRM acts as a guide to management on how to improve customer related strategies and a focus on CRM technology only hinders goal of CRM from being implemented. The goal of CRM is to improve customer satisfaction and customer loyalty in the long run especially when the competition is very stiff due to low switching costs of customers (Smith and Chang, 2010). This study aimed to establish the influence of CRM capabilities on the performance of commercial banks in Kenya.

1.2 Problem Statement

Organizations have come to the realization that their businesses should focus on building and maintaining strong relationship with customers as they are the key drivers of business prosperity (Newby, Nguyen, & Waring, 2014). Kaura (2013) confirms that the cost of acquiring new customers has become costly due to increase in competition and this has made organizations to improve their retention strategies of existing customers by implementing customer relationship management. In line with Kaura (2013), Saxena and Khandelewa (2011) assert that CRM involves centering the business strategy on customers who are considered to be the organizations assets hence they need to be managed continuously to ensure sustainable profits over the customer lifetime. There are various CRM capabilities that have been identified in literature to increase the success of CRM implementation in firms. However, in order for CRM to focus on the needs of customers and integrate these needs across the firm, there are three key strategic CRM capabilities. These include human resource capabilities, information technology (IT) capabilities and business architecture capabilities (Wang & 2012; Chen & Popovich 2003). The application of these CRM capabilities in Kenya is however not highlighted in research although studies on CRM have been conducted.

Wang and Feng (2012) ascertain that information technology(IT) capability may improve an organizations ability to sustain profitable customer relationships by gathering and analyzing information about customers who are profitable, facilitates efficient and effective interactions between the organization and customers, and customizing products or services thus, attract and retaining customers. However, literature on the IT capability has revealed that the incorporation of information technology capability had no significant effect on performance measures such as increasing customer satisfaction and loyalty in the long- run and that technology is only an enabler and a focus on too much IT would lead to a loss of customer orientation.

Another perspective holds that CRM capabilities such as human resource capability have faced roadblocks such as lack of engagement of employees in the process of implementing CRM

which leads to poor commitment (Bohling et.al. 2006). A survey that was carried out by Newby et al., (2014) to investigate how CRM technology was adopted in Small and Medium Enterprises in the retail, manufacturing and service industry in South California. The findings revealed that it was crucial for the management team and employees to fully participate in the adoption of CRM. The findings suggested that adoption of CRM capabilities were only conducted at the tactical level as opposed to the strategic level at the same time, lack of alignment of people and the organization hindered CRM success.

Ata and Toker (2012) established that CRM relies on the organization's ability to integrate CRM in the existing processes and structures through the business architecture capability. The CRM success is highly dependent on the culture and environment of the organization in building customer relationships. The business architecture capability is challenged when the top management does not support CRM implementation according to Ata and Toker (2012). There are different perspectives on CRM capabilities that have been brought out in previous studies. It has been highlighted that there is lack of alignment in the goals of firms on the implementation of CRM. The technology, the human resources and processes are not working together towards customer relationship management. This created the need to conduct a study to establish whether CRM is being practiced across the entire organization in the commercial banks in Kenya.

There is no agreement on the relationship between CRM capabilities and organizational performance. Besides, literature has shown mixed findings. For instance, CRM capability has positive influences on the performance of firms by creating a competitive edge in customer loyalty, high quality service offered, gathering insightful information about customers and in return, has increased organizations' revenues and reduced costs. (Nguyen et al., 2007; Padmavathy et al.,2012; Saxena & Khandelwal,2011). However, there are those scholars that disagree with this positive relationship and argue that CRM capability has no effect on organizational performance (Wang & Feng 2012). While others scholars argue there is no significant effect on performance, there are those that argue that CRM capability has no direct effect on performance (Reimann et al., 2010). This shows that there is no agreement on the relationship between CRM and organizational performance and further research needs to be conducted to investigate more on this relationship.

When CRM capabilities are only viewed from a technological angle, it can lead to the collapse of a CRM project. Chen and Popovich (2003) emphasized that CRM does not only focus on pushing sales through the use of technology, but it cuts across the whole organization to ensure

the central goal of the organization focuses on building customer relationships and that processes are coordinated and easily integrated to focus on the same goal. Wang and Feng (2012) maintained that CRM capabilities in service firms showed that technology focused CRM had no effect on the measures of performance of firms. They claimed CRM capability is as strategic guide for management within an institution and does not only focus on analyzing details about customers. In support of Wang and Feng (2012), Osunde (2014), ascertains that for CRM implementation to be successful, it requires an integration of employees' skills, processes and technological innovations.

This study focused on resource capabilities that institutions utilize to effectively follow through CRM capabilities such as human resource, IT infrastructure and business architecture and their influence on organizational performance. Research on CRM has been conducted in Kenyan banks. However, the focus has been done in different contexts. Muro, Magutu and Getembe (2013), assessed the strategic benefits and challenges in the use of CRM systems among commercial banks in Kenya. A case study was conducted on the effect of CRM on customer retention in one commercial bank by Wanjau (2011). Research on CRM capabilities and their influence on performance of commercial banks have been conducted mostly in developed countries. There was need to carry out a study on the influence of CRM capabilities on performance within the Kenyan context.

1.3 Research Objectives

The main objective of this study was to establish the influence of customer relationship management capabilities on the performance of commercial banks in Kenya.

1.3.1 Specific Objectives

1. To identify the customer relationship management capabilities adopted by commercial banks in Kenya.
2. To determine the influence of information technology capability on organizational performance in commercial banks in Kenya.
3. To establish the influence of human resource capability on organizational performance in commercial banks in Kenya.
4. To assess the influence of business architecture capability on organizational performance in commercial banks in Kenya.

1.4 Research Questions

1. What are the customer relationship management capabilities adopted by commercial banks in Kenya?
2. What is the influence of information technology capability on organizational performance of commercial banks in Kenya?
3. What is the influence of human resource capability on organizational performance of commercial banks in Kenya?
4. What is the influence of business architecture capability on organizational performance of commercial banks in Kenya?

1.5 Scope of the study

The study focused on 41 commercial banks in Nairobi County. The choice of commercial banks was because banks are service providers hence CRM is critical in service provision.

1.6 Significance of study

The study will benefit different stakeholders in the banking sector. The management will be in a position to evaluate how CRM implementation will manage relationships with customers and assess whether maintaining strong relationships with customers would increase their overall profits. The organizations will benefit in the long run from customer retention and customer loyalty especially with the stiff competition amongst themselves.

The employees will be in a position to understand how to nurture fruitful relationships with their customers. The employees will see the need to be more customer-focused in order to satisfy their customers' need. This will lead to more employee satisfaction as they will be retaining customers. This will reduce the chances of customers switching to competitors.

The study will be helpful to academic scholars. It will contribute to literature relating to CRM capabilities and organizational performance. Most of the studies in this area have been conducted in developed countries. There is also need for the study to be carried out in developing countries. The aim of this study is to add to the body of knowledge in developing countries.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This section covers written literature that provides the relationship between customer relationship management capabilities and organizational performance. The theories behind the study will be evaluated together with the empirical view. Knowledge gaps based on the empirical studies will be outlined; the conceptual framework and operationalization of variables will also be summarized at the end of the chapter.

2.2 Theoretical Background

There are various theories that have been used to show the relationship between CRM capabilities and organizational performance however, the theories that anchored this study in the banking context are relationship marketing theory and resource-based view (RBV) theory. For this study, relationship marketing theory was used to examine the underlying reasons for the use of CRM in organizations since CRM is founded by relationship marketing theory. The RBV theory was used to assess the various CRM capabilities that organizations possess that give organizations competitive advantage due to their valuable nature that lead to improved business performance.

2.2.1 Relationship Marketing Theory

Relationship marketing theory has been defined differently by different scholars. Morgan and Hunt (1994) defined relationship marketing theory as marketing activities geared towards the establishment, development, maintenance and termination of relationships, (as cited by Hunt, Arnett, & Madhavaram, 2006). Berry (1983) defined relationship marketing as an action plan to engage, sustain and improve relationships with customers (as cited in Ndubisi, 2007). Relationship marketing has also described by Walsh et al., (2004 pp. 469) as activities executed by organizations to captivate and keep more profit making customers (as cited in Leverin & Liljander, 2006).

There are outcomes that have developed as a result of relationship marketing theory. Leverin and Liljander (2006) established that relationship marketing theory has created an opportunity for customers to benefit from improved service delivery and has increased customer profits. Ndubisi (2007) supports that the goal of relationship marketing is to ensure that both the organizational and customers' objectives are met. The organizational objectives could include

profit making objectives while customer objectives entail remaining loyal to firms. The fundamental focus on RMT is to meet customers' expectations beyond what they expect by delighting them, building strong customer relationships that will create partnerships in the future (Ndubisi, 2007). According to Farquhar (2004), there are various benefits associated with retaining customers in firms such as high profit margins and fast growth rates as a result of customer loyalty to firms. However, stiff competition amongst institutions has also contributed to the increase in awareness of the need to retain customers (Farquhar, 2004).

According to Anabila and Vitor (2013), relationship marketing and customer relationship management have been undifferentiated. However, relationship marketing is perceived to be a philosophical predecessor of customer relationship management. Relationship marketing theory is described as the management of stakeholder relationships such as suppliers, customers etc while CRM is interpreted as the management of relationships with customers through the use of technology since technology is an enabler of building relationships (Gronroos, 1997). Insights on customers have been generated through the use of technology and provided guidance to RM which has contributed to the growth of CRM. In addition, Anabila and Vitor (2013) assert that CRM is derived from relationship marketing which aims at changing from a transaction oriented marketing approach to focus on managing customers effectively in order to retain them through nurturing relationships. Customer relationship management has contributed to the successful outcome of relationship marketing where technological advances such as CRM systems have enabled consumer insights on customer behaviour to be generated and stored in databases for purposes of analysis and evaluation to enable them make informed decisions (Ata & Toker, 2012). In addition, Newby, Nguyen, and Waring (2014) ascertain that CRM technology has increased the market penetration compared to relationship marketing approach by using technology to reduce the amount of human capital to create relationships with customers by making it possible to reach a wider audience.

The relationship marketing theory has however received criticisms due to the dark side behaviours that have grown over time. It has been pointed out that poor application of relationship marketing has destroyed customer relationships either deliberately or otherwise (Payne & Frow, 2017). In addition, McGovern and Moon (2007) identified the dark behaviours that organizations are practicing such as gathering information about customers and selling the information to other parties without consent from customers. This has led to customers being given misleading advice that make customers make poor uninformed decisions, and lack privacy (Payne & Frow, 2017).

This study viewed CRM from a broader perspective where the focus was on managing customer relationships and not only from a technological view. In support of this, Chen and Popovich (2003) advocated that the perspective of CRM as only a technology that create solutions, could lead to the failure of a CRM programme. The study borrowed the underlying foundation of relationship marketing theory where the management and development of relationships between customers, employees and the organizations were focused on. Relationship marketing theory seeks to enhance the value of relationships by managing relationships directly with customers. Employee satisfaction and customer retention are outcomes of relationship marketing and they were used as measures of organizational performance to assess how they were influenced by CRM capabilities such as human resource and information technology capabilities.

2.2.2 Resource-Based View

Resource based view (RBV) theory has been used to evaluate how organizations utilize resources in order to gain competitive advantage in the industry they are competing in (Madhani,2009). It has been established by Wang & Feng (2012) that the RBV theory emphasizes that when firms have strengths that are challenging for other firms to imitate then they are able to sustain a competitive advantage over other firms and increase their performance. Madhani, (2009) argues that businesses can expand and sustain competitive advantage when they utilize resources which are considered valuable, rare, inimitable, and non-substitutable (VRIN). The VRIN resources are the key strengths to the resource based view theory.

There is a distinction between resources and capabilities. Resources are constant while capabilities are skills and knowledge ingrained in an organization's processes in order to create VRIN resources hence they keep on changing (Vorhies, Orr, & Bush, 2011). For this study, RBV is applied to investigate the use of CRM capabilities within organizations and how they influence performance. According to Clulow et al., (2007), intangible asset for instance are; client trust, networks and capabilities such as knowledge, culture of firms, competency that are considered precious, elaborate, and distinctive resources which are difficult to imitate. Such intangible assets could be allocated by the firms because they are developed by combining the competence and expertise of employees which is a strategic asset to have as a firm (Clulow et al., 2007). In the context of CRM, organizations need to know the resources that customers' value for them to focus on them as key assets in order to stay ahead of competition (Clulow et al., 2007). Nguyen and Mutum (2012) supports Clulow et al., (2007) and emphasizes that

relationships that are created with customers could create value addition to firms especially if customers are made to feel valued through discussions, engagement and improving the quality of service they receive..

Customer relationship management is viewed as an organizational capability that gives a competitive advantage to firms to improve their market positioning and performance in the industry (Reimann, Schilke, & Thomas, 2010). Saxena and Khandelwal (2011) establish that CRM is considered to be a philosophy that is practiced as a culture in a company. It is centered on customers to provide value through intangible and tangible aspects of service and enhances the brand image of an organization, giving competitive advantage and ensures customer loyalty. This is considered as a VRIN resource according to the resource based theory.

Resource based view theory has however received criticism such as lack of its ability to give managerial implication of its use. Organizations are advised to develop and acquire VRIN resources but are not given information as to how it should be done (Wang & Feng 2012). Further, the value addition that RBV puts emphasis on does not give an outline of which resources in the firm are considered to be firms-specific for gaining competitive advantage and the theory does not describe how competition reacts to RBV (Sanchez, 2008). In addition, RBV has a static issue since it does not deal with what is happening in the competitive environment hence it focuses on the model of equilibrium and does not reflect the various aspects such as knowledge sharing, innovation, and learning. The use of rarity to identify the competitive advantage of a resource is insufficient because of heterogeneity which discredits the use of rarity (Sanchez, 2008). Therefore, this study will focus on assessing CRM capabilities as valuable resources to institutions and proposes that organizational performance can be improved by combining human resources, information technology and organizational capabilities.

2.3 Empirical Review

This section will evaluate existing literature on CRM capabilities namely information technology capability, human resource capability and business architecture capability and their relationship to organizational performance.

2.3.1 Information Technology Capability and Organizational Performance

Information technology (IT) capability in customer relationship management is utilized for developing and maintaining relationship with customers (Day, 2000). This involves the use of front office software for instance customer service, marketing and database and back office

software that centralize and assess customers' information (Wang & Feng, 2012). Scholars such as Wang and Feng (2012) further add that information technology capability improves a firm's ability of developing sustainable and profitable relationships with customers by retrieving customer information from the database for further analysis. The IT capability is able to segment customers' profiles and assess the value addition that the customers bring to the organization. It also customizes products and services in order to entice and retain customers more efficiently and effectively (Herhausen & Schogel, 2013). This strengthens relationships between customers and organizations leading to more profitable relationships in the long term (Day, 2000). Wang and Feng (2012) ascertain that information technology capability may improve an organizations ability to sustain profitable customer relationships by gathering and analyzing information about customers who are profitable, facilitates efficient and effective interactions between the organization and customers, and customizing products or services thus, attract and retaining customers.

A study was conducted by Vella and Caruana (2012) in a community bank in Sweden to understand how employees use their organization's IT capability to enhance their CRM. A total of 274 questionnaires were filled in by senior and middle managers and the findings showed that perceived ease of use and perceived usefulness were important in determining the intention of service providers to use CRM systems. These results showed that the perception created of easily using CRM by employees should be facilitated by management by dedicating resources towards the training employees before the implementation of CRM (Vella & Caruana, 2012). The findings pointed highlighted that the greater the ease of use, the greater the perception of functionality, and the greater the deliberate effort to utilize (Vella & Caruana, 2012).

A survey that was carried out in a Jordanian market to determine the connection between CRM execution elements and the performance of financial service institutions by Akroush, Dahiyat, Gharaibeh, and Lail, (2011). The results showed that there was as significant relationship between CRM execution elements such as CRM technology and performance of businesses. The function of IT was in the provision of infrastructure to facilitate the implementation of CRM capabilities. It improved the market performance in areas such as building relationships, increasing the quality and loyalty of customers and delivering services in an efficient manner across the organizations functions.

Nonetheless, contradictory findings have been highlighted by scholars on how IT capability in CRM impacts on organizational performance. An empirical study was carried out by Brige (2006) in 215 service firms that included insurance companies, investment companies and

banks in Hong Kong to evaluate the dimensions of CRM and firm performance. Questionnaires were sent to middle level managers and other senior level managers who were considered knowledgeable about the implementation of CRM capabilities in their firms. The findings revealed that the incorporation of CRM information technology had no significant effect on performance measures such as increasing customer satisfaction and loyalty in the long- run. The findings also showed that technology is only an enabler and a focus on too much IT would lead to a loss of customer orientation.

Further, Smith and Chan (2010) conducted a survey in Taiwanese companies to assess the extent to which CRM when implemented affects the satisfaction levels of customers and loyalty towards organizations. A survey of 400 questionnaires was distributed to marketing managers of organizations in the manufacturing, service and financial industries. The degree of customer focused action plans, customer satisfaction and loyalty programs, and CRM technology were measured. The findings indicated that there was no relationship found between the CRM technology and customer centered action plans. There was also no relationship between CRM technology, satisfaction and loyalty programs. The technology used in CRM seemed not to be effective in the implementation of customer-centered strategies.

The empirical findings from literature on the relationship between IT capability and organizational performance have shown mixed results. For example, a positive and significant relationship has been shown (Vella & Caruana 2012; Akroush et al., 2011). However, insignificant effects in IT capability and performance of firms have also been identified (Brige, 2006; Smith & Chan 2010). This highlighted the need to conduct further research to establish the relationship between the two variables.

2.3.2 Human Resource Capability and Organizational Performance

Human resource capability refers to trained, rewarded, and highly motivated staff who are knowledgeable in their field of expertise (Islam, Kassim, Ali, & Sadiq, 2014). In support of Isalm et. al., (2014) Wu and Chen, (2014) explain that human capital is the proficiency, talent, and skillfulness of staff. This is considered to be an asset to the organization because such competency is difficult to imitate or transfer to other firms especially if it is possessed by the owners who are the employees. This is an intangible resource according to the RBV theory. Madhani (2009) confirms that this capability should be enhanced in order to develop strategies that would enable institutions gain competitive advantage.

In the context of customer relationship management, members of staff have contributed to building relationships with customers regardless of the implementation of CRM through the use of efficient technology and business processes (Chen & Popovich, 2003). Similarly, Smith and Chang (2010) have established that the execution of CRM requires a strong human touch because technology on its own is not sufficient. If the emphasis is laid on technology only, the attempts of CRM execution may be futile. A customer oriented culture is also considered an important component for CRM to be effected by employees. This will enable members of staff to acquire the necessary skills to ensure they have perfected the art of interacting, engaging and retaining customers through effective training workshops (Akroush et al., 2011). Further, Simmons (2015) emphasize on the importance of organizations to provide the necessary support structures such as employee development trainings to increase their motivation which results to higher customer satisfaction.

A study by Garg, Rahman, Qureshi, and Kumar (2012) was performed to evaluate the factors that influence the experience of customers experience in banks. The discovery of the researchers was that the ability of employees such as front office staff to attend to customers' enquiries in a timely manner had a significant impact on building customer's experiences. The customers proposed that the right skills and training given to employees are key elements in building customer satisfaction. Further, Waal and Heijden (2016) highlighted that an increase in the satisfaction levels of customers through CRM strategies resulted to an increase in competition among firms, increased the amount of revenues, lowered the cost of operating firms, and there was higher retention of customers.

Another perspective holds that CRM capabilities such as human resource capability have faced roadblocks such as lack of engagement of employees in the process of implementing CRM which leads to poor commitment (Bohling et.al., (2006). A survey that was carried out by Newby et al., (2014) to investigate how CRM technology was adopted in Small and Medium Enterprises in the retail, manufacturing and service industry in South California. The findings revealed that it was crucial for the management team and employees to fully participate in the adoption of CRM. In addition, literature has also shown that CRM has been implemented by employees. For instance, Bull (2003) showed through a case study how a manufacturing plant in the United Kingdom implemented CRM. According to Bull (2003), during the implementation process, there was no understanding of what CRM was and the employees felt they were not involved in the process. This instilled fear amongst them about CRM since the

perception that was created was that it was a way of reducing on the costs of labour and they felt they were redundant after its usage.

The literature reveals that CRM has not been fully understood by both top management and employees. The results from the studies indicate that human resource capabilities have not been exploited towards implementing CRM and how it is affecting performance. Nasution and Mavondo (2008) assert that workers' skills are valuable assets to firms and they have a significant influence on performance and employee commitment and their satisfaction has an impact on the satisfaction of customers. In support of Nasution and Mavondo (2008), Pantouvakis and Bouranta (2013) established that satisfied employees portray positive behaviors that improve on their service delivery which increases customer retention. However, the effect of CRM on satisfaction of employees is not evident. Scholars have discovered that CRM could indeed have a positive or negative impact on satisfaction of employees (Simmons, 2015). Law, Ennew and Mitussis (2013) argue that employee satisfaction is an outcome of the implementation of CRM strategy in an organization. The conflicting results in the literature augmented the need for further research to be conducted on effect of CRM human resource capability has on the service organizations.

2.3.3 Business Architecture Capability and Organizational Performance

The business architecture capability creates an opportunity for the firm to enhance its capacity to utilize its resources that are either tangible or intangible, to execute a duty to enhance production (Nasution & Mavondo, 2008). To ensure CRM implementation, it requires the integration of CRM in organizational processes, firm's structures and activities. This requires top management commitment to be customer-centric for the culture to spread across the entire organization (Chen & Popovich, 2003). This is created by centering the technology and employees towards customer related activities (Wang & Feng, 2012). Coltman, et al., (2009) argue that the possession of technology and employee skills is not enough for CRM but requires the whole business architecture to be focused on CRM activities before, during and after implementation. For CRM to be successfully implemented in an organization, a customer orientation would act as a strategic guide to the firm to improve the quality of their customer related strategies (Wang & Feng, 2012). Smith and Chang (2010) argue that a business architecture that is customer centered is likely to create competition since it is an inimitable resource according to the RBV theory.

Business architecture capability is considered to link an organization's strategic plans to the operational plans. It is used to determine the resources that are required to achieve the organization's overall goal such as the personnel, the information technology and business processes (Farquhar, 2004). The business architecture capabilities such as organizational commitment facilitate the implementation of CRM. This has been pointed out by Newby et al., (2014) based on a survey that they conducted in South California to understand the adoption of CRM by SMEs. The results revealed that management has significant influence on how firms perceive CRM technology specifically the positive attitude towards CRM especially with customers and employees. Isalm, Yang, and Mia (2012) conducted a study to show how important it is to integrate CRM across organizations' processes and functions. A survey was done on 400 customers of four Taiwan banks and the findings showed that the customer-focused performance had a significant influence on the interactions of human resource, information technology and marketing service capability. Similarly, Chen and Popovich (2003) performance is positively associated with interactions of its human resource capability, information technology service capability and marketing service capability. Chen and Popovich (2003) add that for an organization to successfully implement CRM, commitment from management and support that is customer centered is essential. To enable CRM initiatives, to be effected, employees' capabilities are also required in building and sustaining loyal customers (Akroush et. al., 2011).

Ata and Toker (2012) established that CRM relies on the organization's ability to integrate CRM in the existing processes and structures. The CRM success is highly dependent on the culture, environment of the organization in building customer relationships. A cross-sectional study was conducted by Ata and Toker (2012) to investigate the impact of CRM on customer satisfaction and organizational performance in business to business (B2B) markets in 113 Turkish companies. Three aspects that were evaluated on how CRM was adopted such as CRM operations, customer focused management and CRM organization. The authors reported that customer focused management and CRM operations had a significant effect on customer satisfaction whereas CRM organization had no significant effect. The CRM organization dimension comprised of the structure, commitment and performance of staff which had no significant effect on customer satisfaction in B2B companies. The customer satisfaction measures in the study included improved customer relations, customers' loyalty, and the rate at which customers were acquired and retained. This shows that the business architecture is

challenged when the management does not support CRM implementation according to Ata and Toker (2012).

A customer relationship management outcome such as customer retention is a measure of how the business architecture influences organizational performance according to Jayachandran et al., (2005). To evaluate this, a survey was conducted by Farquhar (2004) to understand how employees practice customer retention in their firms. A sample of 200 employees participated in the survey to assess the perception of customer retention in financial service firms in the UK. There are some factors that Farquhar (2004) considered necessary to retain customers in organizations such as: giving rewards to customers who had been loyal; having a long term view of customers; assessing whether customer retention led to profitability; evaluating whether the structures integrated across the organization that were centered on customer retention; staff ability to obtain information easily about customers, training of staff on customer relationship building. The findings suggested that there was commitment from management in retaining customers and they had a long term view of supporting customer retention. However, the finding also indicated that the respondents were not certain of whether customer retention had led to increased profitability for the institution. The findings also showed that they did not know how customer loyalty was evaluated. There was uncertainty on whether the organizational structures and processes were customer centered to retain customers (Farquhar, 2004).

There are different schools of thought in empirical findings on how the business architecture influences organizational performance hence the need to conduct further research. The first school of thought shows that for CRM to be implemented successfully, it has to be integrated across the organizations structures and processes (Chen & Popovich 2003; Wang & Feng, 2012). However, the second school of thought indicates that CRM organizational structure did not have an influence in customer loyalty and retention Aka and Toker (2012). The third school of thought highlights uncertainty on whether CRM outcomes such as customer retention led to profitability of firms and also showed lack of clarity on whether organizational structures were customer focused (Farquhar, 2004). Based on the mixed findings, there was need to investigate further on the influence of the business architecture capability and on organizational performance.

2.4 Gaps in Research

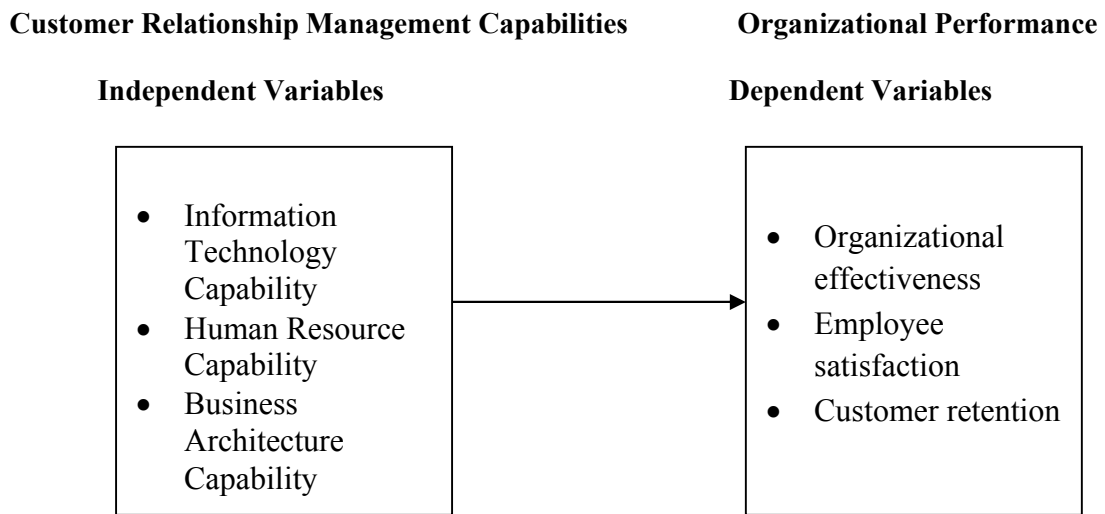
Literature has shown that CRM influences the performance of organizations in different ways. There are mixed empirical findings on the relationship between customer relationship management capabilities and organizational performance. In particular, there are three schools of thought on the influence of customer relationship management capabilities on organizational performance. One school of thought has shown a positive significant effect of CRM capabilities such on organizational performance (Wang and Feng,2012;Akroush et al., 2011; Garg et al., 2012; Waal and Heijden, 2016; Isalm et.al., 2012; and Chen and Popovich, 2003). Another school of thought has shown insignificant effects of CRM capabilities on organizational performance (Brige, 2006; Smith and Chan, 2010; Ata and Toker 2012; Farquhar, 2004). The third school of thought finds that CRM is not fully understood by employees resulting to difficulty in the implementation of CRM in organizations (Bull, 2003; Nasution and Mavondo, 2008).

The findings in literature on the influence of CRM capabilities on organizational performance have been conducted in different industries. For instance, Akroush et. al., (2011) and Brige (2006) focused on financial service firms and insurance firms respectively. Newby et. al., (2014) Reinmann et.al., (2010), and Smith and Chan (2010) conducted their studies on Small and Medium Enterprises that were in the manufacturing, retail and service industries. This shows that the studies conducted were not industry specific hence the need to conduct a study on a specific industry such as banks to assess the influence of CRM on performance of organizations. In light of the mixed findings from the literature, this research attempted to fill the research gap by providing empirical evidence of the influence of customer relationship management capabilities on the performance of banks in the Kenyan context with a focus on Nairobi County.

2.5 Conceptual framework

The conceptual model in Figure 2.1 shows the relationship between customer relationship management capabilities and performance. The conceptual framework in figure 2.1 depicts the relationship between CRM capabilities and organizational performance. The CRM capabilities include human resource, business architecture and information technology capabilities. In the study, performance will be measured in terms of effectiveness, employee satisfaction and customer retention.

Figure 2. 1: CRM Capabilities and Organizational performance



Source: Researcher (2017)

2.6 Operationalization of Variables

Operationalization means how concepts are measured into tangible elements that can be quantified (Saunders et. al., 2015). The operationalization and measurement of study variables is summarized in table 2.1.

Table 2. 1: Operationalization of Variables

Variables	Constructs	Operational Definition	Rating Measures	Supporting Literature
Independent Variables: Customer Relationship Management Capabilities	Information technology capability	Information technology capability is utilized to improve management of customer relationships.	A likert scale of five will be used for the following variables	Reinartz et al (2004)
	Human resource capability	Human resource capability refers to trained, motivated and talented staff who are experts in their field.	A likert scale of five will be used for the following variables	Jayachandran et al (2005)

	Business architecture Capability	Business architecture capability is how the design of a business acts as a guide on the alignment of the strategic goals and objectives of an organization).	A likert scale of five will be used for the following variables	Coltman, Devinney and Midgley(2009)
Dependent Variable Organizational performance	Organizational Effectiveness	Viewed from perspectives such as coverage that is, number of customers attended to, reduction in the number of complaints from customers, and customization of service.	A likert scale of five will be used for the following variables	Baird (2017)
	Employee Satisfaction	Viewed from perspectives such as a customer oriented culture to encourage customer relations, incentives, trainings,	A likert scale of five will be used for the following variables	Jayachandran et., al (2005)
	Customer retention	Rewarding loyal customers, Repeat purchase with valuable customers Increase in our profitability because of loyal customers Reduced cost of acquiring customers	A likert scale of five will be used for the following variables	Farquhar, (2004)

Source: Researcher (2017)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter consists of the research design, the population of the study, and how data will be collected. Further, it considers the reliability and validity of the research instrument used, how data will be analyzed and the ethical considerations that will be applied in the study.

3.2 Research Philosophy

The research philosophy that was put into consideration in the study was positivism research philosophy. The philosophical perspective it works with is that of what reality is experienced and seen. It focuses on a straightforward and fact-based knowledge (Saunders et. al., 2015). Critical realism on the other hand explains what is observed and experienced as the undisclosed constituents of reality that form the unnoticeable events and has a lot of subjective views (Saunders et. al., 2015). The positivism theory makes use of existing theories to develop hypothesis that is eventually tested. It uses a scientific approach to understand the nature of reality and uses observable and measurable facts. The research philosophy studies conducted are deductive, highly structured, constitutes of huge samples and uses quantitative methods of analysis of measurement (Saunders et. al., 2015). This research adopted the positivism theory to examine the influence of CRM capabilities on organizational performance. This gave an explanation of the relationship between the independent and dependent variables from the existing theories of deductively.

3.3 Research Design

The study adopted a descriptive research design to determine the correct profile of events, situation and people (Saunders et. al., 2015). A survey method was used to administer a standardized questionnaire to a target population of 41 commercial banks in Kenya (CBK, Report 2015). A cross sectional study was carried out to concentrate on events at the particular time when the study was be conducted. Correlation analysis and regression analysis was used to explain the relationship between the variables.

3.4 Population of the Study

The population of this study consisted of 41 commercial banks in Kenya as per the Central Bank of Kenya (2015) report. The unit of analysis included employees of the commercial

banks. This is based on the claim by Farquhar (2004) that the role of customer relationship management is played by employees who continuously build relationships with customers.

3.5 Sampling Design

The study adopted the non-probability sampling technique where judgmental sampling design was used to gather data because the researcher felt that the key informants had more information on how customer relationship management capabilities were implemented in banks. They included front-line employees such as customer service attendants, marketing associates, business development officers, bank tellers who were also known as customer service attendants, and operations officers. The sample size consisted of three key informants from each of 37 commercial banks which came to total of 111 respondents. The expected population was 41 commercial banks however only 37 banks were willing to participate.

3.6 Data Collection

The study used primary data to collect information from customer service attendants, marketing associates, operation officers and business development officers from the commercial banks in Kenya. Semi-structured questionnaires were used to collect quantitative data. Structured questions on a Likert scale were used to measure the variables. The researcher delivered the questionnaire by hand to the respondents and waited for some of the respondents to fill in the questionnaire to enhance respondent participation. However, there were those who preferred to fill in the questionnaires later and hence the researched collected them later. Respondents were selected based on their position or role, targeting direct contact personnel who interacted more with customers. The questionnaires had structured questions with two sections where section A contained the demographic profile of the respondents and section B and C had questions related to customer relationship management capabilities. The questionnaires were accompanied by an introductory letter for the participant to fully understand who the researcher was, the aim of the study and to give their consent to participate in the research (see Appendix I and II).

3.7 Data Analysis

The data collected was edited to check on irrelevancies, completeness and inconsistencies. The editing was done to ensure the data is accurate and uniformly entered to facilitate coding. Data was coded for ease of data entry. Data was analyzed using descriptive statistics, correlation and regression analysis.

3.7.1 Descriptive Statistics

The analysis of information relating to employees used descriptive statistics such as the age of employees under study, gender, income levels and highest education completed. Descriptive statistics provided a summary of the population (Saunders et. al., 2015). These included the use of measures such as mean, frequencies and standard deviation.

3.7.2 Correlation Analysis

Correlation analysis was used to determine the relationship between independent and dependent variables and the strength of their relationship in objective 2, 3 and 4. Correlation analysis describes the strength and direction of linear relationships between two variables (Pallant, 2007). The values that correlation coefficient (r) take are from -1 to +1. The sign that shows a positive sign (+1) indicates there is a positive correlation such that as one variable increases, there is an increase in another (Pallant, 2007). The sign that shows negative (-1) shows a negative correlation where an increase in one variable leads to a decrease in another variable. A correlation of 0 shows that there is no relationship between two variables (Pallant, 2007).

3.7.3 Multiple Regression Analysis

A multiple regression was carried out after conducting a regression on objective 2, 3 and 4.

$Y = \beta_0 + \beta_1 X + \varepsilon$ where β_0 and β_1 model parameters and ε is a probabilistic error term that accounts for any variability in Y that cannot be explained by the linear relationship with X (Cooper & Schindler, 2014). The relationship between CRM capabilities and organizational performance was hypothesized using an individual multiple regression equation and an overall equation because measures of organizational performance.

The equation adopted for this study was;

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

Y = Dependent Variable (Effectiveness, Employee Satisfaction and Customer Retention)

β_1 = Coefficient Variable, the Information Technology Capability (ITC)

β_2 = Coefficient Variable, the Human Resource Capability (HRC)

β_3 = Coefficient Variable, the Business Architecture Capability (BAC)

Where

Y- Dependent Variable which are measures of organizational performance

Independent Variables:

X₁- HRC,

X₂- ITC,

X₃-BAC,

Initials for CRM organizational capabilities: (HRC- Human resource capability, ITC- Information technology capability, BAC- Business Architecture capability).

3.7.4 Testing the Model

3.7.4.1 Correlation Coefficient R

The correlation coefficient, r , was used to measure the association of variables that had been scaled on an interval. It is used to test whether there is a linear correlation between variables. The correlation is positive, negative, weak or strong (Sarantakos, 2005). A correlation of +1 shows a perfectly positive correlation and a correlation of -1 shows a perfectly negative correlation. The one that has 0 indicates there is no relationship. The closer the correlation coefficient towards +1 or -1, the stronger the association between the variable and the further away they are from +1 or -1 the weaker the association between the variables (Huber & Ronchetti, 2009).

3.7.4.2 Coefficient of determination (R²)

This describes the degree of variability shared by variables. It is a square of the coefficient of correlation (r^2); it predicts about one variable if the determination degree known R^2 ranges from 0 to 1. If a model is closer to 1 then it has a better fit with the data (Allen, 2004).

3.7.4.3 Multi-Collinearity

In an analysis of multiple regression coefficients (β_1, β_2) become less reliable as the degree of correlation between independent variables increases (Kothari, 2004). Multicollinearity occurs when there is a high degree of correlation between independent variables (Kothari, 2004). To conduct a collinearity diagnosis, the two values are used such as the Tolerance and VIF. Tolerance indicates the variation of specific independent variable that is not explained by other variables in a model. $\text{Tolerance} = 1 - R_j^2$ of each variable. A tolerance of less than 0.10 shows that the multiple correlation with other variables is likely to be high hence multicollinearity might be a problem.

Variance Inflation Factor (VIF) is the inverse of the tolerance value $1/T$. A VIF value of above 10 shows that multicollinearity is a problem. As a researcher if one exceeds the recommended value in the result, the removal from the model of one of the highly correlated variable should be put into consideration (Pallant, 2007).

Table 3. 1: Summary of data analysis method

Item	Data analysis
Employee Profile	Descriptive Statistics
Objective 1 To examine the customer relationship management capabilities adopted by commercial banks in Kenya.	Descriptive Statistics
Objective 2 To determine the influence of information technology capability on performance of commercial banks in Kenya.	Correlation analysis and regression analysis
Objective 3 To establish the influence of human resource capability on performance of commercial banks in Kenya.	Correlation analysis and regression analysis
Objective 4 To assess the influence of business architecture capability on performance of commercial banks in Kenya.	Correlation analysis and regression analysis

Source: Researcher (2017)

3.8 Research Quality

The research quality of this study was measured through reliability and validity. Reliability is the degree to which a variable or a set of variables show consistency in what they are meant to measure (Wei & Nair, 2006). It indicates how free of error the scale is (Pallant, 2004). The

reliability of the content was evaluated based on other previous studies that had used a similar measurement scale (Wang & Feng 2012; Ata & Toker, 2012). A reliability test was carried out to assess the relationship among the study variables using the Cronbach alpha. Cronbach's alpha coefficient of 0.70 and above indicates valid and dependable measures (Gliem & Gliem, 2003). For the purpose of this study, Cronbach alpha of 0.7 was used. The results in this study had a Cronbach alpha of 0.878 which was more than the expected, 0.70. It was accepted as a reliable measure. The individual items within the scale were evaluated to know whether the reliability was good enough. Information technology, human resource and business architecture capabilities showed alpha values of 0.91, 0.862 and 0.863 respectively. The results are presented in Table 3.2.

Table 3. 2: Cronbach Alpha

Reliability test for the questionnaire		
CRM Capabilities	Cronbach's Alpha	No. of Items
IT capabilities	0.910	4
HR capabilities	0.862	4
BA capabilities	0.863	4
Scale Combination	0.878	

Source: Survey Data

Validity is the degree to which the method used to collect data is able to measure correctly what it is supposed to measure (Saunders et. al., 2015). Content validity was assessed to ensure the questionnaire was free of error by being issued to 10 respondents outside the population of before conducting the survey. After conducting the pilot test, the final questionnaire was developed. To ensure generalizability, representative sampling of the population was used. External validity is the extent to which there can be generalization of research findings. In external validity, the tests conducted produced findings that were in line with theoretical or conceptual constructs (Sarantakos, 2005). Internal validity ensured that findings of the research conducted were not influenced by procedures and are a result of the independent variable (Sarantakos, 2005).

3.9 Ethical Consideration

The respondents received a letter of introduction about the study to notify them of the aim of the research study. They were given an opportunity to give their consent in order to freely

participate in the survey. The respondents were assured of confidentiality and anonymity. They were given the assurance that they would not face any consequences or risks as a result of participating in the survey. They had the certainty that the collected data was only to be used for educational research purposes only.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter contains the analysis of the findings in the study gathered from the respondents. It addressed; the customer relationship management capabilities adopted by commercial banks in Nairobi County; and the extent to which customer relationship management capabilities such as information technology, human resource and business architecture influenced organizational performance. The overall objective of the study was to establish the influence of customer relationship management capabilities on the performance of commercial banks in Kenya.

4.2 Response Rate

The data collected for this study was from the frontline employees who interact more with customers on a daily basis as highlighted in Chapter 3. A total of 82 questionnaires were completed and useful for analysis out of 111 questionnaires that were issued. This represented a response rate of 73.9% and a non-response rate of 26% as shown in table 4.1. According to Fowler (2009), a response rate of 60% is reasonable. The non-response rate was attributed to refusal to respond by respondents because the institutions they worked for did not participate in surveys. On the other hand, there was also refusal to respond as the participants were not cooperative in filling in the questionnaires at the expected time regardless of being given ample time to complete the questionnaires.

Table 4. 1: Response Rate

	Frequency	Percentage (%)
Responded	82	73.9
Did Not Respond	29	26.1
Total	111	100

Source: Survey Data

4.3 Demographic Information

This section shows the age, gender, occupation, education level and income level of the respondents. For this study, the target population was frontline employees who work in commercial banks in Kenya. The data collected is shown in the tables below.

4.3.1 Age

Table 4. 2: Demographic profile of respondents

Age Bracket	Frequency	Percentage (%)
18 – 24 years	12	14.6
25 – 30 years	37	45.1
31 – 35 years	24	29.3
36 – 40 years	8	9.8
Above 40 years	1	1.2
Total	82	100

Source: Survey Data

The data indicates that out of the respondents who work as frontline employees in commercial banks, the majority are young professionals falling within the age bracket of 25 – 30 years at 45%, followed by those within the age bracket of 31– 35 years as indicated in table 4.2.

4.3.2 Gender

The gender of the respondents was required for the study .The data in the table 4.3 below shows that male were the largest number of respondents at 58.5%, while the female were at 41.5%. This indicates that majority of front line staff in banks are male.

Table 4. 3: Gender of the Respondents

Gender	Frequency	Percentage (%)
Female	34	41.5
Male	48	58.5
Total	82	100

Source: Survey Data

4.3.3 Occupation

The frontline employees who participated in the survey were 82 in total. The least participation came from business developers and marketers while the majority of the respondents who participated in the survey were customer service attendants with 76.8 per cent.

Table 4. 4: Respondents' Occupation

Occupation	Frequency	Percentage (%)
Business Development Officer	2	2.4
Customer Service Attendant	63	76.8
Marketer	5	6.1
Operations Officer	12	14.6
Total	82	100

Source: Survey Data

4.3.4 Income Level

The study also established the respondents' income level. The findings in table 4.5 found that very few respondents earn below Ksh 30,000 shown by 3.7%. Most of the respondents earn more than Ksh 51000 shown by 70.7 %. This shows that the respondents who earn more than Ksh 51000 are motivated at work to participate in the survey on CRM.

Table 4. 5: Income levels

Income level	Frequency	Percentage (%)
Below 30,000	3	3.7
30,000-50,000	21	25.6
More than 51,000	58	70.7
Total	82	100

Source: Survey Data

4.3.5 Level of Education

The study wanted to determine the level of education reached by the respondents. As per the findings, they indicated that 4.9% had either a diploma or a professional certificate, 19.5% had masters and most of the respondents had a bachelor degree as shown by 70.7%.This implies that most of the respondents were holders of a first degree hence could give information that is relevant for the study.

Table 4. 6: Respondents' level of education

Education	Frequency	Percentage (%)
Diploma	4	4.9
Bachelors	58	70.7
Masters	16	19.5
Professional Certificate	4	4.9
Total	82	100

Source: Survey Data

4.4 Customer Relationship Capabilities

The respondents were asked to identify which customer relationship management capabilities were adopted in the banking industry. They indicated that the human resource capability was the highest capability adopted in banks to facilitate building relationships with customers with a mean of 3.98. The findings are displayed in table 4.7.

Table 4. 7: Customer Relationship Management Capabilities Adopted

Statements	Mean	SD
Our organization has human resource capability in place to facilitate building relationships with customers	3.98	0.875
Our business architecture capability focuses on customer relationship building to ensure customer retention	3.93	0.979
Our organization uses information technology to facilitate building relationships with customers	3.84	0.934
Overall mean score	3.92	0.929

Source: Survey Data

4.5 Customer Relationship Management Capabilities and Organizational Performance

The study sought to determine the influence of customer relationship capabilities on organizational performance. The information technology, human resource and business architecture capabilities were assessed based on the extent of agreement in the mean and standard deviation.

4.5.1 Information Technology Capabilities and Organizational Performance

The respondents were supposed to rate the extent to which information technology capability influences organizational performance. The results are illustrated in table 4.8 where the frequency scores, the percentage of the responses for each item were assessed. The overall mean score was 3.89 and standard deviation was 1.011. The scale of agreement used was 1-5 where 1=strongly disagree; 2=disagree; 3=somewhat; 4=agree and 5=strongly agree respectively.

The ability of technology allowing for a one-on-one communication with customers and the information technology capability being customer focused had similar means of 3.84 in both statements. Further, the findings showed that the banks also invested heavily in technology to acquire real time customer information and feedback with a mean of 3.85. The survey revealed

that for most of the commercial banks, they have dedicated customer relationship management technology to ensure effectiveness in their performance which obtained the highest mean of 4.01. The mean score on the influence of information technology on organizational performance was slightly high with a mean of 3.89. Overall, this means that more emphasis has been placed by banks to dedicate their information technology capability in managing customer relationships in order to enhance their effectiveness when dealing with customers. The findings imply that banks have seen the need to integrate technology to build and maintain relationships to sustain their continued growth and enhance their performance.

Table 4. 8: Information Technology and Organizational Performance

Information Technology Capabilities												
Frequency and percentages												
Agreement Scale	1		2		3		4		5			
Statements	F	%	F	%	F	%	F	%	F	%	Mean	SD
Our organization invests in technology to acquire real time customer information and feedback	1	1.2	10	12.2	15	18.3	30	36.6	26	31.7	3.85	1.044
Our organization has a dedicated customer relationship management technology in place for effectiveness	1	1.2	7	8.5	15	18.3	26	31.7	33	40.2	4.01	1.024
Our technologies allow for one-on-one communication with customers	1	1.2	7	8.5	21	25.6	28	34.1	25	30.5	3.84	1.000
Our organization has information technology capability that is customer focused	1	1.2	6	7.3	22	26.8	29	35.4	24	29.3	3.84	0.975
Overall Mean Score											3.89	1.011

Source: Survey Data

4.5.2 Human Resource Capability and Organizational Performance

The respondents were asked to rate the extent to which human resource capability influences organizational performance. The results are illustrated in table 4.9 below where the frequency scores, the percentage of the responses for each item were assessed. The scale of agreement used was 1-5 where 1=strongly disagree; 2=disagree; 3=somewhat; 4=agree and 5=strongly agree respectively.

According to the findings of the study, the organizations ability to conduct satisfaction surveys to improve customer service had the lowest mean score of 3.99. The rating on organizations considering retaining customers a priority had the highest mean of 4.1. The overall mean score was 4.025 and a standard deviation was 0.92875. This indicates there is an agreement that human resource capability as a customer relationship management capability has an influence on organizational performance.

The interesting results also confirm that the majority of the banks that participated in this survey consider retaining customers a high priority. This is an indicator that banks are willing to go the extra mile to retain customers by enhancing their customer satisfaction levels and meeting the customers' needs beyond their expectation to avoid losing them to other competitors in the industry. The outcome of this has been highlighted by Waal and Heijden (2016) that an increase in the satisfaction levels of customers through CRM strategies would lead to an increase in the amount of revenues, reduction in the cost of operating firms, and a higher retention of customers. The human resource capability is an area that organizations should consider improving on as indicated in the findings.

Table 4. 9: Human resource capability and Organizational Performance

Human Resource Capabilities												
Frequency and percentages												
Agreement Level	1		2		3		4		5			
Statements	F	%	F	%	F	%	F	%	F	%	Mean	SD
We are trained on building relationships with customers	0	0	8	9.8	11	13.4	36	43.9	27	32.9	4.0	0.93
We consider retaining customers a priority	0	0	4	4.9	18	22	26	31.7	34	41.5	4.1	0.911
We conduct customer satisfaction surveys to improve customer service delivery	0	0	3	3.7	21	25.6	32	39	26	31.7	3.99	0.853
We are involved in the implementation of customer relationship management strategies to ensure customer satisfaction	2	2.4	5	6.1	14	17.1	30	36.6	31	37.8	4.01	1.021
Total											4.025	0.92875

Source: Survey Data

4.5.3 Business Architecture Capability and Organizational Performance

The respondents were asked to rate the extent to which the business architecture capability influences organizational performance. The results are illustrated in table 4.10 below where the frequency scores, the percentage of the responses for each item were assessed. The scale of agreement used was 1-5 where 1=strongly disagree; 2=disagree; 3=somewhat; 4=agree and 5=strongly agree respectively.

The findings show that the lowest mean was the use of employee incentives by organizations to support customer relationship building with a mean of 3.74 and a standard deviation of 0.966. Majority of the organizations according to the study have a long term view of the formation of customer relationships with a mean of 4.02 and a standard deviation of 0.831. As posited in the results of the study, a higher percentage of the organizations view their customers as people they can form relationships with in the long term and not just for the first transaction the customers have carried out. This calls for continuous efforts to be made by the organizations to move away from a transaction oriented relationship to a relationship oriented approach

which should be engrained in the business architecture capability. As pointed out by Chen and Popovich, (2003) to create a relationship centred environment through CRM implementation, it requires the integration of CRM in the organizational processes and structures under the business architecture capability.

Table 4. 10: Business Architecture Capability and Organizational Performance

Business Architecture Capabilities												
Frequency and percentages												
Agreement	1		2		3		4		5			
Statements	F	%	F	%	F	%	F	%	F	%	Mean	SD
Our organization has employee incentives to support customer relationship building	2	2.4	6	7.3	21	25.6	35	42.7	18	22	3.74	0.966
Our organization has a long term view of the formation of customer relationships	0	0	3	3.7	18	22	35	42.7	26	31.7	4.02	0.831
Our business processes focus on customer retention	0	0	6	7.3	17	20.7	36	43.9	23	28	3.93	0.886
Our organization has integrated customer relationship management across the whole organization so as to increase customer retention	0	0	9	11	14	17.1	39	37.6	20	24.4	3.85	0.918
Total											3.885	0.9

Source: Survey Data

4.6 Summary of Mean Scores

There were three customer relationship management capabilities that were assessed on how they influence organizational performance. Business architecture capability had a mean of 3.885 and information technology capability had a mean of 3.89, showing that somehow they influence organizational performance. Human resource capability had the highest mean of 4.025 indicating an agreement level towards performance of firms. The summary of the mean is shown in table 4.11.

Table 4. 11: Summary of Mean Scores of CRM capabilities and Organizational Performance

CRM Capabilities	Mean	Standard Deviation
Human resource capability	4.025	0.92875
Information technology capability	3.89	1.011
Business architecture capability	3.885	0.9

Source: Survey Data

4.7 Organizational Performance

The measures of organizational performance of banks were measured based on effectiveness, employee satisfaction and customer retention. The results are illustrated in table 4.12 below where the frequency scores, the percentage of the responses for each item were assessed. The scale of agreement used was 1-5 where 1=strongly disagree; 2=disagree; 3=somewhat; 4=agree and 5=strongly agree respectively.

The findings of the study on effectiveness showed that an increase in the number of customers attended to as a result of the banks adapting to information technology and the organizations having reduced the amount of time spent attending to customers because of customer relationship management technology was the least popular with a mean of 3.78 for both statements. The results indicated that for most organizations, customization of services had improved as a result of adopting the latest technology with a mean of 3.93. This means that information technology capability has facilitated the banks effectiveness in service delivery in standardizing services to have a wider reach to a larger audience.

With regard to employee satisfaction, the least measure was that employees are motivated to conduct customer satisfaction surveys through rewards with a mean of 3.49 while the highest mean was the staff is trained on customer relationship management to inspire trust and confidence to customers which had a mean of 3.84. This signifies that employee satisfaction is not directly felt by the employees and building of relationships with customers is emphasized on more compared to satisfying the employees. The customer retention measure of performance that was least popular was the rewarding of loyal customers through the banks' business architectures with a mean of 3.48. The ease of serving customers as a result of using information technology was the most predominant statement with a mean of 3.98. This shows that the most effective customer relationship capability is the information technology capability as it facilitates customer retention through the ease of serving the customers.

Table: 4.12 Organizational Performance

Organizational Performance Measures	Mean	Standard Deviation
Effectiveness		
There has been an increase in the number of customers attended to as a result of the bank adapting to information technology.	3.78	0.861
The bank's customer relationship management system helps to increase our productivity.	3.87	0.872
We have reduced the amount of time spent attending to customers because of customer relationship management technology.	3.78	0.994
Customization of services has improved as a result of adopting the latest technology.	3.93	0.858
Employee Satisfaction		
The training we receive on customer relationship management enables us to inspire trust and confidence to customers.	3.84	0.881
We are motivated to conduct customer satisfaction surveys through rewards.	3.49	1.080
We receive training on the implementation of customer relationship management.	3.70	1.015
We are able to attend to customers' needs easily because of readily available information about customers from the databases.	3.74	0.927
Customer Retention		
There has been ease of serving customers as a result of using information technology.	3.98	0.816
We reward loyal customers through our business architecture.	3.48	0.972
We assess the level of repeat purchase with valuable customers in our business processes.	3.60	0.980
We have managed to increase our profitability because of loyal customers as a result of our business architecture.	3.78	0.943
Overall Mean	3.74	0.93325

Source: Survey Data

4.8 Correlation Analysis

In the survey, the correlation between the CRM capabilities; information technology (IT), human resource (HR), business architecture BA) and organizational performance measures; effectiveness (EF), employee satisfaction (ES) and customer retention (CR) was assessed. The correlation analysis is displayed in Table 4.13 below.

As per the findings, the relationship between the business architecture capability (as measured by the BA) and the dependent variables: effectiveness (EF), employee satisfaction (ES) and customer retention (CR) was investigated using Spearman's rho correlation coefficient and all had a significant correlation of 0.00. The strongest positive correlation was between the variable business architecture (BA) and customer retention (EF), $r=0.606$, $n=82$, $p<0.01$.

According to the findings of the study, the relationship between the information technology capability (as measured by the IT) and the dependent variables: effectiveness (EF), employee satisfaction (ES) and customer retention (CR) was investigated using Spearman's rho correlation coefficient and all had a significant correlation of 0.00. The strongest positive correlation was between the variable information technology (IT) and effectiveness (EF), $r=0.639$, $n=82$, $p<0.01$.

In the results of the study, the relationship between the human resource capability (as measured by the HR) and the dependent variables: effectiveness (EF), employee satisfaction (ES) and customer retention (CR) was investigated using Spearman's rho correlation coefficient and all had a significant correlation of 0.00. The strongest positive correlation was between the variable human resource capability (IT) and effectiveness (EF), $r=0.669$, $n=82$, $p<0.01$.

In summary, the strongest correlation among the variables was the human resource capability with a coefficient of 0.669. This shows that human resource capability has a strong correlation with organizational performance through the measure of effectiveness. Previous findings indicate that human resource capability has an influence on employee satisfaction as highlighted by Simmons (2015). The findings in Simmons (2015) contradict the results in this study where effectiveness has been seen an outcome of organizational performance and not employee satisfaction when assessing the correlation between human resource capability and organizational performance.

Table 4.13 Correlation Analysis

CRM Capabilities			EF	ES	CR
Spearman's rho	IT	Correlation Coefficient	.639**	.500**	.593**
		Sig. (2-tailed)	0	0	0
		N	82	82	82
	HR	Correlation Coefficient	.669**	.601**	.602**
		Sig. (2-tailed)	0	0	0
		N	82	82	82
	BAC	Correlation Coefficient	.509**	.566**	.606**
		Sig. (2-tailed)	0	0	0
		N	82	82	82
	EF	Correlation Coefficient	1	.513**	.658**
		Sig. (2-tailed)		0	0
		N	82	82	82
	EM	Correlation Coefficient	.513**	1	.654**
		Sig. (2-tailed)	0		0
		N	82	82	82
	CR	Correlation Coefficient	.658**	.654**	1
		Sig. (2-tailed)	0	0	
		N	82	82	82

Source: Survey Data ** Correlation is significant at the 0.01 level (2-tailed).

4.9 Regression Analysis

The table 4.14 below in the model summary, shows the amount of variance in the dependent variable, organizational performance that is explained by the model such as business architecture BA, information technology (IT) and human resource (HR) capabilities which is expressed as R Square. In this model, the value is 0.566 and when expressed as a percentage, it is 56.6 per cent. This means that the model which includes the business architecture, information technology and human resource capabilities explain 56.6 per cent of the variance in organizational performance. Considering that the sample for this study was small, the Adjusted R square will provide a better estimation of the population value hence in this case;

the adjusted R square is 0.55. This shows that the model which includes business architecture, information technology, and human resource capabilities explain 55 percent of the variance in organizational performance. This means that there were factors that were not studied in this survey which contribute to 45 per cent of organizational performance at the commercial banks. Further research should be carried out to determine the rest of the 45 per cent that has not been explained on organizational performance of commercial banks.

Table 4. 14: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.752 ^a	.566	.550	.47978
a. Predictors: (Constant), BAC, ITC, HRC				

Source: Survey Data

4.9.1 Multicollinearity

In order to conduct a diagnosis on whether there is collinearity, table 4.16 on coefficients was used to assess the tolerance and VIF of the independent variables information technology, human resource and business architecture capabilities. The tolerance value allowable should not be less than 0.1 while the VIF value should not be above 10 (Pallant, 2004). According to the findings of the study, the tolerance of the independent variables were; information technology 0.406, human resource 0.368 and business architecture 0.325 which were not less than 0.1; therefore there is no violation of the multicollinearity assumption. This has been supported by the VIF values; information technology (ITC) 2.466, human resource (HRC) 2.718, and business architecture (BAC) 3.076, which are below the cutoff of 10.

4.9.2 Significance Level

The table 4.15 below shows the statistical significance of the results. It is used to test the null hypothesis. The model in this study has reached statistical significance (Sig=0.000; meaning $p < 0.0005$). This means that the model is statistically significance in explaining the relationship between the dependent variables, organizational performance and independent variables, CRM capabilities; information technology, human resource and business architecture capabilities in commercial banks.

Table 4. 15: ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	23.438	3	7.813	33.940	.000 ^b
	Residual	17.954	78	.230		
	Total	41.392	81			

a. Dependent Variable: Organizational Performance

b. Predictors: (Constant), BAC, ITC, HRC

Source: Survey Data

4.9.3 Regression Coefficients

Multiple regression analysis was performed to establish the relationship between the organizational performance at the commercial banks and the independent variables. According to the SPSS generated table 4.16 on coefficients, the following equation

$(Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon)$ becomes;

$$Y = 1.076 + 0.194X_1 + 0.385X_2 + 0.102X_3$$

Optimal Equation $Y = 1.076 + 0.194X_1 + 0.385X_2$

In order to compare how the different independent variables, CRM capabilities have contributed to predicting the dependent variable, organizational performance, the table 4.16 on Coefficients was used where the standardized coefficients were assessed. The largest Beta under the standardized coefficients was human resource capability with 0.448 as its value. This means that the human resource capability provided the strongest unique contribution in explaining organizational performance, when all the variables in the model remain constant.

In order to assess whether the independent variables were statistically significant to contributing to the equation, the Sig values were assessed. In the table 4.16, the information technology capability Sig. value was 0.028 which is $p < 0.05$, human resource capability Sig. value was 0.00 $p < 0.05$, and business architecture capability Sig. value was 0.399 $p > 0.05$. In conclusion, the independent variables information technology and human resource capabilities were statistically significant because the Sig. values were less than the required level of significance 5% hence made a strong contribution to the prediction of organizational

performance while business architecture capability did not make a contribution to the prediction of the organizational performance.

The regression equation was extracted from the use of the unstandardized coefficients. The regression equation above indicates that when all factors are taken into account that is information technology; human resource capabilities constant at zero, organizational performance of commercial banks would be 1.076. The results also indicate that taking all other independent variables at zero, a unit increase in information technology capability would lead to a 19.4 per cent increase in performance of commercial banks; a unit increase in human resource capability would lead to a 38.5 per cent increase in organizational performance at the commercial banks. This means that human resource capability contributes the most to organizational performance followed by information technology capability.

Table 4. 16: Coefficients

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.076	.286		3.768	.000		
	ITC	.194	.087	.262	2.240	.028	.406	2.466
	HRC	.385	.106	.448	3.641	.000	.368	2.718
	BAC	.102	.120	.111	.848	.399	.325	3.076

a. Dependent Variable: Organizational Performance

Source: Survey Data

CHAPTER FIVE

DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The purpose of this study was to establish the influence of customer relationship management capabilities on the performance of commercial banks in Kenya. This chapter presents a discussion of the major findings of the study, the conclusion and recommendations. It also highlights the major limitations of the study and proposes areas of further research.

The target population of this study was 111 employees who work as frontline staff in commercial banks in Nairobi County. The data collected and analyzed showed the following results: a questionnaire was administered to 111 individuals, 82 respondents participated fully which showed a 73.9 per cent response rate. Out of the 82 respondents, 58.5 per cent were male, while 41.5 per cent were female, with the majority being customer service attendants at 63 per cent. A high percentage of the respondents had attained a bachelor's level of education. The higher percentages earned above Ksh. 51,000 and were between the ages of 25 – 30 years of age.

5.2 Discussion of Findings

This section presents the discussion of the findings according to the specific objectives of the study. The specific objectives of the study were; to identify the CRM capabilities adopted by commercial banks, to determine the influence of information technology capability on organizational performance, to establish the influence of human resource capability on organizational performance and to assess the influence of business architecture capability on organizational performance in commercial banks in Kenya.

5.2.1 Customer Relationship Management Capabilities Adopted by Commercial Banks in Kenya

The survey findings showed that out of the three customer relationship management capabilities adopted by the banks such as information technology, human resource and business architecture capability, human resource capability was the predominant CRM capability adopted by most of the commercial banks in Kenya. The human resource capability facilitates the building of relationships with customers in most of the banks as per the study and has been supported by previous findings in literature (Chen & Popovich 2003; Smith & Chang 2010).

The business architecture capability was somehow considered dominant in the banks as a CRM capability that was implemented to ensure that customers were retained.

5.2.2 Information Technology Capability and Organizational Performance

The survey established that information technology capability significantly influenced organization performance ($\beta=0.194$, $t=2.240$, $p<0.05$). Making it statistically significant in making a contribution to predicting organizational performance. The correlation analysis between IT capability and effectiveness as a measure of organizational performance, had the strongest correlation value ($r=0.639$, $n=82$, $p<0.01$) compared to the other measures of organization performance employee satisfaction and customer retention.

The significant findings corroborate with previous studies on the influence of information capability on organizational performance. For instance, Herhausen and Schogel (2013) noted that the IT capability was used to customize products and services in order to entice and retain customers more effectively. Further, Wang and Feng (2012) established that CRM technology enabled organizations to sustain profitable relationships with customers by facilitating efficient and effective interactions between organizations and customers in order to attract and retain them. Similarly, Akroush et. al., (2011) support that the results showed that there was a significant relationship between CRM execution elements such as CRM technology and performance of businesses where the IT capability provides the necessary infrastructure to facilitate the implementation of CRM capabilities. They ascertained that it improved the market performance in areas such as building relationships, increasing the quality and loyalty of customers and delivering services in an efficient manner across the organizations functions. The outcome of this study however, contradicts previous scholars whose findings indicate that CRM technology had no significant effect on the performance of firms through measures such as customer satisfaction and loyalty in the long run (Smith & Chan, 2010; Brige, 2006). This is a crucial result as it will challenge the firms within the banking industry to find out what other aspects of information technology capability can be examined to enhance their relationships with customers in order remain competitive.

5.2.3 Human Resource Capability and Organizational Performance

The survey revealed that human resource capability significantly influences organizational performance ($\beta=0.385$, $t=3.641$, $p<0.05$) and strong correlation (coefficient value of 0.669, 0.00 level of significance, $p < 0.01$). The correlation analysis between the human resource capability and effectiveness as a measure of organizational performance had the strongest

correlation value compared to employee satisfaction and customer retention. The human resource capabilities that were being assessed were: on training of employees on customer relationship building, conducting customer satisfaction surveys to improve service delivery, and involvement of employees in the implementation of CRM.

According to the survey, the significant influence of human resource capability on organizational performance, has been affirmed by previous studies (Chen & Popovich, 2003; Smith & Chang 2010) that there is need for the human touch to facilitate in building relationships with customers in as much as technology has made it easier to reach out to more customers in a more efficient manner. Garg et. al., (2012) posited that the ability of employees such as front office staff to attend to customers' enquiries in a timely manner had a significant impact on building customer's experiences. This has been established by findings in this study that the human relationship capability is significantly influenced by how effective the services are through integration of information technology capabilities to increase the employees' delivery of service to their customers. The study confirmed that the increase in the number of customers attended to, customization of services, reduction in the amount of time spent attending to customers and increased productivity are outcomes of having enhanced human resource capabilities. The emphasis by Simmons (2015) on the importance of firms to support staff through enhancing their skills confirms that this has resulted to an increase in the organizations' effectiveness in delivering service. However, previous studies have also stated that employee satisfaction is an outcome felt as a result of implementing CRM strategies (Law et al., 2013). This was not ascertained by this study because the human resource capability seemed not to have an influence in employees' satisfaction. This is important to highlight because service organizations are considered to have more influence on customer satisfaction especially when employees are satisfied with their work environment and this can be a great contributor to the growth of firms in the service industry.

5.2.4 Business Architecture Capability and Organizational Performance

The study indicated that business architecture capability showed an insignificant positive influence on organizational performance ($\beta=0.102$, $t=0.848$, $p>0.05$). However, a strong correlation (coefficient value of 0.606, 0.00 level of significance, $p < 0.01$) between business architecture capability and customer retention was discovered in the study. The findings of this study are similar to findings in literature by Ata and Toker (2012) who agree that the CRM organization dimension which comprises of the structure, commitment and performance of staff had no significant effect on performance of B2B companies.

The results of this study contradict previous studies (Chen & Popovich, 2003; Wang & Feng 2012) which pointed out that for CRM to be executed effectively, it requires the integration of CRM in organizational processes, firm's structures and activities which is the overall business architecture capability. Scholars such as Newby et. al., (2014) and Isalm et. al., (2012) have shown that for CRM to be implemented, the attitude of management towards CRM dictates how an organization as a whole will incorporate it in its processes and procedures through the employees. These views differ from the study findings where the business architecture has shown no significant effect on the performance of firms. Further, as earlier stated by Jayachandran et. al., (2005), CRM outcomes such as customer retention is a measure of how the business architecture influences organizational performance. The commitment from management in retaining customers should be a long term goal upheld by institutions. Farquhar (2004) also indicated that there was uncertainty as to whether or not customer retention had led to increased profitability for institutions. The findings of this study together with results from previous studies contradict one another as to how the business architecture capability influences the performance of firms.

5.3 Conclusion

The study has identified which CRM capability has been adopted by the commercial banks in Kenya. As per the results, the predominant type of customer relationship management capability was the human resource capability. This ascertains that through the use of the human resource capability, management of commercial banks have focused on improving relationships with customers to increase their effectiveness in service delivery in order to retain customers so as to improve overall performance. There was also confirmation from the study that the employees have received training on improving customer relationships in order to inspire trust and confidence to customers.

Secondly, the study sought to establish the influence of information technology capability on the performance of the commercial banks in Kenya. The results showed that majority of the banks had dedicated technological resources towards customer relationship management to facilitate effectiveness in their service delivery. The correlation between the information technology and organizational performance had a strong correlation. The findings also revealed that information technology capability positively and significantly influenced organizational performance. Customer retention and effectiveness were highly rated by most of organizations as the measure of organizational performance through the use of information technology

capability. The information technology capability has enabled customization of services and effectiveness in dealing with customers.

The survey determined the influence of human resource capability on the performance of commercial banks. A higher percentage of the banks had the human resource capability in place to ensure relationships with customers are developed and well maintained compared to the other capabilities such as information technology and business architecture. The human resource capability that majority of the banks put more emphasis on, was that retaining customers was a key priority. The findings showed that human resource capability positively and significantly influences organizational performance. Further, the survey indicated that out of the three CRM capabilities adopted human resource capability strongly influenced the performance of commercial banks. This insinuates that continued emphasis on training employees on customer relationship building, focusing on conducting customer surveys to assess customer satisfaction and involving members in customer relationship management action plans would enhance the performance of banks at the same time increase customer satisfaction leading to increased customer loyalty. Employee satisfaction which was a measure of organizational performance in the study indicated that human resource capability had emphasized on training staff to focus on increasing customer confidence and trust.

Lastly, the study assessed the influence of the business architecture capability on the performance of commercial banks in Kenya. Most of the banks showed that they viewed their relationships with their customers for the long term, creating lasting impressionable relationships that would eventually grow to partnerships. Based on the correlation analysis, the business architecture capability and organizational performance had a weak positive correlation. The findings also pointed out that the business architecture capability had an insignificant effect on organizational performance. This is an indication that the CRM capability has not been fully integrated in the business architecture of majority of the firms.

5.4 Recommendations

- The first recommendation that would be given is that customer relationship management should act as a guide for developing strategy in the service industry. The performance of service organizations could be enhanced and improved on significantly when strong relationships are secured between customers and the service providers such as banks, insurance, hospitality etc. Key client management should be recognized as imperative to retaining customers who are repeat customers. Relationships with customers should also

be enhanced through loyalty programmes and rewarding of loyal customers to increase the chances of retaining customers.

- The information technology capability used in CRM if properly executed may improve information gathering and analysis on important customer relationships specifically to those who are loyal to organizations to sustain the relationships effectively. Currently, there has been an increase in the bargaining power of customers especially because they have a voice through social media platforms to air out complaints when the services they receive do not meet their expectations. This should not be overlooked by firms especially with the technological advances that are being developed. Customer satisfaction surveys should be conducted on what the customers' expectations are of the service providers. This would go a long way in delighting them to reduce customer complaints and also prevent them from switching to other competitors in the industry.
- The top management team of banks should focus on the human resource capability as a way of improving the customer relationship management strategies to create superior performance. The employee skills and competencies should be developed and enhanced to ensure they are well equipped in building relationships with customers and involving them in the implementation of the CRM strategies so that they are motivated to implement them fully. The training of employees should also incorporate the technological aspect in order to increase their effectiveness in service delivery. This is because the technological innovations have also provided the suitable infrastructure to employees to increase their responsiveness to customer queries, increase their productivity and reduced the amount of time required in dealing with a large pool of customers. Hence, there is need for integrating the people's skills and technological knowhow to increase the overall organizational performance in terms of effectiveness and increasing customer retention to remain competitive in the industry.
- As part of the policy development in the CRM strategy implementation, the business processes in organizations would determine whether it would be successful. The organizations ought to assess the current business processes they have before adopting new technological platforms for CRM. The concept behind CRM is to be customer centered which is facilitated by the technology to consolidate information about customers, service delivery, trends in the industry and marketing the right products and services to the right customers. The key advocates for CRM should be the top management team where they should encourage team work and communicate the importance of CRM across the entire

organization to ensure they are working towards the same goals. This should be incorporated at the onset before the CRM is implemented so that it trickles down to the rest of the employees as part of the culture of the organization.

5.5 Limitations of the Study and Suggestions for Future Research

This study has provided valuable insights into the CRM performance relationship regardless of the fact that there were some limitations. First, the empirical study used has its limitation. The use of a cross-sectional research design has the issue of assessing causality. The findings of this study provide evidence that CRM capabilities influence performance. However, there is need to conduct a longitudinal study to substantiate the findings in the cross-sectional study and evaluate the performance of a CRM programme before it is executed and after implementation.

Secondly, this study only focused on the banking industry. The analysis of other services sectors such as insurance, hospitality, and manufacturing could provide more information on how other organizations assess their customer relationship management programmes and would also increase the generalizability of the findings in this study for future research studies. Additionally, duplication of the same study across other countries in Africa would show universality and importance of the relationship between the study variables and performance of firms since the study was limited to the Kenyan context. The focus on the banking industry affected this study since it could not be generalized.

Thirdly, the participation of the respondents in the study faced challenges since some of the institutions had not given the respondents the authorization to participate in survey regardless of the researchers efforts to hand in an introductory letter from the University to explain the aim of the study and the use of the information given for academic purposes only. There was the skeptical assumption that the information would be used against them especially to their competitors in the industry which would affect their operations as an institution. This affected the amount of time taken to collect data and reduced the response rate of the study. During the collection of data, the method used was judgment approach where the informants were from a specified scope hence accessing more avenues for information on this study was limiting. Other key informants that would be recommended in future are the decision makers in the various institutions such operations managers, marketing managers etc who would provide knowledge on the strategies developed and adopted, performance measures used across the organization to improve on managing customer relationships. Financial measures of performance could also

have been included to assess whether the implementation of CRM strategies was effective in increasing profits before implementation of CRM took place which is a recommendation for future studies.

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APPENDICES

APPENDIX I: LETTER OF INTRODUCTION

Strathmore University,
School of Management and Commerce,
P.O Box 59857 – 00200,
Nairobi, Kenya.

Dear Respondent,

RE: RESEARCH WORK

I am a student at Strathmore University pursuing a Master's of Commerce degree. As part of the requirements in my program, am carrying out a study on the influence of customer relationship management capabilities on the performance of banks.

You are invited to participate in this academic research study and I will greatly appreciate your assistance. I would like to inform you that the responses will remain anonymous and confidential. Your participation is voluntary and the responses will be used for academic purposes only. Approximately 15 minutes will be required to complete the questionnaire.

Thank you for your participation.

Respondent's signature _____ Date _____

Yours faithfully,

Lisa Nyambura Githinji

APPENDIX II: QUESTIONNAIRE

Instructions

This questionnaire is a data collection tool for the study, “Influence of Customer Relationship Capabilities on Organizational Performance of Commercial Banks in Kenya.”

Kindly answer the questions by putting a tick in the appropriate box or by writing in the space provided.

Confidentiality

All information collected will be treated as confidential and reference will not be made to any company or respondent in the report of this study.

SECTION A: Demographic Profile

1. Which of the following age groups do you belong to?

<input type="checkbox"/>	18 – 24 years	<input type="checkbox"/>	25 – 30 years	<input type="checkbox"/>	31 – 35 years
<input type="checkbox"/>	36 – 40 years	<input type="checkbox"/>	Above 41		

2. Gender Female Male

3. Occupation: _____

4. Level of income per month:

<input type="checkbox"/>	Below Ksh 30,000	<input type="checkbox"/>	Ksh 30,000 – Ksh 50,000
<input type="checkbox"/>	More than Ksh 51,000		

5. Level of education

<input type="checkbox"/>	Diploma Level	<input type="checkbox"/>	Bachelors Level
<input type="checkbox"/>	Masters Level	<input type="checkbox"/>	Professional Certificate

SECTION B: Customer Relationship Management Capabilities

6. Please indicate with a tick the extent to which you agree with the following statements concerning the customer relationship management capabilities adopted by your organization.

(1-strongly disagree, 2-disagree, 3-somehow agree, 4-agree and 5-strongly agree)

Customer relationship management capabilities		1	2	3	4	5
i.	Our organization uses information technology to facilitate building relationships with customers					
ii.	Our organization has human resource capability in place to facilitate building relationships with customers					
iii.	Our business architecture capability focuses on customer relationship building to ensure customer retention					
iv.	Any other, indicate in the space below					

7. Please indicate with a tick the extent to which you agree with the following statements concerning information technology capability and organizational performance.

(1-strongly disagree, 2-disagree, 3-somehow agree, 4-agree and 5-strongly agree)

Information Technology Capability		1	2	3	4	5
i.	Our organization invests in technology to acquire real time customer information and feedback					
ii.	Our organization has a dedicated customer relationship management technology in place for effectiveness					
iii.	Our technologies allow for one-on-one communication with customers					
iv.	Our organization has information technology capability that is customer focused					
v.	Any other, indicate in the space below					

8. Please indicate with a tick the extent to which you agree with the following statements concerning human resource capability and organizational performance.

(1-strongly disagree, 2-disagree, 3-somehow agree, 4-agree and 5-strongly agree)

Human Resource Capability		1	2	3	4	5
i	We are trained on building relationships with customers					
ii	We consider retaining customers a priority					

iii	We conduct customer satisfaction surveys to improve customer service delivery					
iv	We are involved in the implementation of customer relationship management strategies to ensure customer satisfaction					
v	Any other, indicate in the space below					

9. Please indicate with a tick the extent to which you agree with the following statements concerning business architecture capability and organizational performance.

(1-strongly disagree, 2-disagree, 3-somehow agree, 4-agree and 5-strongly agree)

Business Architecture Capability		1	2	3	4	5
i.	Our organization has employee incentives to support customer relationship building					
ii.	Our organization has a long term view of the formation of customer relationships					
iii.	Our business processes focus on customer retention					
iv.	Our organization has integrated customer relationship management across the whole organization so as to increase customer retention					
v.	Any other, indicate in the space below					

Organizational Performance

10. The following statements relate to the organizational performance measures namely effectiveness, employee satisfaction and customer retention. Kindly indicate the extent to which you agree or disagree with the statements by ticking in the appropriate space. Where

1 strongly disagree, 2 disagree, 3 somehow agree, 4 agree, 5 strongly agree

Effectiveness		1	2	3	4	5
i.	There has been an increase in the number of customers attended to as a result of the bank adopting information technology					
ii.	The bank's customer relationship management system helps to increase our productivity					
iii.	We have reduced the amount of time spent attending to customers because of customer relationship management technology					
iv.	Customization of services has improved as a result of adapting the latest technology					
v.	Any other					

	Employee satisfaction	1	2	3	4	5
i.	The training we receive on customer relationship management enables us to inspire trust and confidence to customers					
ii.	We are motivated to conduct customer satisfaction surveys through rewards					
iii.	We receive training on the implementation of customer relationship management					
iv.	We are able to attend to customers' needs easily because of readily available information about customers from the databases					
v.	There has been ease of serving customers as a result of using information technology					
vi.	Any other					

	Customer retention	1	2	3	4	5
i.	We reward loyal customers through our business architecture					
ii.	We assess the level of repeat purchase with valuable customers in our business processes					
iii.	We have managed to increase our profitability because of loyal customers as a result of our business architecture					
iv.	We have loyal customers as a result of having organizational structures and processes that are customer focused					
v.	Any other					

Thank you for your participation.

APPENDIX III: LIST OF COMMERCIAL BANKS IN KENYA

No	Company Name	Address
1.	African Banking Corporation Limited	ABC Bank House, Woodvale Groove, Westlands, P.O Box 38610-00800, Nairobi.
2.	Bank of Africa Kenya Limited	Re-Insurance Plaza, Ground Floor – Taifa Road, P. O. Box 69562-00400 Nairobi.
3.	Bank of Baroda (K) Limited	Baroda House, Koinange Street, Nairobi. P. O Box 30033 – 00100 Nairobi.
4.	Bank of India	Bank of India Building, Kenyatta Avenue, Nairobi. P. O. Box 30246 – 00100 Nairobi.
5.	Barclays Bank of Kenya Limited	Barclays Waiyaki Way, Westlands, Nairobi. P. O. Box 30120 – 00100, Nairobi
6	CFC Stanbic Bank Limited	CFC Stanbic Centre, Chiromo Road, Westlands P. O. Box 72833 – 00200 Nairobi
7	Charterhouse Bank Limited UNDER – STATUTORY MANAGEMENT	Longonot Place, 6th Floor, Kijabe Street, Nairobi P. O. Box 43252 -00100 Nairobi
8	Citibank N.A Kenya	Citibank House, Upper Hill Road, Upper Hill, Nairobi. P. O. Box 30711-00100, Nairobi
9	Commercial Bank of Africa Limited	CBA Building, Mara / Ragati Road, Upper Hill P. O. Box 30437-00100 Nairobi
10	Citibank N.A Kenya	Citibank House, Upper Hill Road, Upper Hill, Nairobi. P. O. Box 30711 – 00100 Nairobi
11	Co-operative Bank of Kenya Limited	Co-operative House, 4 th Floor Annex, Haile Selassie Avenue, Nairobi P. O. Box 48231 – 00100 Nairobi
12.	Consolidated Bank of Kenya	Consolidated Bank House 23 Koinange Street P. O. Box 51133 - 00200, Nairobi
13.	Credit Bank Limited	Mercantile House, Ground Floor, Koinange Street, Nairobi P. O. Box 61064-00200 Nairobi
14.	Development Bank of Kenya Limited	Finance House, 16 th Floor, Loita Street, Nairobi P. O. Box 30483 – 00100, Nairobi.
15.	Diamond Trust Bank Kenya Limited	DTB Centre, Mombasa Road, Nairobi. P. O. Box 61711 – 00200, Nairobi
16.	Ecobank Kenya Limited	Ecobank Towers, Muindi Mbingu Street, Nairobi.

		P. O Box 49584- 00100 Nairobi
17.	Spire Bank Ltd	Equatorial Fidelity Centre, Waiyaki Way, Westlands, Nairobi. P. O. Box 52467-00200, Nairobi
18.	Equity Bank Kenya Limited	Equity Centre, 9 th Floor, Hospital Road, Upper Hill, Nairobi. P. O. Box 75104-00200, Nairobi
19.	Family Bank Limited	Family Bank Towers, 6 th Floor, Muindi Mbingu Street, Nairobi P. O. Box 74145-00200 Nairobi.
20.	Fidelity Commercial Bank Limited	I.P.S Building. 7 th Floor, Kimathi Street, Nairobi. P. O. Box 34886-00100 Nairobi
21.	First Community Bank Limited	Prudential Assurance Building, 1 st Floor, Wabera Street, Nairobi P. O. Box 26219-00100., Nairobi
22.	Guaranty Trust Bank (K) Ltd	Sky Park Plaza, Woodvale Close, Westlands, Nairobi P. O. Box 20613 – 00200, Nairobi
23.	Giro Commercial Bank Limited	Eldama Park, Eldama Ravine. P. O. Box 13400-00800, Nairobi
24.	Guardian Bank Limited	Guardian Centre, Biashara Street, Nairobi. P. O. Box 67681 – 00200, Nairobi
25.	Gulf African Bank Limited	Geminia Insurance Plaza, Kilimanjaro Avenue, Upper Hill, Nairobi P. O. Box 43683 – 00100, Nairobi
26.	Habib Bank Ltd	Habib House, Koinange Street, Nairobi. P. O. Box 30584 – 00100, Nairobi
27.	Imperial Bank Limited IN RECEIVERSHIP	Imperial Court, Westlands Road, Westlands, Nairobi. P. O. Box 44905 – 00100, Nairobi
28.	I & M Bank Limited	I & M Bank House, 2 nd Ngong Avenue, Off Ngong Road, Nairobi. P.O. Box 30238 – 00100, Nairobi
29..	Jamii Bora Bank Limited	Jamii Bora House, Koinange Street, Nairobi. P. O. Box 22741 – 00400, Nairobi
30.	KCB Bank Kenya Limited	Kencom House, 8 th Floor, Moi Avenue, Nairobi. P. O. Box 48400 – 00100, Nairobi

31.	Middle East Bank (K) Limited	Mebank Tower, Milimani Road, Milimani, Nairobi. P. O. Box 47387 – 0100 Nairobi
32.	National Bank of Kenya Limited	National Bank Building, 2 nd Floor, Harambee Avenue, Nairobi. P. O. Box 72866 – 00200 Nairobi
33.	NIC Bank Limited	N.I.C House, Masaba Road, Upper Hill, Nairobi. P. O. Box 44599 – 00100 Nairobi
34.	M-Oriental Bank Limited	Finance House, 7 Koinange Street, Nairobi, P.O BOX 44080-00100, Nairobi
35.	Paramount Bank Limited	Sound Plaza Building, 4 th Floor, Woodvale Grove, Nairobi P. O. Box 14001 -00800 Nairobi
36.	Prime Bank Limited	Prime Bank Building, Chiromo Lane/Riverside Drive.-Junction, Westlands, Nairobi P. O. Box 43825 – 00100, Nairobi
37.	Sidian Bank Limited	7 th Floor K-Rep Centre, Wood Avenue, Kilimani, Nairobi P. O. Box 25363 – 00603, Nairobi
38.	Standard Chartered Bank Kenya Limited	Standard Chartered Building-Westlands Road- Chiromo Lane, Westlands, Nairobi P. O. Box 30003 – 00100, Nairobi
39.	Trans-National Bank Limited	Transnational Plaza, City Hall Way, Nairobi. P. O. Box 34353 – 00100 Nairobi
40.	UBA Kenya Bank Limited	Apollo Centre, 1 st Floor, Ring Road / Vale Close, Westlands, Nairobi P. O. Box 34154 – 00100 Nairobi
41.	Victoria Commercial Bank Limited	Victoria Towers, Mezzanine Floor, Kilimanjaro Avenue, Upper Hill, Nairobi P. O. Box 41114 – 00100 Nairobi
	HF Group (Private Bank)	Kenyatta Avenue / Koinange Street P.O. Box 30088 – 00100 GPO Nairobi

Source: CBK Report, 2015