

ABSTRACT

Customer-centric strategy (CCS) refers organizational orientation and aligning of resources to effectively respond to the ever-changing needs of the customer while building mutually profitable relationships. KCB Bank adopted enterprise Customer Relationship Management (eCRM) in May 2015, rebranded to adopt a customer centric culture in August 2015 among other changes in regards to CCS. Despite the investments, Customer Satisfaction Index and Net Promoter Score ratings for the year 2016 are still low with NPS stood at 35% against the target of 50%, while CSI was recorded at 75% which is far below the global industry average of 83.6%. This indicates that KCB Bank is not currently doing well along non-financial indicators such as customer satisfaction and service quality. Past empirical studies on CCS and organizational performance focused on financial performance indicators leaving out non-financial performance yet non-financial performance is often considered as a basis of financial performance. The purpose of this study therefore was to establish the effects of CCS on non-financial performance of KCB Bank Kenya Ltd. Specific objectives include: to establish the effects of co-creation on non-financial performance; determine the effect of interactive CRM on non-financial performance and to determine the effect of internal integration on non-financial performance. The study was guided by resource-based view theory in a correlational survey research design. From a population of 84633 customers of KCB Branches in Migori County, a sample of 382 respondents was selected using proportionate random sampling techniques. Questionnaires were used to collect data for the study as the main research instrument. Validity of the research instrument was established through expert review while the reliability test yielded a Cronbach's Alpha coefficient of between 0.748 and 0.839. Regression results also showed that 69.1% ($R^2=0.691$, $p>0.05$) of variation in KCB bank's non-financial performance was explained by Customer-centric strategies. It was further revealed that dimensions of Interactive CRM ($\beta = 0.156$, $p > 0.05$), Internal integration ($\beta =0.439$, $p> 0.05$) all had significant positive effects on non-financial performance of KCB bank while the dimension of Co-creation strategy had an insignificant positive relationship with non-financial performance ($\beta =0.061$, $p>0.05$). The study concludes that Interactive CRM and Internal integration both are significant predictors of Non-financial performance. Therefore, the study recommends that the bank should invest significant resource in CRM systems and enhance internal integration efforts as this will significantly increase non-financial performance of the organization. However, less emphasis should be laid on the co-creation activities as it has insignificant relationship with performance. The results of the study are useful to bank management and policy makers such as government and will add to theory in academia.