EFFECT OF CUSTOMER-CENTRIC STRATEGIES ON NON-FINANCIAL PERFORMANCE OF KCB BANK LTD, KENYA

BY

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DECLARATION

DECLARATION BY THE STUDENT

I certify that this research proposal is my original work and that it has not been presented previously for a degree in Maseno University or any other University.

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DECLARATION BY THE SUPERVISORS

This research proposal has been submitted for examination with my approval as the University Supervisor.

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I acknowledge the efforts and support of my friends, colleagues and supervisor without whom this work would not have been possible.

DEDICATION

This work is dedicated to my parents Mr. Tobias Ongoro and Mrs Margaret Ongoro and my children Barry Edric and Joe Morgan for their support throughout this project.

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 (β = 0.156, p > 0.05), Internal integration (β =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 (β =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.

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LIST OF ABBREVIATIONS

SMEs	Small and Medium Sized Enterprises
PwC	Price Waterhouse Coopers
CRM	Customer Relationship Management
CCS	Customer Centric Strategy
BCG	Boston Consulting Group
SERVQUAL	Service Quality
TAT	Turn Around Time
FMCG	Fast Movable And Consumable Goods
ATM	Automatic Teller Machine
Ecrm	enterprise Customer Relationship Management
NPD	New Product Development
ROI	Return On Investment
ROA	Return on Asset
IT	Information Technology
BANQUAL-R-	Bank Service quality measure.
NPS	Net Promoter Score
CSI	Customer Satisfaction Index
SCI	Supply Chain Integration

OPERATIONAL DEFINITION OF TERMS

Customer-Centric Strategy- this is defined in the context of banking as a way of banking based on trust and fairness and knowledge of customer competences as well as alignment of resources in order to build lasting and mutual relationship and gain competitive advantage.

Interactive Customer Relationship Management strategy- This strategy involves the use of Customer Relationship management capabilities and technology in order to source information about the customer in order to establish dialogical relationships and build lasting relations

Customer Satisfaction- the level of surprise that is achieved after acquisition of a product or consumption or service experienced.

Service Quality- this is difference between the services expected and perceived performance of the service.

Co-creation strategy- A customer centric strategy which involves the co-optation of customer competences during the development of a new product as well as product utilization. It also involves customers carrying out tasks that are meant to be done by the organization.

Interactive Customer Relationship Management strategy- This involves the use of CRM systems and capabilities to stimulate dialogue between the organization and the customer to reveal deep and hidden needs so as to serve them in a way that is relevant and valuable to them

Internal integration strategy- a customer centric strategy which involves a firm structuring its organizational practices, procedures and behaviors so that they are collaborative, synchronized and manageable in order to fulfill customer requirements, needs and wants.

Non-financial performance- this is an individuals or an entity's performance that is not measured on monetary terms (Financial times 2015)

Organizational learning- This is the degree to which an organization understands its customer's needs, intentions and behaviors in order to serve them more effectively.

Customer learning- This is the extent the customer internalizes and understands the organizations procedures, competences, and products so that his/her needs are satisfied.

Customer experience- this involves understanding every single frustration that a customer may have during the interaction with the organization's employees, facilities, products and services and thus putting measures and resources in place to avoid such frustrations.

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CHAPTER ONE: INTRODUCTION

1.0 INTRODUCTION

This chapter presents an overview of the research proposal. The introduction presentation is followed by a background of the study that leads to the formulation of the problem statement, objectives, research questions and rationale of the study.

1.1 Background of the Study

In the present time, customers are redefining the rules of the game with pronounced shifts in demographics, attitudes and behaviors in addition to ubiquitous information are giving customers authority to demand much greater responsiveness and transparency from their banks(Hedley, White, Petit dit de la Roche, Banerjea, 2006; Ross 2015). Customers have as well found a new mouth piece in online forums and consumer portals (Mckinsey 2016; BCG, 2012). News about a bad banking experience spreads through these media like wildfire (Hedley et al, 2006). To differentiate themselves and be able to keep and attract high value customers in such a climate retail banks can benefit by placing laser-like focus on their customers (BCG 2012), this makes customer centricity a strategic imperative for banks.

In the context of banking, customer-centric strategy is defined as a way of banking based on trust and fairness and that uses the knowledge of customers to meet their needs and achieve, sustainable, valuable, and long-term relationships (Macguire et al 2012). In addition Customer-centric strategy refers to the orientation of an organization to the needs and behaviors of the customer (Hamilton, 2004), further Bailey (2005) defines customer-centric strategy as the act of aligning the resources of an organization to effectively respond to the ever-changing needs of the customer while building mutually profitable relationships. It thus differentiates a bank from its competitor that do not offer the same experience. Lamberti(2013) is in congruence with the above definitive propositions above and proposes a customer centricity construct that consists of co-creation, interactive CRM, internal and external integration.

Co-creation involves customization of product/service as well as marketing process (Wind & Rangaswamy, 2001).Customers are active players in the marketing process, as the ways through which products/services reach the customer and the nature itself of the content derives from a participatory decision- making process involving customers (Etgar, 2008; Payne et al., 2008). Therefore co-creation is a customer-based approach in which both the offer and the marketing processes are customized (e.g. Tersine & Harvey, 1998; Wind & Rangaswamy, 2001 as cited in Lamberti, 2013) through a co-opting of customer competences (Prahalad & Ramaswamy, 2004). With regards to co-creation a customer-centric firm epitomizes the ability to treat customers as if they were ideally unique and involving her/him in the value generation process (Lamberti 2013). He further argues that ‘co-creation means to know the individual customer, and help her/him satisfy his unique informative and relational needs with the company. The dimensions of co-creation include, organizational learning, customer learning and customer experience, (Payne at al 2008).

Empirical evidences linking co-creation to organizational performance are several for instance Tijmes (2010) studied the impact of co-creation on firm performance and found that it yielded innovation success; similarly Mortel (2010) examined the effects of co-creation strategies on financial performance and found positive results. The finding of(Tijmes,2010; Mortel 2010) concur with those of (Chu 2015,Hamidi and Gharrneh 2017, Chu et al 2010) who also did studies on co-creation and performance and found significantly positive results, however not all the above reviewed studies are without limitations. Studies by Tijmes(2010) focused on organizational performance in the dimension of innovation of new products and services elsewhere Mortel(2010) focused his studies on financial measures such as profits, ROE etc. on the other hand Chu (2015) focused on logistics performance measurements and used descriptive survey research design which is deemed weak to reveal cause effect relationships.

Overall the above studies (Tijmes 2010; Mortel ,2010; Chu ,2015;Hamidi and Garneh ,2017; Chu, Yim and Lam 2010) have focused on different measures of organization performance such as financial, logistics and innovation capability and none of them examined non-financial performance measures such as customer satisfaction and service quality.

Interactive Customer Relationship Management strategy is defined by (Lamberti & Noci, 2009a) as relationship based thus suggesting that the stimulation of the emotional self in CRM could be a peculiar customer-centric manifestation. Existing literature therefore posit that a customer centric approach to CRM is not only anchored on the technological capabilities of CRM but is fostered by human analytics enabling a stimulation of dialogue. It is through communication between the customer and the organization that CRM enables the generation of customer intelligence and builds lasting relationships**.**

Empirical studies linking CRM to organizational performance are several (Coltman , Devinney and Midgley 2010; Shafique , Ahmad , Abbas , Hussain , 2015) focused on financial performance and found positive results although Shafique , Ahmad , Abbas , Hussain , (2015) also examined the moderating role of competition intensity. Elsewhere Harorimana Sr et al (2012) studied the impact of CRM systems on financial performance also found positive results. The results concur with those of Mohamad , et al (2014) who examined CRM capabilities non-financial performance dimensions such as perceived performance, customer loyalty and relationship performance and also examined the mediating role of market orientation while Shavazi, Moshabaki, Hoseini, Naiej (2013) studied the relationship between CRM and performance based on four perspectives of Balanced scorecard. The study methods employed were diverse and deemed to be insufficient to establish causality relationships. Coltman,Devinney and Midgley (2010) employed a cross-sectional survey research design while Harorimana et al (2012) did a case study elsewhere Mohamad et al (2014) did a review of literature while Shavazi, Mashabaki, Hoseini Naiej(2013) employed a descriptive survey research design.

Overall the above studies(Coltman , Devinney and Midgley 2010; Shafique , Ahmad, Abbas , Hussain , 2015; Harorimana Sr et al 2012 ; Mohamad , et al 2014; Shavazi, Moshabaki, Hoseini, Naiej 2013) have focused on different measures of performance such as financial performance, performance based on balanced-score card, different dimensions of non-financial performance other than service quality and customer satisfaction. Therefore the effect of CRM non-financial performance in the dimensions of customer satisfaction and service quality in the banking sector is not known.

Internal integration is the degree to which a firm can structure its organizational practices, procedures and behaviors into collaborative, synchronized and manageable processes in order to fulfill customer requirements(Zhao, Huo,Selen,Yeung 2011 as cited in Afshan 2013).Internal integration refers to information sharing between internal organizational functions, strategic cross-functional cooperation and working together. According to systems management perspectives every function should be integrated for the organization to pursue excellent performance (Zhao, Huo, Selen, Yeung 2011). Internal integration recognizes that different functions within a firm should not act as functional silos but instead be part of an integrated process. According to Lamberti, (2013) in service companies it is important to organize around touch points however the cultural dimension of customer centricity is seen as pre-eminent compared to the simple organizational configuration. Internal integration requires consistence in customer management approach among different departments (O'Leary-Kelly & Flores, 2002 as cited in Lamberti 2013).

Past empirical studies such (Flynn et al 2010; Afshan 2013; Teixeira, Koufteros and Peng 2012; Osei and Kağnıcıoğlu 2017; Stank and Keller, 2001) found positive result in relation to the effect of internal integration on organizational performance however the dimensions of performance under study were varied. (Flynn et al 2010; Afshan 2013) studied financial performance as well operational performance. Elsewhere (Teixeira, et al 2012) found at the internal integration influenced performance in the following ways product innovation performance; product quality performance; product delivery time performance; flexibility performance and cost performance. Osei and Kağnıcıoğlu (2017) found positive relationship between firm performance in fast food delivery, found that it lead to customer satisfaction. Meanwhile (Stank and Keller, 2001) established that internal collaboration resulted in improved logistical performance. The studies also adopted varied research methods, descriptive survey research design was adopted by (Stank and Keller, 2001; Osei and Kağnıcıoğlu 2017; Flynn et al 2010) whose ability to reveal a causality relationship is minimal. (Afshan 2013; Teixeira, Koufteros and Peng 2012) on the other hand employed literature review. Osei and Kağnıcıoğlu 2017 studied information sharing as the dimension of internal integration leaving out dimensions such as cultural, behavioral procedural dimensions of internal integration on non-financial performance dimensions such as service quality and customer satisfaction.

Organizational performance refers to how well an organization is doing to reach its vision, mission and goals. Assessing organizational performance is a vital aspect of strategic management. Organizational performance can be measured using financial measures and referents, the balanced score-card perspectives and the triple bottom line (the three Ps people, planet and profits) (Financial Times 2015). Non-financial performance measures include an individuals or an entity's performance that is not expressed on monetary terms. Non-financial performance measures are sometimes considered to be leading indicators of future financial performance (Financial Times 2015). Non-financial information is more long-termed focus than financial information. Financial measures mostly focus on annual and short-term performance of accounting indicators. Non-financial performance has a direct impact on a company's future expected financial targets (Dominique, 2009).

The current study focuses on customer satisfaction which normally is a post consumption evaluation or a pleasurable level of consumption-related fulfillment (Henning-Thurau and Thurau, 2003) or a conscious evaluation or cognitive judgment that a product has performed relatively well or poorly or that the product is suitable or unsuitable for its purpose. The study also focuses on service quality which is a measure of how well the service level delivered matches customer expectations (Lewis and Booms, 1983).

In Kenya there are 42 commercial banks, 1 mortgage finance company, 12 microfinance banks, 8 representatives of foreign banks, 86 foreign exchange bureaus, 14 money remittance providers and 3 credit reference bureaus. All the banks are regulated by the central bank of Kenya. Kenya has 40 million people as compared to Nigeria's 22 for 180 million and South Africa's 19 for 55 million (Cytonn Investments, 2015).

KCB Bank Kenya Ltd is a licensed commercial bank regulated by the Central Bank of Kenya. The bank has a branch network of 234 branches, 962 ATMs, 13,562 agents country-wide with listings in NSE with a customer base of 10.1M customers. The bank is facing the same challenges as those faced by peers in the industry with the interest rate capping act 2015 reducing the expected interest income (KCB Financial Report 2016). Accenture Strategy (2016) found that most bank customers desire from their banks competitive pricing, high quality customer service, good value for money, trustworthiness, easy to do business with, broad product/ service range, skilled workforce that is aware of customer's needs, tailored customer experience, digital interaction, sustainable business practices, innovation and engaging communications. However KCB group Facebook page in the period between April 1st and May 15th whence major complaints included: loan payment updates, internet banking access and ability to view statements and balances online, unacceptable customer experience, slow service recovery, Long Turn Around Time for loans, delayed M-pesa transfers, Service employees not responsive to customers(slow, rude, not caring), Long Queue times, Systems security complaints, KCB App failures insecurity, Difficult for business people. Most importantly the NPS score for the year 2016 was at 35% against the country inter-industry average of 50% which is considered good enough (Daily Nation 14th Sep), while CSI was at 75% which below the global banking industry average of 83.6% and global target of 92% (KPMG 2016). This shows that there are still problems regarding customer satisfaction and service quality.

1.2 Statement of the Problem

Customer-centric strategy is a way of banking based on trust and fairness and knowledge of customer competences as well as alignment of resources in in order to build lasting and mutual relationship and gain competitive advantage. KCB bank launched new brand purpose and values after extensive staff training in August 2015, the bank launched eCRM in May 2015. Despite the investments CSI and NPS scores for the year 2016 are still low, The NPS stood at 35% against 50% which is considered good enough for any organization, The CSI ratings were 75% which below the global banking industry average of 83.6% and global target of 92%. This therefore means that the bank is not doing well in the non-financial performance parameters especially in Migori County branches where the NPS for SME segment stood at -2% , Micro segment at 17% while personal banking segment stood at 35%. Empirical studies linking customer-centric strategy constructs to organizational performance are many but most fell short of examining customer integration, interactive customer relationship management and internal integration on non-financial performance which has a direct impact of an organizations financial performance, besides its more long term and thus a strategic measure of performance. Consequently the effect of CCS non-financial performance in the Banking sector in

Kenya is not known. Therefore the purpose of this study is to establish the effects of Customer Centric Strategy on Non-financial performance of KCB Bank Kenya Ltd.

1.3 Study Objectives

The purpose of the study was determining the effect of Customer-Centric Strategies on the non-financial performance of KCB Bank Kenya Ltd.

Specific Objectives

i. To establish the effect of co-creation on non-financial performance of KCB Bank Kenya Ltd.

ii. To analyze the effect of an interactive CRM on non-financial performance of KCB Bank Kenya Ltd.

iii. To establish the effects of internal integration on non-financial performance of KCB Bank Kenya Ltd.

1.4 Research hypotheses

i. H_o: $\beta_1 = 0$, Co-creation does not affect non-financial performance of KCB Bank Kenya Ltd.

ii. H_o: $\beta_2 = 0$, An interactive CRM has no effect on non-financial performance of KCB Bank Kenya Ltd.

iii. H_o: $\beta_2 = 0$, Internal integration affects does not affect non-financial performance of KCB Bank Kenya Ltd.

1.5 Scope of the study

The study analyzed CCS constructs such as customer integration, internal integration and interactive CRM and its resulting effect on non-financial performance with an emphasis on customer satisfaction and service quality as dimension of the dependent variable. All other variables other than the ones mentioned above are out of the scope of this study. The study was conducted on KCB bank branches in Migori County which included: Isebania, Kehancha, Sori, Migori and Rongo. The study was conducted between July and August 2017. This study was carried out Migori County since no similar study has been carried out in the area; moreover there is no evidence on how CCS dimensions had led to customer satisfaction and service quality in KCB Bank Branches in the area.

1.6 Significance of the Study

The study gave insight on the importance of customer Centricity strategies when implemented. The study suggests a conceptual model of the CCS and thus gives a guide on how to adopt it. This research work is beneficial to the banking industry since it encouraged proactivity in the challenging regulatory and economic environment. This research also added to the immense pool of work that is already available.

1.7 Conceptual Framework

A conceptual framework is a structure that tries to explain the relationship between variables in the study and shows the relationship by use of diagrams. It was a hypothesized model identifying the concepts under study and their relationship (Mugenda & Mugenda, 2003). The Occurrence or change of independent variables will result in change in the dependent variable. The customer-centric strategy dimensions such as co-creation, interactive CRM and internal integration are hypothesized to have an effect on non-financial performance dimensions such as customer satisfaction and service quality.

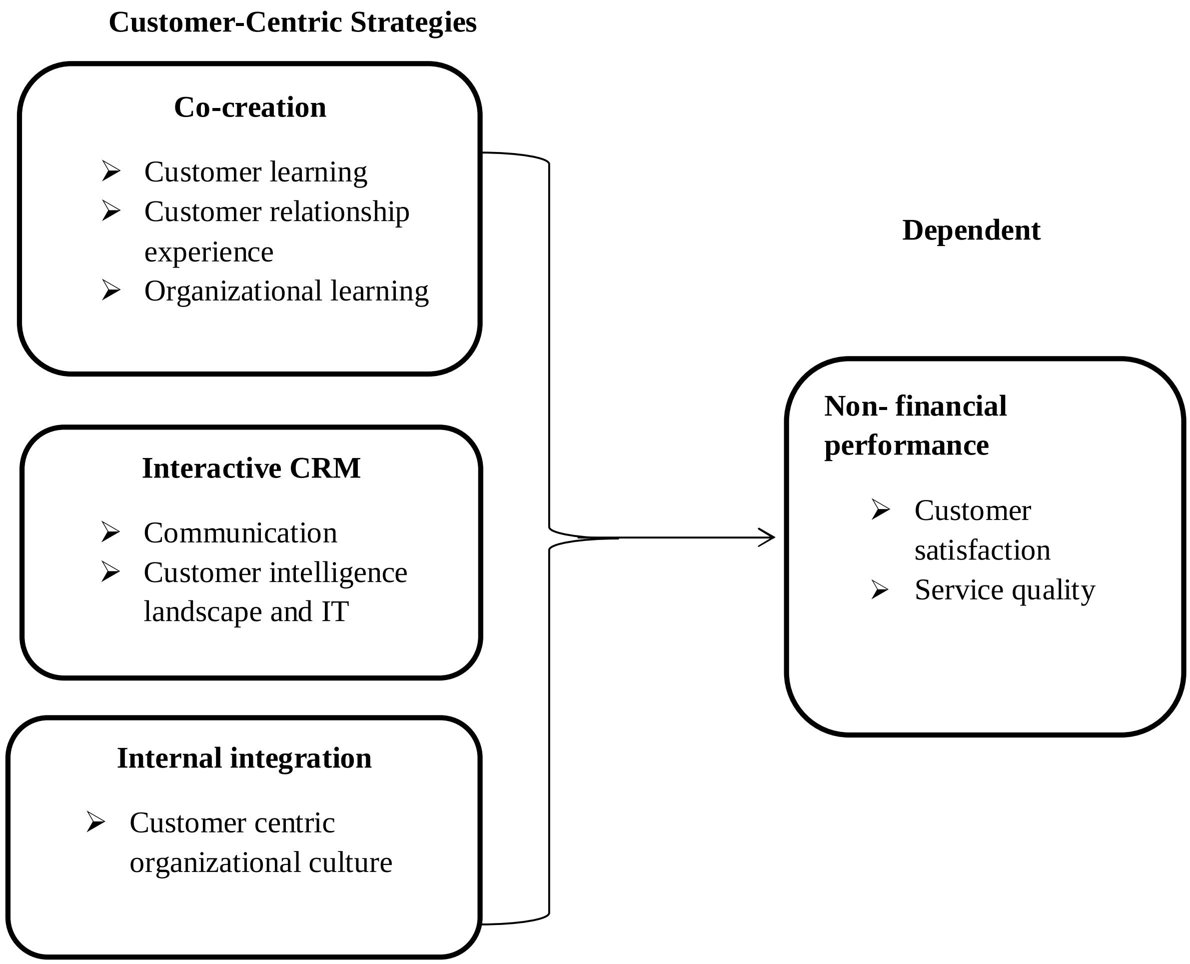

Figure 1.1 Relationship between customer centric strategies and non-financial performance.

Source: Author, (2017)

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter reviews both theoretical and empirical literature related to customer-centric strategies and performance of commercial banks with view of establishing the knowledge base in the extant literature so as to build a case for the current study. The review begins with theoretical perspectives then proceeds to review empirical literature and reveals the study gap.

2.2 Theoretical Review

This review explores theoretical foundation of the study by advancing the theory that guided the study as well as defining the concepts and dimensions of the variables. According to Kerlinger (1979), a theory as a set of interrelated constructs, definitions and propositions that presents a systematic view of phenomena by specifying relations among variables with the purpose of explaining natural phenomena. In research study, a theory might appear as an argument, a discussion or a rationale, and it helps to explain or predict phenomena that occur in the world (Kerlinger, 1979). In a quantitative study like the current research, the researcher uses theory deductively with the objective of testing and verifying its conformity or disconformity by results. In this regard, the current study will be anchored on the Resource Based View Theory.

2.2.1 Resource-Based View Theory

The resource-based view theory as proposed by Wernerfelt (1984) and thereafter by Barney (1986) suggests that the resources possessed by a firm are the primary determinants of its performance, and these may contribute to a sustainable competitive advantage of the firm. The resource-based view theory regards the firm as a cognitive system, which is characterized by idiosyncratic and context-dependent competences that are core to strategic purpose. These are conditioned by hierarchical capabilities, or sets of routines, involved in the management of the firm's core business processes that help to create value. The premises of the resource-based view is that successful firms develop distinctive capabilities on which their future competitiveness will be based; which capabilities are often idiosyncratic or unique to each firm, and may also be tacit and intangible in nature. Competitive advantage is seen to be founded on a complex of competences, capabilities, skills and strategic assets possessed by an organization, or in other words from the astute management of physical and intellectual resources which form the core capability of the business. The resource based view Barney (1991) posits that, to gain competitive advantage, firms need to develop resources that are casually ambiguous, socially complex and difficult to imitate over time. One way to create such a resource according to Barney and Hansen, (1994) is through effective interaction with primary stakeholders. For example, firms which are able to engage stakeholders beyond market transactions create socially complex, resources that are not time barred but based on reputation and trust.

The resource-based view of the firm in this study explains how organizations such as KCB Bank Kenya Ltd allocate scarce resources in internal integration, co-creation and interactive Customer Relationship Management in order to be customer centric and exploit competitive capabilities in terms of customer satisfaction and service quality.

2.2.2 The Concept of Strategy

Strategy is the pattern of activities which has an impact on the achievement of the organizational objectives in relation to its environment. Strategic management is the most important activity undertaken by any business or public organization (Eisenhardt and Zbaracki, 1992 as cited in ondieki 2010). According to Teece et al., (1997 as cited in ondieki 2010) business strategy is concerned with how the company competes within a particular industry. If the company is to prosper within an industry it must establish a competitive advantage over its rivals. Managers are constantly learning to play by a new set of rules. According to (David 2007 as cited in Ondieki 2010), strategy can be described as the unique and distinctive actions that a company takes on the organizations value chain to achieve a competitive advantage that will contribute to greater net profitability. Organizations must be flexible to respond rapidly to competitive and market changes. They must benchmark continuously to achieve best practice. They must outsource aggressively to gain efficiencies. And they must nurture a few core competencies in race to stay ahead of rivals. The purpose of a strategy is to make a company fit into its business environment.

2.2.3 Customer-Centric strategy

Customer centricity refers to the orientation of an organization to the needs and behaviors of the customer (Hamilton, 2004). Bailey (2005) defines customer centricity as the act of aligning the resources of an organization to effectively respond to the ever-changing needs of the customer while building mutually profitable relationships. Hamilton (2004) posits that customer centric organizations have moved beyond lip-service and reoriented their entire operating model around the customer, increasing their satisfaction and their profitability in the process. Mburu (2012) posits that customer centricity occurs when organizations make the needs of individual customers at the starting point for planning new products and services or improving the existing. This is further defined by many authors and practitioners alike to include three main hallmarks: customer intelligence generation which involves gaining a deep knowledge of customers by establishing dialogue with them to establish their deep and unconscious needs; co-creation which involves co-optation of customer competences in innovation and marketing processes and experience marketing which involves understanding every single frustration a customer may have during a relationship with the organization and making every single person interacting with the customer behave in a way to prevent such frustration (Lamberti 2013).

2.2.4 The customer-centric strategies construct

Lamberti (2013) posits that customer-centric firms manifest: a continuous interaction with customers aimed at generating intelligence and at understanding customer explicit and hidden needs (in the following: interactive customer relationship management); a systematic involvement of customers in marketing and NPD decision making (in the following: co-creation);strongly coordinated organizational structures, gathering and sharing information about the customer and responsively and managing the interface all along the touch-points (in the following: internal integration) and; the presence of a supply-chain coordinated with the firm and able to face the customization required by customers (in the following: external integration. Hence, following Jarvis and colleagues' arguments (2003) as cited in Lamberti (2013), customer centricity can be hypothesized as a reflective construct with four dimensions of manifestation.

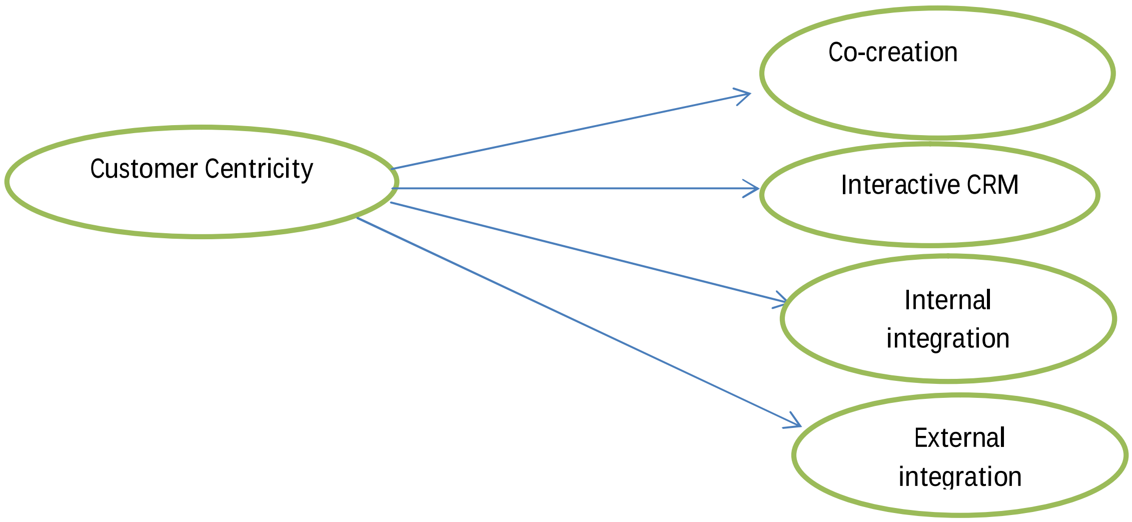

Fig 2.1: CCS Construct As Adapted From Lamberti (2013)

2.2.4.1 Co-creation

Co-creation is defined as developing new products and services in a quicker more relevant and innovative way than traditional processes which brings about an opportunity for continued interaction between the firm and its customers and the firm willing to work with external stakeholders(Wandahl et al 2011; Sawhney 2006 as cited in Lamberti 2013). Each value creation process (customer and provider) developed during the direct interaction merge into one integrated dialogical process in which both parties operate within the processes of the other and have an opportunity to be active, coordinate actions and learn from each other. This eventually leads into direct influence from each party on the other (Ind and Coates 2013). Sanders and Simons (2009) have different categories of co-creation which include: monetary co-creation, use/experience co-creation and the societal value of co-creation. The models of co-creation proposed by Ghazawneh (2008) include Mass collaboration, which entails involving customers to do some of the roles that firms traditionally did themselves; mass customization(Kolha 1995) entails the economies of scope that arise due to a broader product range and reduced cost for the firm due to the fact that the consumers can alter the product for themselves(Dell computers); user involvement deals with participative decision-making in either consultative representative or consensus setting (Marnford 1979) and result in improved quality of the system and improved acceptance of the system(Ives and Olsen 1985). The quality of the system is improved due to a more accurate assessment of user requirements, the expertise provided about the organization, the avoidance of unacceptable or unimportant features and improvements in user understanding of the system (Robey and Farrow 1982). Co-creation has six operational indicators these include: customer learning, customer relationship experience, exchange practices, collaborative practices, supplier relationship experience, and organizational learning. This work shall focus on indicators as elaborated below (Payne and Frow 2008).

2.2.4.1.1 Customer learning

The customer's experience of a supplier and its products is a culmination of the customer's cognitions, emotions and behavior during the relationship. The elements are interdependent and involve the customer in thinking, doing as an integral part of their role in value co-creation. The relationship experience leads to customer learning. The degree of involvement and satisfaction with the relationship experience will determine whether the relationship is on-going. The supplier's role therefore is that of providing experiential encounters which customers perceive as helping them utilize their resources. By understanding the customer cognition, emotion and behavior in this broad experiential sense the supplier can shift focus from marketing communication to dialog with customers in support of their experiences and learning (Payne et al 2008).

2.2.4.1.2 Customer experience

Arnould and Thompson (2005 as cited in Payne, Storbacka and Frow 2008) emphasize emotions and contextual, symbolic aspects of consumption and thus consider value to reside not in the object of consumption but in the experience of the consumption. Consumption includes a flow of fantasies feelings and fun (Addis and Holbrook 2001) as cited in Payne, Storbacka and Frow 2008).According to Galbraith (2005) as cited in Lamberti (2013) customer experience involves solution, from case to case, varied from a combination of product and services to a more complex interaction where products and services are provided as a means to satisfy functional and relational needs. Lamberti(2013) further posits that customer-centric experience involves understanding 'every single frustration a customer may experience during the relationship with the company and making all the people interacting with the customer behave with the objective of preventing such frustration.

2.2.4.1.3 Organizational learning

The service dominant (S-D) logic emphasizes knowledge as a key operant resource (Payne Payne, Storbacka and Frow 2008). Knowledge about customer's value creating process should not be based solely on hard data such as customer satisfaction measures but should incorporate a deep understanding of customer experiences and processes. Organizational learning indicates that as the organizations learns more about the customer more opportunities become available to the supplier to further improve the design of the relationship experience and enhance co-creation with the customer (Payne Payne, Storbacka and Frow 2008). Consumer expectations and motivation should be considered so as to use the full potential of co-creation. The best way to understand the expectations is with the help of segmentation Gruner(2000 as cited in Payne, Storbacka and Frow 2008). The more a company can breakdown its customers into different groups with different needs and expectations the better it can serve them (Day 2003).In order to drive co-creation of value organizations need to learn how to reward loyalty and reward customer loyalty in ways that is meaningful to the customers (Sheth, Sisodia and Sharma 2000). Gerbert et al (2003) also posit that to build good relationships with customers it is necessary to serve each customer according to his preferences which requires a management of "customer knowledge'' as referred by Davenpost et al (2001). Researchers have established that each additional year of a relationship between a firm and a customer, the customer becomes less costly to serve because of learning effects and decreased servicing costs. In the long run loyal customers build businesses by buying more, less price- sensitive products and services and providing new referrals through a positive word of mouth (Keaveney 1995).

2.2.4.2 Interactive customer relationship management

Customer centricity is essentially relationship based (Gummenson 2008). There is need to link value in generating engagement (Lamberti & Noci 2009) stimulating the emotional self in CRM could be a peculiar customer centric manifestation. Boaz Allen Hamilton(2004) posit that one way unintentional transfer of information is not dialogue but direct marketing and is far less effective than building a shared base of knowledge with the customer based on a relationship of trust and reciprocity. A helpful construct in understanding how to build interactive relationships is a social sciences concept called the Johari window which describes interpersonal communication in terms of four quadrats: open, blind, unknown and hidden(Luft 1984 as quoted in Boaz Allen Hamilton 2004). Banks need to enlarge this window to include information in the hidden quadrant (known only to the customer). In soliciting this information banks need to leverage information in the blind quadrant (Known only to the bank) to educate customers (Boaz, Allen and Hamilton 2004). According to Hassan, Nawaz,Lashari, Zafar(2015) Customer Relationship Management is used to define a process of creation and maintenance of relationship with customers. CRM integrates firms entire supply chain to create customer value at every step either through increased benefits or lowered costs. Due to CRM companies know their customers and understand their unique needs in a sustainable competitive manner that can yield significant incremental shareable value. CRM technology fosters gathering and interpreting various kinds of customer data in order to enhance relationship with the customer.

2.2.4.2.1 Communication

Dixon, Freeman and Toman, (2010) posit that organizations should provide an appropriate forum for customers to complain and give feedback to the organization. They argue that suggestion boxes, toll free numbers, websites and e-mail communications help for quick communication. They further posit that organizations should reduce the efforts customers spend to have their issues resolved as this causes to switch from on service provider to the other thus banks should stop trying to delight customers and just solve their problems. Complaint management is also an important marketing variable and a key element in marketing and CRM by extension. Thus in applying a CRM system within the firm the customer data needs to be expanded in order to include non-transactional data such as general enquiries, suggestions and complaints(Bose,2002 cf Stefanou, Sarmaniotis,Stafyla 2003).

2.2.4.2.2 Customer intelligence and IT landscape

According to Ojasalo, (2001) as cited on Mburu (2012), customer-centric strategy involves continuously obtaining and analyzing the customer input from every touch point that a customer may have with the organization. Luigi-Nicholae (2007) posits that a customer centric organization must have data that supports it customer relationship and must be analyzed according to transactions, by value, geography the data is then shared which makes it valuable. Attaining customer intelligence involves adopting a disciplined approach to collecting data on customer's behavior and sentiment across multiple interactions then use those data to gain deep knowledge of current and predicted customer needs as opposed to customer data that is siloed around specific products or channels (BCG, 2012). According to Harorima (2012) CRM system enables a bank to: identify customers specific needs, have a personalized view of business customer, identify the most profitable business customers, deliver efficient and standardized care and identify the most risky customers.

2.2.4.3 Internal integration

Internal integration is the degree to which a firm can structure its organizational practices, procedures and behaviors into collaborative, synchronized and manageable processes in order to fulfill customer requirements(Zhao, Huo,Selen,Yeung 2011 as cited in Afshan N 2013).Internal integration refers to information sharing between internal organizational functions, strategic cross-functional cooperation and working together. According to systems management perspectives every function should be integrated for the organization to pursue excellent performance (Zhao,Huo,Selen,Yeung 2011). Internal integration recognizes that different functions within a firm should not act as functional silos but instead be part of an integrated process. According to Lamberti, (2013) in service companies it is important to organize around touch points however the cultural dimension of customer centricity is seen as pre-eminent compared to the simple organizational configuration. Internal integration requires consistence in customer management approach among different departments (O'Leary-Kelly & Flores, 2002 as cited in Lamberti 2013). According to (Toivo,2009) internal integration is in play when staff exhibit a coordinated frame of mind across all functions, there is substantial collaboration across all functional units and cooperate headquarters, all staff understand internal processes and exhibit a single work culture and attitude, staff are focused on ensuring excellent customer experience ,the organizational procedures are simple and well explained to customers and information is shared across all functional units.

In addition literature emphasizes the importance of employee orientation towards customer experience as a major hallmark of the customer-centric strategy construct. Customer Orientation of Service Employees (COSE) refers to the extent to which employees" behaviour in personal interactions with customers meets those customer needs (Henning- Thurau and Thurau, 2003). COSE is defined in three dimensions lying between „individual dual knowledge", „personal willingness", and „social allowance" as prerequisites for employees" general behaviour. The three dimensions are: employees" customer- oriented skills, the motivation to serve customers and perceived decision-making authority. The authors provided empirical support that an employee can only behave in a fully customer-oriented sense if all dimensions exist, that is, if they are motivated, competent and allowed to treat customers according to their requirements. The implication of COSE is that bank employees equipped with customer skills" will provide high quality service to customers leaving them highly satisfied.

2.2.5 Customer Satisfaction

Customer satisfaction is a post consumption evaluation or a pleasurable level of consumption-related fulfillment (Henning-Thurau and Thurau, 2003). Oliver (1981) defines satisfaction as an evaluation of surprise inherent in the product acquisition or consumption experience. A conscious evaluation or cognitive judgment that a product has performed relatively well or poorly or that the product is suitable or unsuitable for its purpose, another dimension involves the effect of feeling towards the product (Swan, Trawick and Carroll 1981). Westbrook (1983) defines customer satisfaction as an emotional response to the experience provided and associated with a particular product or service purchased, retail outlets, or even molar patterns such as shopping and buying behavior as well as the overall market place. An emotional response triggered by cognitive process in which perceptions of the object action or condition are compared to ones values (needs, wants and desires).

Empirical literature by Alghwery and Bach (2014) found that customer satisfaction is a key determinant factor in the survival of a business organization in the future. However Keiningham, Perkins-Munn, Aksoy and Estrin, (2005) on studying effect of customer satisfaction on profitability with a mediating role of share of wallet found that customer revenue correlated negatively with customer profitability for unprofitable customers, and positively for profitable customers. Practically implying that a simplistic focus on improving customer satisfaction for all customers in order to improve share-of-wallet and customer revenue is not the best approach to maximize firm profitability. Thus customers should first be segmented by their profitability to the firm before expending resources to improve customer satisfaction and share-of-wallet.

2.2.6 Service Quality

Service quality in its contemporary conceptualization is a comparison of perceived expectations (E) of service with perceived performance giving rise to the equation SQ=P-E the conceptualization of service quality has its origins in expectancy-disconfirmation paradigm (Oliver, Balakrishnan and Barry 1994). Schemer's (1986, 2004 as cited in (Olorunniwo, Hsu, 2006) service classification scheme suggest and predict the dimensions that will likely be dominant in the mass service context are: . "Tangibility" (includes the physical facilities, equipment, and appearance of personnel)."Responsiveness" (the willingness or readiness of employees or professionals to provide service targeted to customers' specific needs). Knowledge" (the knowledge and competence of service providers, possession of necessary skills, etc.). . "Accessibility" (the service provider's ability – through its location, operating hours, employees and operational systems – to design and deliver the service capable of adjusting to the demands and wishes of customers in a flexible way)."Reliability" (the degree to which customers can rely on the service provider to keep promises and perform with the best interests of the customers) (Olorunniwo, Hsu and Udo 2006). Delivering quality service means conforming to customer expectations on a consistent basis". The literature conceptualizes service quality as the result of the comparison between delivered and expected service performance (Parasuraman et al., 1985). The American model, also known as the "gaps analysis model" defines service quality across five dimensions (Parasuraman, Zeithaml and Berry 1985): reliability; responsiveness; assurance; empathy; and tangibles however Tsoukatos , Mastrojianni ,(2010) proposed a SERVQUAL model for retail banks, BANQUAL-R which consists of a battery of attributes and includes four of the five SERVQUAL dimensions (Assurance, Empathy, Reliability and Responsiveness as part of Effectiveness) plus retail-banking specific elements such as Effectiveness and Confidence.

Empirical studies suggest that improved service quality increases profitability and long-term economic competitiveness. A business with high service quality will meet or exceed customer expectations whilst remaining economically competitive (ASQ the global voice of quality). In the state of market complexity such as that faced by retail banks today it is imperative to achieve customer longevity, which can only be accomplished through service excellence (Lassar et al., 2000 as cited in Tsoukatos, Mastrojianni, 2010).

2.3 Empirical literature Review

2.3.1 The effect of Customer Centric Strategy on organizational performance

Gikuhe (2014) assessed CCS strategy on the performance of commercial banks in Kenya and specifically determined the impact of CCS on acquisition and retention of customers; impact of CCS on profitability and the challenges facing the CCS strategy in commercial banks in Kenya. The target population was 43 banks in Nairobi and the respondents were the staff in the various banks. The study adopted a descriptive survey research design and found that CCS enables the banks to acquire and retain customers and leads to profitability the study further found that there were no challenges facing the customer centric strategy in commercial banks in Kenya.

Bii (2014) assessed the customer centric strategic approach for competitive advantage on customer satisfaction in CFC Stanbic Bank Kenya Ltd. The main objective was to find out the influence of enterprise technology on customer satisfaction at CFC Stanbic Bank Kenya Ltd. The study employing correlational survey research design found a very strong correlation between enterprise technology and customer satisfaction.

The studies above (Gikuhe 2014; Bii 2014) leave several desirable gaps Gikuhe (2014) looked at performance in terms of customer acquisition and retention , profitability and also delved into the challenges that may face CCS in Kenyan Commercial Banks. Bii (2014) looked at the influence of enterprise technology on customer satisfaction, enterprise technology being a subcomponent of CRM. Gikuhe (2014) employed a descriptive survey research design whose ability to establish causality are minimal, the target population was also bank employees hence the views could have been skewed. The performance parameters under study were also different in that the researcher assessed profitability which elicites ambiguity since there were no specific measures for profitability, the other parameter under study was acquisition and retention of customers. The study method employed by Bii (2014) was correlational however the effect of enterprise technology on customer satisfaction when target on the bank staff would lead to skewedness of information. In the current study therefore the researcher seeks to establish the effect of Co-creation strategy, interactive CRM and Internal Integration as the keys CCs strategies under study and Customer satisfaction and service quality as the parameters of non-financial performance the target population being customer of KCB branches in the study area.

2.3.2 Effects of co-creation on organizational performance

Tijmes (2010) sought to establish the impact of Co-creation on firm performance through innovation success in large Dutch firms that had more than 500 employees. The study used the descriptive survey research design. The study found that Co-creation benefits organizational performance through innovation by enabling development of new products and new customers. The study also found that Dutch firm is less inclined to co-creation.

Mortel ,(2010) the study examined the relation between the use of co-creation as a way of doing business and financial performance measurements of the firms listed in the S&P 50.The firm performance was looked at in terms of balance sheet measures such as (profit margins, ROE, ROA, Tobins Q). The results indicate that co-creation contributes to the success of the firm measured by financial indicators. Looked at the dimensions of co-creation such as Dialogue, Access, Risk Benefit and Transparency. The research method used was descriptive survey research design.

Chu (2015) the study logistics firm managers in Malaysia with an objective to investigate the value co-creation with a moderator effect of market turbulence and technology that influence sustainable logistics performance on Logistics Service Providers (LSP). The results revealed that DART model of Co-creation was positively significant in sustainable logistics performance. GST impact was found to positively significant on the part finance under sustainable logistics performance.

Hamidi and Gharneh (2017) examined the role of co-creation on the influences of innovation capability and firm performance. Population Top 500 Iranian large Enterprises selected from the ranking account of industrial management. The dimension of co-creation studied include value creation process for both the customer and service provider developed during the direct interaction merged into one integrated dialogical process in which both parties operated within the processes of the other and have the opportunity to be active, coordinate actions and learn from each other. The innovation capability dimensions include Knowledge, process and product innovation and looked at the financial dimension of firm performance. The relationship between co-creation and innovation capability was found to be positive, the relationship between innovation and firm performance was also found to be positive. The relationship between co-creation and firm performance was also found to be positive. The impact of co-creation on firm performance was found to be greater than its impact on innovation capability. The research method used was descriptive survey research design.

Chu , Yim and Lam (2010) the study examined the effects of customer participation on value creation and satisfaction for both customers and employees with different cultural value orientations in the context of Financial services. The population under study was 349 pairs of customers and employees in two national groups (Hong Kong and USA) of global financial institution. The study examines how CP drives performance outcomes (Customer satisfaction and employee job performance through creation of economic value. The study examined whether effects of Customer Participation on value creation depended on cultural value orientations. The findings indicate that customer participation enhances customer economic value attainment and strengthens the relational bonds between customers and employees but increases employee job stress and hampers their job satisfaction. Effects of Customer Participation depend on cultural values of both the service employees and service employees.

Empirical evidences linking co-creation to organizational performance are several for instance Tijmes (2010) studied the impact of co-creation on firm performance and found a positive relationship; similarly Mortel (2010) examined the effects of co-creation strategies on financial performance and found positive results. The finding of(Tijmes,2010; Mortel 2010) concur with those of (Chu 2015,Hamidi and Gharrneh 2017, Chu et al 2010) who also did studies on co-creation and performance and found significantly positive results, however not all the above reviewed studies are without limitations. Studies by Tijmes (2010) focused on organizational performance in the dimension of innovation of new products and services elsewhere Mortel(2010) focused his studies on financial measures such as profits, ROE etc. on the other hand Chu (2015) focused on logistics performance measurements and used descriptive survey research design which is deemed weak to reveal cause effect relationships.

Overrally the above studies (Tijmes 2010; Mortel, 2010; Chu, 2015; Hamidi and Garneh, 2017; Chu, Yim and Lam 2010) have focused on different measures of organization performance such as financial, logistics and innovation capability and none of them examined non-financial performance measures such as customer satisfaction and service quality. Moreover the studies focused on the DART model of co-creation with no study having focused on organizational learning, customer learning and customer experience and its effect on service quality and customer satisfaction. Consequently the effect of co-creation on non-financial performance of KCB Bank Kenya Ltd is not known.

2.3.3 Effects of CRM on organizational performance

Coltman , Devinney and Midgley (2010) examined the impact of CRM on firm performance using the hierarchical construct model. Method used was cross-sectional survey research method. Sample population was B2C firms in Australia (financial services, airlines, direct insurers, telecoms, retail companies, casinos). The study focused dimensions such as Human Knowledge, IT infrastructure, business architecture as dimensions of CRM, the performance dimensions were ROI, Revenue from new products and cost reduction. Results revealed a positive and significant path between superior CRM capability and firm performance; results suggested that the impact of IT infrastructure on superior CRM capability is indirect and fully mediated by human analytics and business architecture. CRM initiatives that emphasize customer intimacy and cost reduction outperform those that take a less balanced approach. Superior CRM capability is a robust indicator of firm performance. The study is however not without limitations in the sense that cross-sectional survey research method is not able to capture causality.

Harorimana Sr et al (2012) sought to establish the Impact of CRM on Organizational performance doing a case study on ANZ Bank. A case study research method guided by deductive philosophy. Reported findings from a review several case examples and interviews with bank senior managers as well as a review of bank reports, unpublished documents and on-line resources. Findings revealed that CRM had a positive impact organizational performance both financially and non-financially however there was also negative feedback on the bank's CRM system which illustrates that CRM system can also have negative consequences thus revealing that CRM success is questionable from a stand-alone perspective. Though it enhanced efficiency, connectivity, increased customer and employee retention, and ensured sustained financial performance growth the study established that and effective collaboration and management of people and processes culture and working environment is essential to implementing a successful CRM system.

Mohamad , et al (2014) The study sought to establish motives for which Malaysian SMEs adopt CRM and its impact on organizational performance and to establish the impact of the mediating role of Market orientation using extensive review of literature from online library search. The study proposed a conceptual model for SMEs organizations to highlight the importance of CRM, the CRM antecedents under study were; key customer focus, knowledge management, relationship marketing,CRM technology resources, the dimensions of performance studied included non-financial performance which included; perceived performance, customer loyalty and relationship performance . The study found that CRM positively influenced organizational performance in the dimensions mentioned above and the relationship was successfully mediated by market orientation.

Shavazi, Moshabaki, Hoseini, Naiej (2013) This study examined the link between customer relationship management and different measures of performance on the banking sector. Data were collected from the banking sector in Iran employing a descriptive survey research design. Based on extensive review of literature, the dimensions CRM (Initiation relationship and maintenance relationship) were extracted and also four measures of Balanced scorecard applied to performance. Results indicate that both components of CRM are significant predictors of all performance measures. This is true for all 4 indicators of performance: financial, customer based, internal process and learning and growth. One limitation of this research is that it is based on 366 bank employee respondents.

Shafique , Ahmad , Abbas , Hussain , (2015) studied the impact of CRM capabilities on organizational performance with the moderating role of Competition intensity. The study used an inductive research approach with a correlational research design since it was considered that CRM capabilities were correlated with organizational performance. The study targeted 300 employees of Telecom Organizations. The dimensions of performance under study were ROI, Revenue from new products, and cost reduction. . There was a positive correlation between CRM capabilities and organizational performance, competition intensity was found to strengthen the correlation. Competition intensity and CRM capabilities had a positive correlation with each other.

Empirical studies linking CRM to organizational performance are several (Coltman , Devinney and Midgley 2010; Shafique , Ahmad , Abbas , Hussain , 2015) focused on financial performance and found positive results although Shafique , Ahmad , Abbas , Hussain , (2015) also examined the moderating role of competition intensity. Elsewhere Harorimana Sr et al (2012) studied the impact of CRM systems on both financial and non-financial performance also found positive results though the study elicited that CRM system can also have negative consequences thus revealing that CRM success is questionable from a stand-alone perspective. The results concur with those of Mohamad , et al (2014) who examined CRM capabilities non-financial performance dimensions such as customer satisfaction, perceived performance, customer loyalty and relationship performance and also examined the mediating role of market orientation while Shavazi, Moshabaki, Hoseini, Naiej (2013) studied the relationship between CRM and performance based on four perspectives of Balanced scorecard. The studies were conducted on diverse study populations for instance Coltman,Devinney and Midgley(2010) focused on B2C firms in Australia, Mohamad et al (2014) studied the Malaysian SMEs, Harorimana Sr et al (2012);Shavazi, Moshabaki, Hoseini, Naiej (2013) conducted their study in the banking sector while Shafique , Ahmad , Abbas ,Hussain ,(2015) carried out their study on Telecommunication industry. The study methods employed were diverse and deemed to be insufficient to establish causality relationships. Coltman,Devinney and Midgley(2010) employed a cross-sectional survey research design while Harorimana et al (2012) did a case study elsewhere Mohamad et al (2014) did a review of literature while Shavazi, Mashabaki, Hoseini Naiej(2013) employed a descriptive survey research design.

Overall all the above studies(Coltman et al 2010;Harorimana Sr et al 2012; Mohamad et al 2014; Shavazi et al 2013; Shafique et al 2015) have focused on different measures of performance such as financial performance, performance based on balanced- score card, different dimensions of non-financial dimensions were employee satisfaction or perceived quality. Therefore the effect of CRM on dimensions such as customer intelligence and IT as well as Communication is on non-financial performance parameters such as customer satisfaction and service quality is still unknown. This study therefore seeks to establish the effects of CRM on Non-financial performance of KCB Bank Kenya Ltd.

2.3.4 The effects of internal integration on organizational performance

Flynn et al (2010) studied the relationship between three dimensions of SCI (customer integration, Supplier Integration, internal integration on operational and business performance, from both a contingency and a configuration perspective. The study adopted a descriptive survey research design and targets a population of 4569 companies across five cities in China. In applying the contingency approach, hierarchical regression was used to determine the impact of individual SCI dimensions (customer, supplier and internal integration) and their interactions on performance. In the configuration approach, cluster analysis was used to develop patterns of SCI, which were analyzed in terms of SCI strength and balance. Analysis of variance was used to determine the relationship between SCI pattern and performance. The findings of both the contingency and configuration approach indicated that SCI was related to both operational and business performance. Furthermore, the results indicated that internal and customer integration were more strongly related to improving performance than supplier integration. The dimensions of performance under study were operational performance and financial performance measures such as ROI, ROA, sales revenue etc.

Afshan (2013) sought to study the performance outcomes of the dimensions of SCI and firm performance and to develop a conceptual frame-work. The study adopted an extensive review of literature. The study argues that supplier integration, customer integration and internal integration would contribute to performance improvement which will be outcome of that particular integration effort. Hence, it proposes three different performances construct resulting specifically from supplier integration, customer integration and internal integration, which would further contribute to financial performance of firm.

Teixeira, Koufteros and Peng (2012) sought to determine how both internal and external integration influence performance outcomes, the study also sought to establish antecedents of organizational structure as a driver of integration. The researchers drew on organizational structure and resource-based view theoretical perspectives and presented conceptual model that propose a relationship between organizational structure and integration. The study proposed that: Internal integration is positively related to product innovation performance; internal integration is positively related to quality performance; internal integration is positively related to delivery time performance; Internal integration is positively related to flexibility performance and Internal integration is positively related to cost performance.

Osei and Kağnıcıoğlu (2017) studied the effect of Supply Chain Integration (SCI) on firm performance, and sought to specifically determine the impact of Supply Chain Integration on performance in the fast food delivery service industry. The research was conducted in a metropolitan city in Turkey with a considerable number of fast food delivery firms and moreover, with customers whose demand for fast food is essentially high the target population was a total population of 156 respondents. The study showed there is a positive relationship between SCI and firm performance. However, this research also contradicts some of the results of the earlier research on Supply Chain Integration. Analysis of the results and regression showed that internal integration is positively related to external integration and firm performance. However, the correlation coefficients between internal and external integration showed high relationship while the relationship between the internal integration and firm performance showed a very feeble relationship but was significantly related. Similarly, external integration significantly has a positive relationship with firm performance but their relationship was however weak but they were significantly related. The effective internal collaboration has influenced firm ability to provide desired quantities of products to customers on consistent basis. It also influenced firms’ ability to accommodate time for specific customers. As a result, customer satisfaction increased. However, the relationship is very weak but the significant relationship implies that firms should increase and improve their internal integration as this would generate an increased firm's performance.

Stank and Keller,(2001) The study sought to establish the influence of supply chain collaboration on logistics performance of 2680 strategic business units of manufacturing firms in the USA. The study method adopted was a descriptive survey research design. The findings reveal that internal collaboration significantly influences logistical service performance, which implies that firms should promote cooperation and collaboration across internal processes to achieve logistical effectiveness. Further investigation revealed, however, that collaboration with external supply chain entities influences increased internal collaboration, which in turn improves logistical service performance.

The studies above (Flynn et al 2010; Afshan 2013; Teixeira, Koufteros and Peng 2012; Osei and Kağnıcıoğlu 2017; Stank and Keller,2001) found positive result in relation to the effect of internal integration on organizational performance however the dimensions of performance under study were varied. (Flynn et al 2010; Afshan 2013) studied financial performance but in addition to financial performance Flynn looked at operational performance. Elsewhere (Teixeira, Koufteros and Peng 2012) found at the internal integration influenced performance in the following ways product innovation performance; product quality performance; product delivery time performance; flexibility performance and cost performance. Osei and Kağnıcıoğlu (2017) found positive relationship between firm performance, the dimensions of performance under study were non-financial such as customer satisfaction. Meanwhile (Stank and Keller, 2001) established that internal collaboration resulted in improved logistical performance. The above studies adopted diverse research methods, descriptive survey research design was adopted by (Stank and Keller, 2001; Osei and Kağnıcıoğlu 2017; Flynn et al 2010) whose ability to reveal a causality relationship is minimal. (Afshan 2013; Teixeira, Koufteros and Peng 2012) on the other hand employed literature review. The study populations adopted mainly involved production and manufacturing industries (Stank and Keller, 2001; Osei and Kağnıcıoğlu 2017; Flynn et al 2010).The above studies focused on information sharing and internal collaboration dimensions of internal integration however however no study examined the effect of customer-centric culture(COSE) on customer satisfaction and service quality. Consequently the effect of internal integration on Non-Financial performance of KCB Bank Kenya Ltd is not Known.

CHAPTER THREE: METHODOLOGY

3.1 Introduction

This chapter presents the methodology to be used by the researcher in obtaining data from the respondents. It covers research/study design, study population, sampling techniques, design, sample size, data collection instruments and procedures that the researcher employed in meeting the study objectives and the method to analyze data obtained from respondents.

3.2 Research Design

According to Saunders, Lewis and Thornhill (2009), research design is defined as an overall plan for research undertaking. The study adopted a correlational survey research design to obtain the empirical data to address the objectives of the study. According to Mugenda and Mugenda (2003), the correlational approach helps in determining whether and to what degree a relationship exited between the quantifiable variables whereas survey research seeks to obtain information that describes existing phenomena by asking individuals about their perceptions attitudes ,behaviour or value(Mugenda and Mugenda 2003). A correlational survey design enabled the researcher to obtain information about their perceptions towards service quality and customer satisfaction while at the same time stabling the correlation with customer-centric strategies.

3.3 Study Area

The study area therefore was KCB Branches in Migori County these include: Migori, Rongo, Kehancha, Isebania, Sori towns. The county is situated at 1°04′ S 34°28′E and 1°27′S 37°06′E and occupies 2586.4 square kilometres (998.6 sq mi). The study area is crucial because the NPS for SME segment stood at -2% , Microfinance segment stood at 17% and personal banking at 35% these are considered too low thus justifying the study.

3.4 Study population and sample size

The study population constituted of all the customers of KCB Bank branches in Migori County. Sampling is a procedure of selecting a part of the population (universe) in which to conduct the research. Due to large numbers of customers coupled with other internal constraints; it was not possible to cover all the targeted population a representative sample for the study will be selected. The population of the study will be 84,633 customers in the target branches. The sample size is informed by the population size and the acceptable margin of error adopted (Krejcie and Morgan 1970). The sample was determined by formula 3.1 suggested by Krejcie and Morgan (1970).

$S = X^2 NP (1 – P) \div d^2 (N −1) + X^2 P (1 – P)$………………. (Equation 3.1)

$S = 3.841* \ 84,633* 0.5 (1 – 0.5) \div 0.05^2 (84.633 −1) + 3.841*0.5 (1 – 0.5)= 382$

Where:

S = required sample size.

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).

Based on Equation 3.1 and values as have been substituted above, for the population of 84,633 the sample size is 382 respondents. This sample was selected for this study and drawn from the various branches according to the weighted measure based on the customer numbers of each branch. Table 3.1 shows the population and sample size for the study.

Table 3.1 Population and Sample Size

Branch	**Number of Customers (N)**	**Sample size(s)**
Migori	27342	122
Rongo	17431	80
Sori	11192	50
Kehancha	17523	80
Isibania	11234	50
Total	**84633**	**382**

Source: KCB Bank (2017)

3.5 Data Collection

Collection of data was through sets of self-administered structured questionnaires adopting a matrix question with Likert type scale, which will be administered to 382 targeted respondents in the study area. Questionnaire is preferred due to its reliability, less time consuming and easier to analyze moreover matrix questions are easier to complete and comparing responses given to different items and also give respondent easy-time (Mugenda and Mugenda 2003).

3.6 Reliability and Validity of the Research Instrument

Reliability is the measure of the degree to which a research instrument yields consistent results or data after repeat trials. Reliability in research is influenced by a random error which is a deviation caused by factors that is not addressed by the researcher while validity is the accuracy and the meaningfulness of inferences which are based on the research results. In other words validity is the degree to which results obtained from the analysis of data actually represent the phenomena under study (Mugenda and Mugenda 2003). The questionnaire was tested for content validity by expert reviews. The questionnaire was pretested on ten (10) respondents who were then excluded during the actual data collection exercise. The aim was to establish the relevance of the instruments for collecting data, identify any anomalies likely to occur at the actual data collection process and check whether instructions are clearly and understood by the targeted respondents. The reliability of the data collection instrument is to be determined using the Cronbach's Alpha (KR20) of 0.7 threshold.

The reliability analysis was conducted on all the multi-items scales to check the internal consistency of the scales and constructs. In this view, the study adopted a cut off 0.7 Cronbach's coefficient which was recommended by Bagozzi and Yi (1988) as a good indicator of reliability. Reliability test range between alpha coefficient of 0.748 to 0.839 as lowest and highest scale respectively. Since the alpha values are greater than the recommended value of 0.7, reliability test was therefore acceptable. The reliability results have been presented in table 3.2 below.

Table 3.2: Analysis of Internal Consistency.

Constructs	No. of Items	Cronbach's Alpha Coefficient
1. Co-creation	10	0.781
2. Interactive Customer Relationship management	7	0.798
3.Internal Integration	8	0.839
4. Customer Satisfaction	5	0.794
5. Empathy and Assurance	6	0.804
6. Effectiveness	8	0.794
7. Reliability	6	0.748
8. Confidence	4	0.756

Source: Field Survey, 2017

3.7 Data Analysis

The completed questionnaires were edited for completeness and consistency. Data clean-up followed. This process involved editing, coding, and tabulation in order to detect any anomalies in the responses and assign specific numerical values to the responses for further analysis. The data was then be analyzed using descriptive statistics. The statistical tools (SPSS and Excel) helped the researcher to describe the data. The Likert scale was used to compute the mean score and standard deviation. The study further employed a multivariate regression model to study the relationship between CCS and non-financial performance of KCB Bank branches in Migori County. Regression model was deemed the most reliable to establish correlation. The following model will be adopted for data analysis.

$\mathbf{Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon}$ …. [Equation3.2]

Where;

Y = non-financial performance

β_o = constant

$\beta_{1,}\ \beta_{2,}\ \beta_3$ = coefficients for independent variables X_i

$X_{1,}\ X_{2,}\ X_{3,}$ = independent variables;

X_1 - Co-creation

X_2 – Interactive CRM

X_3 – internal integration

ε = Error term (assumed to have a normal distribution, zero mean and constant variance).

3.8 Data Presentation

The findings was presented using tables and graphs for further analysis and also to facilitate comparison, while explanation to the table and graphs was given in prose. This aided in generating quantitative reports through tabulations, percentages, and measure of central tendency.

3.9 Research Ethics

The study collected sensitive information; therefore, the researcher holds a moral and ethical obligation to treat the information with modesty. The researcher assured the respondents of confidentiality of the information given to ensure that the respondents are not reluctant to give the information as sought by the study.

CHAPTER FOUR: RESULTS AND DISCUSSION

4.1 Introduction

This part is divided into two main sections. The first section addresses the descriptive aspects of the data such as the demography of the sample data while the second part deals with the quantitative or inferential statistics. It basically shows the extent of the adoption of the Customer Centric strategies, the observed relationship between the three dimensions of customer centric strategies: Co-creation, Interactive CRM, Internal Integration and Performance of the KCB bank using direct entry regression techniques .Therefore, this chapter will address the specific objectives of the study.

4.2 Socio Demographic Information of Respondent

Primary data was collected by means of self-administered questionnaires, of which out of 381 expected respondents, 296 of the questionnaires were completed, a response of 77%. The gender summary of the respondents was as per table 4.1 of which 169 were female representing a sample of 57.1% of the total study population while 127 were male with 42.9% of the total population. This therefore means that there were more female respondents than male respondents during the study.

Table 4.1 Distribution of Respondents by Gender

	Frequency	Percent	Valid Percent	Cumulative Percent
Male	127	42.9	42.9	42.9
Female	169	57.1	57.1	100.0
Total	296	100.0	100.0	

Source: Research Data, (2017)

From the Table 4.2, majority of the respondent sampled have a strong relationship to the formal education, 32.4% comprised Bachelor’s degree levels, 31.8%comprised tertiary level, 23.6% comprised secondary level, 7.1% master’s degree level, and 4.4 % with primary certificate. This means that the highest percentages of the respondents are degree holders and on the other hand the lowest percentages of the respondents are primary certificate holders. This therefore imply that majority of the participants have acquired formal education and are well versed with the issues the study was interrogating.

Table 4.2: Distribution of Respondents based on their Level of education

	Frequency	Percent	Valid Percent	Cumulative Percent
Primary	13	4.4	4.4	4.4
secondary	70	23.6	23.6	28.0
Tertiary	94	31.8	31.8	59.8
Bachelor degree	96	32.4	32.4	92.2
Masters degree	21	7.1	7.1	99.3
Others	2	.7	.7	100.0
Total	296	100.0	100.0	

Source: Survey data, (2017)

Table 4.3 below show the distribution of sampled respondents across the five KCB branches in the study area. According to the Table 4.3, Isibania and Kehancha KCB branches had 13.9% of respondents each. Migori branch had the highest number of respondents at 32.8% while Rongo and Sori had 24.3% and 15.2% respectively. Migori Branch recorded the highest number of participants in the study because of its large customer population and its urban location and county headquarter.

Table 4.3. distribution of Bank Branches where an account is held

	Frequency	Percent	Valid Percent	Cumulative Percent
Isibania	41	13.9	13.9	13.9
Kehancha	41	13.9	13.9	27.7
Sori	45	15.2	15.2	42.9
Rongo	72	24.3	24.3	67.2
Migori	97	32.8	32.8	100.0
Total	296	100.0	100.0	

Source: Survey Data, (2017)

According to the Table 4.4, the respondents indicated that the Business account was the most significant to the accounts held in the bank with a percentage of 51% while Personal accounts had the least significant with a percentage of 49% respectively.

This results infers customer preference for business accounts than personal account among the surveyed respondents in the study area.

Table 4.4 Distribution of Respondents based on the Type of Account

	Frequency	Percent	Valid Percent	Cumulative Percent
Personal Account	145	49.0	49.0	49.0
Business Account	151	51.0	51.0	100.0
Total	296	100.0	100.0	

Source: Survey Data, (2017)

4.3 Extent to which Banks Practice Customer Centric Strategies

In the study while trying to address the study objectives, an attempt was made by the researcher to use descriptive statistics to address the extent to which banks practice various dimensions of customer centric strategies. Table 4.5 illustrates the extent to prevalence of Co-creation practices as customer centric strategies in KCB branches.

Table 4.5. Descriptive statistic on the Extent of Co-creation

	N	Mean	Std. Deviation
The banks ATMs are accessible and their mobile banking platform is easy to use	296	3.59	.851
The *Mtaani* Outlets are accessible and located in easily accessible places	296	3.71	.783
The time I spend waiting is acceptable	296	3.58	.914
The bank Staff resolve my complaints within acceptable time	296	3.72	.855
The time spent waiting for loan approval is acceptable	296	3.67	.917
The mobile banking loan are easy accessible	296	3.77	.801
The bank staff understand my needs and are responsive in resolving my queries	296	3.73	.800
The bank recognize that I am loyal and valuable	296	3.66	.837
The bank rewards my loyalty in ways that are acceptable to me	296	3.67	.970
The bank offers me products and services that meet my needs	296	3.83	.847
Overall mean and standard deviation		**3.693**	**0.8575**

Source: Survey Data (2017)

The results for descriptive statistics as shown in table 4.5 above, with N = 296 as the total number of respondents from the findings; the statement that state the bank offers products and services that meet customer needs had the highest significant factor with a mean of 3.83 and a standard deviation of 0.847 while the one with the lowest significant factor was the statement with regard to the time spent waiting as acceptable with a mean value of 3.58 and a standard deviation of .0914.Overall, co-creation strategy has been reported to be a moderately prevalent practices with an overall mean value of 3.693 and a standard deviation value of 0.8575 among the KCB branches in the study area.

4.4 Extent of Interactive Customer Relationship Management

Table 4.6 illustrates the extent to prevalence of Interactive Customer Relationship Management practices as customer centric strategies in KCB branches in the study area.

Table 4.6. Extent of Interactive customer relationship management

	N	Mean	Std. Deviation
There is a 24-hour call center which I can always contact.	296	3.45	.850
I am able to contact the bank via E-mail Facebook, twitter and get timely response.	296	3.61	.833
The bank is always ready to receive my calls and resolve my queries.	296	3.63	.842
There are various channels that I can send my complaints or give service feedback	296	3.63	.858
when I send complaints or give feedback I am notified when it is resolved	296	3.54	.934
The bank staff is able to identify my needs since they have sufficient information in the database	296	3.57	.929
The bank staffs have a clear understanding of what I need.	296	3.74	.944
Overall mean score		**3.595**	**0.884**

Source: Survey Data, (2017)

The results for descriptive statistics as shown in table 4.6 above, with N = 296 as the total number of respondents from the findings indicates that the statement that the bank staff have clear understanding of what the customer needs had the highest significant factor with a mean of 3.74 and a standard deviation of 0.944 while the one with the lowest significant factor was the statement with regard to the 24-hour call Centre with a mean value of 3.45 and a standard deviation of .850.Overall, interactive customer relationship management strategy has been reported to be a moderately prevalent practices with an overall mean value of 3.595 and a standard deviation value of 0.884 among the KCB branches in the study area.

4.5 Extent of Internal Integration

Table 4.7 illustrates the extent to prevalence of Internal Integration practices as customer centric strategies in KCB branches in the study area.

Table 4.7. Descriptive statistical on the extent of Internal Integration

	N	Mean	Std. Deviation
The bank staffs exhibit a coordinated frame of mind across be it contact-Centre, branches and the head office.	296	3.39	.856
Staff understand the internal processes and explain to me whenever i raise questions.	296	3.73	.779
Staff shows that they have single work culture and attitude	296	3.73	.817
Staff are focused on ensuring I have an excellent experience with the bank.	296	3.74	.835
Staff are simple in execution of their duties and explain my queries in simple term that I understand	296	3.73	.841
The bank procedures seem simple	296	3.79	.817
The bank staff are simple, friendly and inspiring	296	3.81	.829
Information about my banking is shared across internet banking , mobile banking, ATM is always correct	296	3.74	.899
Overall mean score		**3.707**	**0.834**

Source: Survey Data, (2017)

The results for descriptive statistics as shown in table 4.7 above. With N = 296 as the total number of respondents from the findings indicates that internal integration strategy has been reported to be a moderately prevalent practices with an overall mean value of 3.707 and a standard deviation value of 0.834 among the KCB branches in the study area.

4.6 Extent of Customer satisfaction

The study also sought to establish the level of customer satisfaction among the customers of KCB branches as this was to lay foundation for the subsequent analyses of relationship between the Customer centric strategy and organization performance dimensions. The findings are in Table 4.8.

Table 4.8. Descriptive statistical on the extent of Customer Satisfaction

	N	Mean	Std. Deviation
I am satisfied with the services, product and the way i was treated by KCB bank staff	296	3.57	.865
I am likely to continue transacting business with KCB bank	296	3.95	.784
I am likely to recommend the bank to my friends and relatives	296	3.91	.861
I am likely to increase the number of products obtain from KCB bank	296	3.83	.867
I am delighted about the experience I have with the bank and the staff	296	3.98	.829
Overall mean and Std deviation		**3.85**	**0.841**

The results in Table 4.8 above indicate that the customers are satisfied with the products and services provided by the bank to a very moderate extent as shown by an overall mean score of 3.85 (Std.dev 0.84) in a scale of 1 to 5.This implies that the bank is currently doing fairly well in terms of providing products and services that meets the needs of their clients.

4.7 Extent of Service Quality

The study sought to measure the extent to which service quality was practiced as this was perceived to be another dimension of non-financial performance. Furthermore, establishing the extent of service quality practices was a pre-requisite in determining the relationship between Customer centric strategies and non-financial performance of the organization. The findings are illustrated in Table 4.9.

Table 4.9:Measure of the extent of service quality

	N	Mean	Std deviation
Empathy and assurance	296	3.87	0.777
Effectiveness	296	3.91	0.746
Reliability	296	3.87	0.757
Confidence	296	4.00	0.762
Overall mean		**3.91**	**0.760**

Source: survey Data, (2017)

The results for descriptive statistics as shown in table 4.9 above, with N = 296 as the total number of respondents from the findings indicates that Confidence as dimension of service quality had the highest significant factor with a mean of 4.00 and a standard deviation of 0.762 while the one with the lowest significant factor was Empathy and assurance with a mean value of 3.87 and a standard deviation of .777. Overall, Service quality has been practiced to a moderate extent with an overall mean value of 3.91 and a standard deviation value of 0.760 among the KCB branches in the study area. This implies that the bank is doing fairly well in terms of delivering quality services to its clients across the branches studied.

4.8 The Effect of Customer Centric Strategies on Non-financial Performance of the Organization

To actualize the study objectives, a correlation analysis between the three dimensions of Customer-centric strategies and non-financial performance was under taken. The direction and magnitude of influence or effect of each of the customer-centric strategies dimensions was eventually established using the regression model whose findings were presented in Tables 4.10, 4.11 and 4.12.

Table 4.10 gives the model summary which shows that the proportion of variance in the non-financial organizational performance that is explained by the independent variables is 69.1%. The coefficient of determination ($R^2 = 0.691$) and the model is acceptable since the F-statistic is significant and suggests that the independent variables jointly influence the dependent variable. The value of Durbin-Watson is 1.628. Generally the value of the Durbin-Watson statistic ranges from 0 to 4. As a rule of thumb, the residuals are uncorrelated if the Durbin-Watson statistic is approximately 2. A value close to 0 indicates strong positive correlation, while a value of 4 indicates a strong negative correlation. The computed value is also close to 2, which indicates the absence of serial correlation.

Table 4.10. Summary of the Estimated Organizational Performance Model

					Change Statistics					
Model	R	R Square	Adjusted R Square	Std. Error of the estimate	R Square change	F Change	df1	df2	Sig. F change	Durbin-Watson
1	.691[a]	.477	.472	.354907	.477	88.862	3	292	.00	1.628

a. Predictors: (Constant), Composite Internal Integration, Composite co-creation, Composite interactive CRM

b. Dependent Variable: Composite Organizational performance

Table 4.11 shows ANOVA results of the estimated model. The data test revealed that F (3, 292) = 88.862 at $p > 0.01$, an indication that the model fits the research data well. The researcher can therefore, deduce that all the independent variables (i.e. Co-creation, Internal Integration and Interactive CRM) jointly explain non-financial performance in the banking industry.

Table 4.11: ANOVA Results on the Estimated Organization Performance Model

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	33.579	3	11.193	88.862	.000[b]
	Residual	36.780	292	.126		
	Total	70.359	295			

a. Dependent Variable: Composite Organizational performance

b. Predictors: (Constant), Composite Internal Integration, Composite co-creation, Composite interactive CRM

Source: Survey Data, (2017)

Table 4.12 shows that all the three independent variables had positive influence on organizational Performance. However, only two variables had significant positive influence on organizational performance. The two variables include: Interactive CRM (β = 0.156, $p > 0.05$) and Internal integration (β =0.439, p > 0.05). The implication of these findings was that a unit increase in Interactive CRM would lead to a 0.156 significant increase in the organizational Performance while a unit increase in the Internal integration would lead to a 0.439 significant increase in organizational performance. Co-creation strategy had insignificant positive influence on organizational performance (β =0.061, p > 0.05).

It can also be noted that the variance of inflation factor (VIF) shown in Table 4.12 ranges from 1.501 and 1.804. In multiple regressions, the VIF is used as a test for multicollinearity. Various recommendations for acceptable levels of VIF have been published in the literature. For instance, Kennedy (1992); and Rogerson (2001) have recommended maximum VIF value of 5 while Pan and Jackson (2008) have recommended a VIF value 4. The values obtained thus fall within the recommended values and therefore suggests absence of serious multicollinearity.

Table 4.12: Estimated Regression Coefficients for Variables in Consumers Satisfaction Model

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
(Constant)	1.473	.168		8.759	.000	1.142	1.804		
co-creation	.061	.051	.062	1.193	.234	-.039	.161	.666	1.501
interactive CRM	.156	.047	.189	3.337	.001	.064	.248	.556	1.799
Internal Integration	.439	.048	.518	9.122	.000	.344	.534	.554	1.804

a. Dependent Variable: Composite Organizational performance

Source: Survey data, (2017)

4.8.1 The Effect of Co-creation on Non-financial Performance of the KCB Bank

The first objective of the study was to establish the effect of co-creation on non-financial performance of KCB Bank Kenya Ltd. In this regards, Co-creation strategy was found to have insignificant positive influence on organizational performance (β =0.061, p > 0.05) thereby accepting the null hypothesis, Ho: β1 = 0, Co-creation does not affect non-financial performance of KCB Bank Kenya Ltd. However, the finding that Co-creation had insignificant positive influence on organizational performance was at variance with many theoretical and empirical literature. For instance, Tijmes (2010) studied the impact of co-creation on firm performance and found that it yielded innovation success. Elsewhere, Mortel (2010) examined the effects of co-creation strategies on financial performance and found positive results. Similarly, other scholars

(Chu 2015, Hamidi and Gharrneh 2017, Chu et al 2010) studied the effect of co-creation and performance and found significantly positive results. However, most of the reviewed studies looked at different dimensions of performance like innovation of new product, financial measures like profit and ROE while a few others focused on logistic performance. Consequently, none of these studies looked at non-financial performance dimensions like customer satisfaction and service quality and hence the effects of co-creation strategies on the said dimensions are still unknown. However, the current study is a milestone in that it contributed to new knowledge by empirically establishing the effect of those co-creation strategies would have on non-financial performance of the organization.

4.8.2 The Effect of Interactive CRM on Non-financial Performance of the KCB Bank

The second objective of the study was to analyze effect of an interactive CRM on non-financial performance of KCB Bank Kenya Ltd. In this regards, interactive CRM was found to have significant positive influence on organizational performance (β =0.156, $p < 0.05$) thereby rejecting the second null hypothesis, Ho: $\beta 2 = 0$, An interactive CRM has no effect on non-financial performance of KCB Bank Kenya Ltd. The finding that Interactive CRM had significant positive influence on organizational performance has received support from much theoretical and empirical literature. For instance, Other Researchers (Coltman, Devinney and Midgley 2010; Shafique , Ahmad , Abbas , Hussain , 2015) have also tried to establish the link between interactive CRM and Organizational performance and found a positive results. Elsewhere, Harorimana, et al (2012) studied the impact of CRM systems on both financial and non-financial performance also found positive results though the study elicited that CRM system can also have negative consequences thus revealing that CRM success is questionable from a stand-alone perspective. In addition, the results concur with those of Mohamad, et al (2014) who examined CRM capabilities non-financial performance dimensions such as customer satisfaction, perceived performance, customer loyalty and relationship performance and also examined the mediating role of market orientation. In another related study by Shavazi, Moshabaki, Hoseini, Naiej (2013) who studied the relationship between CRM and performance based on four perspectives of balanced scorecard and found similar result with current study. However, some studies were conducted on diverse study populations for instance Coltman,Devinney and Midgley(2010) focused on B2C firms in Australia, Mohamad et al (2014) studied the Malaysian SMEs, Harorimana Sr et al (2012);Shavazi, Moshabaki, Hoseini, Naiej (2013) conducted their study in the banking sector while Shafique , Ahmad , Abbas ,Hussain ,(2015) carried out their study on Telecommunication industry. Moreover, the study methods employed were diverse and deemed to be insufficient to establish causality relationships. Coltman,Devinney and Midgley(2010) employed a cross-sectional survey research design while Harorimana et al (2012) did a case study elsewhere Mohamad et al (2014) did a review of literature while Shavazi, Mashabaki, Hoseini Naiej(2013) employed a descriptive survey research design.

Overall all the above studies(Coltman et al 2010; Harorimana, et al 2012; Mohamad et al 2014; Shavazi et al 2013; Shafique et al 2015) have focused on different measures of performance such as financial performance, performance based on balanced- score card, different dimensions of non-financial dimensions were employee satisfaction or perceived quality. Therefore the effect of CRM on dimensions such as customer intelligence and IT as well as Communication is on non-financial performance parameters such as customer satisfaction and service quality is still unknown. However, the current study generated new knowledge by hypothesizing and establishing empirically the effect of interactive CRM on non-financial performance in the context of the banking services.

4.8.3 The Effect of internal integration on Non-financial Performance of the KCB Bank

The third objective of the study was to establish the effects of internal integration on non-financial performance of KCB Bank Kenya Ltd. In this regards, internal integration was found to have significant positive influence on organizational performance (β =0.439, $p > 0.05$) thereby rejecting the third null hypothesis, Ho: $\beta 2$ =

0, Internal integration affects does not affect non-financial performance of KCB Bank Kenya Ltd. The finding that internal integration had significant positive influence on organizational performance has received support from much theoretical and empirical literature. For instance, past empirical studies such (Flynn et al 2010; Afshan 2013; Teixeira, Koufteros and Peng 2012; Osei and Kağnıcıoğlu 2017; Stank and Keller, 2001) have found positive result in relation to the effect of internal integration on organizational performance thereby concurring with the current study. The positive results notwithstanding, the dimensions of performance studied by other scholars varied. For instance, Flynn et al (2010) and Afshan (2013) studied financial performance as well operational performance. Elsewhere (Teixeira, et al 2012) focused on product innovation performance; product quality performance; product delivery time performance; flexibility performance and cost performance. In a related study, the result of the current study concurred with that of Osei and Kağnıcıoğlu (2017) who established positive relationship between firm performance in fast food delivery and revealed that it led to customer satisfaction. Meanwhile (Stank and Keller, 2001) established that internal collaboration resulted in improved logistical performance.

Moreover, past reviewed studies also adopted varied research methods like descriptive survey research design (Stank and Keller, 2001; Osei and Kağnıcıoğlu 2017; Flynn et al 2010) whose ability to reveal a causality relationship is minimal. While others (Afshan 2013; Teixeira, Koufteros and Peng 2012) employed literature review. Osei and Kağnıcıoğlu (2017) studied information sharing as the dimension of internal integration leaving out dimensions such as cultural, behavioral procedural dimensions of internal integration on non-financial performance dimensions such as service quality and customer satisfaction.

The finding of the current study however was a milestone in that it focused on the non-financial performance measures like service quality and customer satisfaction, an area previously neglected by other scholars. By hypothesizing and empirically establishing the effect of internal integration on non-financial performance, this study has added to new knowledge by developing and testing an empirical model that can be used to measure non-financial performance in the banking industry.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This Chapter provides a summary of the study findings based on each research objective. It also covers conclusions and recommendations emanating from the results.

5.2 Summary of Findings

The first objective of the study was to establish the effect of co-creation on non-financial performance of KCB Bank Kenya Ltd. The corresponding null hypothesis was that Co-creation does not affect non-financial performance of KCB Bank Kenya Ltd. The study established that co-creation strategy was found to have insignificant positive influence on organizational performance. The estimated model however revealed an insignificant positive relationship between co-creation strategy and organizational performance.

The second objective of the study was to analyze effect of an interactive CRM on non-financial performance of KCB Bank Kenya Ltd. The corresponding null hypothesis was that an interactive CRM has no effect on non-financial performance of KCB Bank Kenya Ltd. The study found out that interactive CRM have statistically significant positive influence on non-financial organizational performance in the banking industry.

The third objective of the study was to establish the effects of internal integration on non-financial performance of KCB Bank Kenya Ltd. The corresponding null hypothesis was that internal integration does not affect non-financial performance of KCB Bank Kenya Ltd. The study revealed that internal integration was found to have significant positive influence on organizational performance. The study further established that internal integration had the most significant influence on non-financial performance than the other two constructs of customer centric strategies as shown by Beta statistics.

5.3 Conclusions

On the first objective which sought to establish effect of Co-creation strategy on non-financial performance among KCB Bank Ltd, the study concludes that a weak insignificant relationship exists between Co-creation and non-financial performance in the KCB bank Ltd. Co-creation as a customer centric strategy doesn't significantly affect non-financial performance of KCB Bank Ltd.

On the second objective of the study was to analyze effect of an interactive CRM on non-financial performance of KCB Bank Kenya Ltd, the study concludes that interactive CRM positively influence non-financial organizational performance in the banking industry.

On the third objective of the study was to establish the effects of internal integration on non-financial performance of KCB Bank Kenya Ltd, the study concludes that Internal integration not only positively influence non-financial performance of banks but it is also the most significant factor in the performance model

5.4 Recommendation

Based on the foregoing findings and conclusions the study therefore recommends the following first since a weak insignificant relationship exists between Co-creation strategy and non-financial performance in the KCB bank, less emphasis should be laid on Co-creation strategy and most of its budgetary allocations redirected to other dimensions that have significant contribution to organizational performance. Secondly Interactive CRM has a positive and significant effect on non-financial performance of the KCB bank, this practice should be enhanced to significantly enhance Organizational performance. The bank management should invest significant resource in CRM systems as well as manpower training to handle the same as these efforts were seen to enhance the delivery of quality services and customer satisfaction. Finally since the study revealed that internal Integration has a positive and significant influence on Non-financial performance of the organization, internal integration efforts should be enhanced to significantly promote organizational performance.

5.5 Limitations of the study

While this research offers insights into the effects of Customer centric study on non-financial performance of the organization, this work is not without limitations. Firstly, the sample size was limited due to time and cost constraints but this weakness was remedied by thorough literature review to compensate the inadequacy that was caused by data limitations. Secondly, a variety of banks could be used to broaden these finding since different banks have different approach to Customer centric strategy. However the in-depth analysis of various literature on the insights of the concept of customer centric strategy from a variety of industries such as hotel and catering, have clarified significantly on the industry dynamics relating to application of the concept of customer centric strategies.

5.6 Areas for Further Research

Based on the foregoing conclusions on the findings of this study, the researcher suggested the following future research directions in the field relating to customer centric strategies-Organizational performance relationship the first suggestion being that since this study used cross-sectional data to test the hypothesis on the perceived relationship between the Customer-centric strategies and non-financial performance. It only provided a snapshot picture at a single point in time. Therefore, there is need to conduct a longitudinal study to provide even more conclusive evidence to the above relationship. Future research efforts could also be focused on this study by further investigating the moderating effects of the external environmental factors such as government policy, industry competition and business cycles. Furthermore, the hypotheses were tested using data obtained from Kenya’s retail banking sector. There is therefore need to test our results in different national cultures and economic contexts to be able to establish global generalizability.

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APPENDICES

Appendix I: Cover Letter

AILEEN ANYANGO OSONGO,
MASENO UNIVERSITY,
P.O BOX 333-40100,
MASENO,
Dear Respondent,

<u>RE: REQUEST FOR YOUR PARTICIPATION IN MY RESEARCH PROJECT.</u>

I wish to request you to kindly participate in a management research project that I am currently undertaking on “Effects of Customer Centric strategies on non-financial performance KCB Bank Kenya Ltd”.

I would appreciate if you spare some of your time to kindly complete the attached questionnaire. I will collect the questionnaire from your premises as soon as it is ready

The information you will provide is strictly for academic purposes. The identity and information of your organization will be treated confidentially.

Yours Sincerely,

Aileen Anyango Osongo.

Appendix II: Questionnaire

The following questionnaire has been developed to help the researcher gather information necessary to meet the research objectives that have been highlighted in the cover letter. Kindly fill in are required.

A: Demographics

1. Gender Male [ ] Female [ ]

2. Level of Education

Primary [ ] Secondary [ ] Tertiary [ ] Bachelor's degree [ ] Master's degree [ ] other [ ] …………………

3. Which branch do you hold an account?

……………………………………………………………………..…………

4. Which type of account do you hold?

Personal Account [ ] Business Account [ ]

B: Measures of customer-centric strategies

1. To what extent does the bank exhibit the following qualities of co-creation in your view?

On the scale of 1-5, indicate 1- very little, 2-little, 3-moderate,4-large, 5-very great extent

Co-creation	**1**	**2**	**3**	**4**	**5**
The banks ATMs are accessible and their mobile banking platform is easy to use.					
The *Mtaani* outlets are accessible and located in easily accessible places					
The time I spend waiting is acceptable					
The bank staff resolve my complaints within acceptable time					
The time spent waiting for loan approval is acceptable					
The mobile banking loans are easily accessible					
The bank staff understand my needs and are responsive in resolving my queries					
The bank recognizes that I am loyal and valuable					
The bank rewards my loyalty in ways that are acceptable to me					
The bank offers me products and services that meet my needs					

2. To what extent does the bank exhibit the following qualities of Interactive customer relationship management?

On the scale of 1-5, indicate 1- very little, 2-little, 3-moderate,4-large, 5-large extent

Interactive customer relationship management	1	2	3	4	5
There is a 24-hour call center which I can always contact					
I am able to contact the bank via E-mail Facebook and Twitter and other social media platforms and get a timely response					
The bank are always ready to receive my calls and resolve my queries					
There are various channels that I can send my complaint or give a service feedback					
When I send complaints or give feedback I am notified when it is resolved.					
The bank staff is able to identify my needs since they have sufficient information in the data base.					
The bank staff have a clear understanding of what I need					

3. In your view to what extent does the bank exhibit the following elements of internal integration?

On the scale of 1-5, indicate 1- very little, 2-little, 3-moderate, 4-large, 5-large extent

Internal integration	**1**	**2**	**3**	**4**	**5**
The bank staffs exhibit a coordinated frame of mind across be it contact-center, branches and the head office.					
Staff understand the internal processes and explain to me whenever I raise questions					
Staff show that they have a single work culture and attitude					
Staff are focused on ensuring I have an excellent experience with the bank					
The staff are simple in execution of their duties and explain my queries in simple terms that I understand					
The bank procedures seem simple					
The bank staff are simple, friendly and inspiring					
Information about my banking is shared across internet banking, mobile banking ATM is always correct.					

C. Measures of customer satisfaction

4. To what extent do you agree with the following statements?

On the scale of 1-5, indicate 1- very little, 2-little, 3-moderate, 4-large, 5-very large

Measures of customers satisfaction	**1**	**2**	**3**	**4**	**5**
I am satisfied with the services, products and the way I treated by KCB Bank staff					
I am likely to continue transacting business with KCB Bank					
I am likely to recommend the bank to my friends and relatives					
I am likely to increase the number of products I obtain from KCB Bank					
I am delighted about the experience I have with the bank and the staff					

D. Measures of service quality

5. To what extent to you agree with the following statements regarding empathy and assurance?

On the scale of 1-5, indicate 1- very little, 2-little, 3-moderate,4-large, 5-verylarge

Empathy and assurance	**1**	**2**	**3**	**4**	**5**
Employees understand my needs and goals					
Employees have my interest at heart					
Service personnel are easy to access					
They way employees interact with me gives me confidence in the bank					
Employees understand my problems					
Employees use simple language when communicating with me					

6. To what extent to you agree with the following statements regarding effectiveness?

On the scale of 1-5, indicate 1- very little, 2-little, 3-moderate, 4-large, 5-very large

Effectiveness	**1**	**2**	**3**	**4**	**5**
The bank products and services are innovative					
The statements and bills are error free					
Services are prompt					
Employees know exactly what they are doing					
Employees are professional					
Employees communicate the appropriate service timelines					
Employees are well trained in using technology					
The services offered are of high quality					

7. To what extent to you agree with the following statements regarding reliability?

On the scale of 1-5, indicate 1- very little, 2-little, 3-moderate, 4-large, 5-verylarge

Reliability	**1**	**2**	**3**	**4**	**5**
The bank offers a full range of products and services that I may desire					
The pricing loans and other products are acceptable/competitive					
Bank ensures they honour their promises in a timely manner					
Bank staff respond honestly to my queries					
Bank staff ensure they do a service right the first time					
Bank staff keep in confidence the customers statements, balances and credit positions					

8. To what extent to you agree with the following statements regarding confidence?

On the scale of 1-5, indicate 1- very little, 2-little, 3-moderate, 4-large, 5-verylarge

Confidence	**1**	**2**	**3**	**4**	**5**
I feel that information and documents given to the bank are safe since they have secure filing systems					
The alternative channels such as *Mtaani* agents, mobile banking and internet banking are safe to use					
I feel safe when transacting with the bank and employees					
I have confidence in the bank services					

Appendix III: Research Plan

ACTIVITY	Timelines
Search and review of research topic	**May 7th**
Undertaking of pilot study	**15th July**
Field work	**Between 18th July -15 August**
Data Collection	**18th July-15th August**
Analysis of data collected	**16th August-19th August**
Report writing and submission of report	**1st Sept - 10th Sept**

Appendix IV: Research Budget

ITEMS DESCRIPTION	COST
Internet expenses	2000
Printing of research instruments	10000
Printing of Proposals and Binding	2000
Printing and binding of project books	5000
Miscellaneous expenses	6000
TOTAL	**25000**

Appendix V: Map of Migori County