

# EFFECT OF STRATEGIC RELATIONSHIP MANAGEMENT STRATEGIES ON ORGANIZATIONAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA: A CASE OF CO-OP BANK KENYA LTD DIGO ROAD BRANCH

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**Abstract:** Today the most important thing to do about the reduced customer satisfaction is the customer-centered practices adapted to each customer's needs and values. By treating different customers in different manners, firms can achieve customer loyalty. The study sought to establish the effects of strategic relationship management strategies on organization performance at Commercial banks in Kenya, Case of Co-op Bank, Digo Rd, Mombasa. Specifically the study sought to establish the extent of which strategic CRM programs, strategic level of customization of CRM programs, strategic IT usage in CRM programs, and use of strategic multiple approach channels influence organization performance. The study adopted a descriptive research design. The population of this study comprised of Co-op Bank Kenya Limited Digo Road Branch customers located in Mombasa. The target population was 3000 customers, Stratified sampling technique was used to select the customers from among the list provided by the bank. For the purpose of this study, 341 respondents was considered to be a representative of the total population out of which 300 responded successfully. Responses in the questionnaires were tabulated, coded and processed by use of a computer Statistical Package for Social Science (SPSS) version 20 to analyze the data descriptive statistics using the percentage mean and standard deviation. From the findings the results showed that increase in level of customization would automatically increase organization performance. Therefore in today's banking sector, banks have diversified ways and mechanisms on increasing level of customization to enhance customer loyalty. Use of information technology in customer relationship management had weak but positively and significantly related with organization performance. It is recommended that there is the need to constantly monitor and evaluate the current CRM strategies of the bank. It is necessary to constantly monitor, review and evaluate the current CRM strategies being adopted by the bank. The study also recommends that bank management should involve customers before introducing these CRM strategies in order to realize its maximum benefits. Customers should be consulted before introducing these strategies since they are the reason why it is being implemented. The study recommends that there should be an attitudinal change by all members of staff. There should be a conscious effort by all staff to change their bad attitudes. This can be done by training staff on customer service skills and also equip them with product knowledge.

**Keywords:** Strategic CRM programs, Strategic Level of Customization, Strategic Information Technology & Strategic Multiple approach Channels.

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## **1. INTRODUCTION**

### **1.1 Research Objectives:**

#### **1.1.1 General Objective of the Study**

The general objective of the study was to establish the effect of Customer relationship management strategies on Customer loyalty in commercial banks in Kenya, case of Co-op Bank; Digo road branch, Mombasa.

#### **1.1.2 Specific Objectives**

- i. To establish the effect of strategic CRM programs on customer loyalty at Co-op Bank Kenya Limited Digo Branch.
- ii. To determine the effect of strategic level of customization on customer loyalty at Co-op Bank Kenya Limited Digo Branch.
- iii. To evaluate the effect of strategic information technology usage on customer loyalty at Co-op Bank Kenya Limited Digo Branch.
- iv. To investigate the effect of strategic multiple approach channels on customer loyalty at Co-op Bank Kenya Limited Digo Branch.

### **1.2 Research Questions**

- i. What is the effect strategic CRM programs on customer loyalty at Co-op Bank Kenya Limited Digo Branch?
- ii. What is the effect of strategic level of customization on customer loyalty at Co-op Bank Kenya Limited Digo Branch?
- iii. What is the effect of strategic information technology usage on customer loyalty at Co-op Bank Kenya Limited Digo Branch?
- iv. What is the effect of strategic multiple approach channels on customer loyalty at Co-op Bank Kenya Limited Digo Branch?

## **2. LITERATURE REVIEW**

### **2.1 Introduction:**

In this chapter, the researcher reviews the relevant literature in as far as the topic under investigation is concerned. The review, in general, will focus on all the relevant literature as per the research problem and research questions that the study seeks to answer. This research focuses on the effect of CRM on customer loyalty in Cooperative Bank Limited. The research was driven by the urge to determine the effects of CRM strategies on customer loyalty in Co-op Bank.

### **2.2 Theoretical Review:**

Theories are formulated to explain, predict, and understand phenomena and, in many cases to challenge and extend existing knowledge within the limits of the critical bounding assumptions. The theoretical framework introduces and describes the theory which explains why the research problem under study exists. A theoretical framework consists of concepts, together with their definitions, and existing theory/theories that are used for the particular study (Sekaran, 2015).

#### **2.2.1 Resource-Based View of the Firm:**

Resource-based view of the firm (RBV) emphasizes on the firm resources and views them as valuable firm assets. As mentioned, technology can be easily purchased and duplicated by any entrants in the industry; therefore it cannot provide competitive advantage for the organizations. Many relevant researches also imply that there is no correlation between investments in technology and organizational outcomes, or if there is a correlation, it is negative. This contention can be considered as a reason for weak effect of CRM technology on firm's efficient and sustainable relationship building with customers (Coltman, 2007).

#### **2.2.2 Strategic Fit Theory:**

This theory, also known as best fit strategic management or strategic decision theory, explains that there are no universal prescriptions of strategic management practices. Wright and Snell (2005) argue that the application of strategic

management practices depends on the organization context, business strategy and culture. The proponents of this theory further observe that organizational strategies will be more effective only once they are rightfully integrated with specific organization and environmental understanding. Strategic fit theory elaborates the significance of making sure that organizational strategies are rightful to the circumstances of the university such as culture, external environment and operational processes. The organizational strategies must consider the specific requirements of both the organization and its stakeholders.

### **2.2.3 Customer Relationship Management Theory:**

According to Westch (2005), Customer Relationship Management (CRM) theory is a combination of relationship marketing and customer centric where justice theory had applied in CRM theory. Justice theory involves the elements of trust, satisfaction, and loyalty where these elements should have in the relationship between customers and organizations. There are three types of justice theory called distributive justice, interactional justice and procedural justice. Distributive justice means the perception an individual holds the fairness of outcome. Second types of justice theory is interactional justice is perceived fairness of the interpersonal interaction in decision process and the third types is procedural justice is a fairness of the process.

## **2.3 Review of Literature Variables:**

### **2.3.1 Strategic CRM Programs:**

A major goal of CRM is to capitalize on future opportunities presented by a core group of long-term customers. Two approaches for retaining these customers have been loyalty programs and cross selling. Loyalty programs play an important role in keeping customers and linking the business to future opportunities. The objective of a loyalty program is to build a positive attitude toward a brand and provide the customer with an incentive to patronize the product, service or brand. A successful program will decrease its members' purchase of non-program brands, and increase their allocation, repeat-purchase rates, usage frequency, propensity toward exclusivity and switching to program brands (Sharp & Sharp, 2014).

### **2.3.2 Strategic Level of Customization:**

Customer service represents the vital interface between the customer and a business, and allows customers to communicate with the business and obtain desired information in a timely manner (Barnes et al., 2015). By drawing customers closer to the business, it helps satisfy their psychological and physical needs and affects the customers' goodwill, willingness to interact and loyalty. As the features and quality that once differentiated products, services and brands become less discernible, customer service will emerge as a key driver to a business' success and contribute to a sustainable competitive advantage. Parasuraman et al. (2015) identified ten dimension of service quality: service delivery, reliability, responsiveness, competence, courtesy, credibility, security, access, communication and understanding the customer. For a business to succeed, it must address each of these dimensions.

### **2.3.3 Strategic Information Technology:**

CRM embodies the modern marketing paradigm of relationship management (RM) and leverages IT to acquire customers, understand and satisfy their needs and expectations, and maintain their long-term relationships through retention programs, particularly those that build loyalty. RM focuses the business on identifying, maintaining and enhancing customer and stakeholder relationships through trust and the fulfillment of exchanges and promises (Gronroos, 2015). It emphasizes initiating and nurturing individual long-term relationships over anonymous mass marketing approaches. With RM, the business adopts a one-to-one, customer-centric marketing philosophy and directs its resources towards supporting it (philosophy).

### **2.3.4 Organization Performance:**

The customer's attitude toward a service or product (brand) including attitudinal preference and commitment has a greater impact on forming loyalty. Goodwin and Gremler (2006) cite quality in a relationship as a necessary element in defining loyalty. Furthermore, Cronin et al. (2001) associate service quality, perceived value and customer satisfaction with loyalty. Day (1969) suggests that two dimensions comprise loyalty: behavior and attitude. The behavioral dimension is characterized by consequential actions (as a result of loyalty); in contrast, the attitudinal dimension includes formative behaviors as commitment (like a desire to maintain a valued relationship). Customer loyal results from the development of attitude and leads to positive behaviors. Customer service provides a crucial means for customers to interact with the

business and develop their perceptions of it and its intentions, satisfaction with the products and services, trust, and ultimately their loyalty. Although good customer service does not equate to customer loyalty, it does meet a fundamental requirement (of loyalty), the retention of satisfied customers. Furthermore, the image a firm projects to its customers will appear in the quality of its service and product offerings (Peppers and Rogers, 2007).

### **3. RESEARCH METHODOLOGY**

#### **3.1 Introduction:**

This chapter is a blueprint of the methodology that will be used in this study. In this chapter the research methodology is presented in the following order, research design, and target population, sampling procedure, data collection methods and presentation.

#### **3.2 Research Design:**

Cooper and Schindler (2001) define research design as a plan or a structure of investigation so conceived as to obtain answers to research questions. The plan is the overall scheme or program of the research. Research design refers to the plan or strategy of shaping the research (Henn, Weinstein and Foard, 2005). This study adopted the descriptive research design. This design was found appropriate because it is considered suitable for gathering qualitative information and generating appropriate conclusions with respect to the research questions (Mugenda & Mugenda, 2013). The design was adopted because it was appropriate for describing the demographic factors for the customers who were the main respondents from the study.

#### **3.3 Data Processing, Analysis and Presentation:**

The researcher checked all returned questionnaires for clarity, correct data entry and any irregularities before coding. Data was checked for completeness, comprehensibility and reliability before coding. Data was entered and analysed using SPSS.

Regression analysis was used for analytical statistics and the following analytical model was adopted:

$$Y = a + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + e$$

Where;

Y Customer loyalty in Commercial banks in Kenya.

X1 Strategic CRM programs

X2 Level of customization of CRM programs

X3 IT usage in CRM programs

a Constant value of y when x = 0

$\beta$  Coefficient of variables X1, X2, X3,

e Error margin

### **4. RESEARCH FINDINGS AND DISCUSSIONS**

#### **4.1 Introduction:**

This chapter described the response rate, data coding and cleaning as well as finding out the factor analysis of the measures of variables. Subsequently, the chapter presented the research results which were presented using a variety of inferential and descriptive statistics that highlighted the major characteristics of the data.

#### **4.2 Response Rate:**

High response rate guarantees that the findings are representative of the target population. Emore (2015) notes that a response rate is the extent to which the collected data takes care of all the sample items, a ratio of actual respondents to anticipated number of persons who respond to the study. The study targeted 341 customer account holders from cooperative bank digo branch. From the study, 210 out of 341 sample respondents filled in and returned the questionnaires making a response rate of 62% as per the table 4.1 below.

**Table 4.1 Response Rate**

	Frequency	Percentage
Respondent	210	62
Non respondent	131	38
<b>Total</b>	<b>341</b>	<b>100</b>

According to Mugenda and Mugenda (2013) a response rate of 50% is adequate for analysis and reporting; a rate of 60% is good and a response rate of 70% and over is excellent; therefore, this 62% response rate was good for analysis and reporting.

### 4.3 Discussions of Findings

#### 4.3.1 Strategic CRM Programs on Organization Performance:

The study sought to determine the effect of strategic CRM programs on customer loyalty. Based on the results most of the respondents agreed that banks should maintain long term relationships through retention programs with a mean score of 4.07 and a standard deviation of 1.232 signifying higher response rate. The results replicates that in order for banks to achieve customer loyalty they have to ensure long term relations through better services. Most of the respondents strongly agreed that customer feels that the bank should target the right customers with the right product or service through the right channels with a mean score of 4.52 and a standard deviation of 0.843. The results implicates that most banks achieve customer loyalty by ensuring that their clients have access to variety of products and services at whatever any time they come for them. Most of the respondents strongly agreed that the bank has developed and maintained successful customer relationships over time having a mean score of 4.68 and a standard deviation of 0.478 with implication that in today's banking era banks have mechanized and kept innovative systems that spearhead them to maintain those relationships. Most of the respondents strongly agreed that the bank builds organization performance through efficient and effective two-way dialogues with a mean of 4.64 and a standard deviation of 0.758 signifying higher response rate. From the results banks have established efficient channels of communication of immediate respond to customer's complaints at any given time the complaints are raised. This kind of model has strengthen up the relationships creating bigger customer loyalty on the banks.

**Table 4.2 Strategic CRM Programs on Organization Performance**

Descriptive Statistics				
	N		Mean	Std. Deviation
The bank maintains long-term relationships through retention programs	210		4.07	1.232
The customer feels that the bank should target the right customers with the right product or service through the right channels	210		4.52	.843
The bank has developed and maintained successful customer relationships over time	210		4.68	.477
The bank builds customer loyalty through efficient and effective two-way dialogues	210		4.64	.758
The bank offers different products and services for the different customer segments	210		4.57	.775
The bank has customized its services and carries out one to one marketing	210		4.66	.768
Valid N (listwise)	210			

**Key: 5= Strongly Agree, 4=Agree, 3= Not Sure, 2=Disagree & 1= Strongly Disagree**

#### 4.3.2 Strategic Level of Customization:

The study sought to establish the effect of customization on customer loyalty. Most of the respondents strongly agreed the organization understands and influences customer behavior through ongoing communications with a mean of 4.67 and a standard deviation of 0.765 replication of higher response rate. This is where the banks have created communication channels and avenues for customers to raise any complaints they have. Most of the respondents strongly agreed that the organization delivers higher levels of individualized customer satisfaction programs than competitors having a mean of 4.71 and a standard deviation of 0.514. Most of the respondents strongly agreed that the bank improves its relationship

programs which help to deliver products and services beyond the customer expectation having a mean score of 4.67 and a standard deviation of 0.481 replication of higher response rate. Based on the results in the current world business banking sectors have diversified using strategic avenues to improves relationships with customers. Most of the customers strongly agreed that the bank has a comprehensive set of customized programs that enhances CRM having a mean of 4.64 and a standard deviation of 0.556 implication of higher response rate.

**Table 4.3 Strategic Level of Customization**

Descriptive Statistics				
	N		Mean	Std. Deviation
The bank is capable of identifying and addressing successfully individual customer needs	210		4.67	.765
The organization understands and influences customer behavior through ongoing communications	210		4.67	.766
The organization delivers higher levels of individualized customer satisfaction programs than competitors	210		4.71	.514
The bank improves its relationship programs which help to deliver products and services beyond the customer expectation	210		4.67	.481
The bank has a comprehensive set of customized programs that enhances CRM	210		4.64	.556
Valid N (listwise)	210			

**Key: 5= Strongly Agree, 4=Agree, 3= Not Sure, 2=Disagree & 1= Strongly Disagree**

#### 4.3.3 Effect of Strategic Information Technology on Customer Relationship Management:

The study sought to evaluate the effect of information technology use on customer relationship management. Most of the respondents strongly agreed that the technology used cannot be easily duplicated by competitors having a mean score of 4.60 and a standard deviation of 0.776 implicating higher response rate. Based on the results banks have invested much in technology that is the driver engine for the organization. Therefore in the current market situation banks have invested much in technology which is the spearhead for higher turnovers for the banks. Most of the respondents strongly agreed that the effect of CRM technology on firm is efficient and sustainable in relationship building with customers having a mean score of 4.61 and a standard deviation of 0.562 implying that banks have invested much in technology to drive them achieve customer relationship management thus enhancing their customer loyalty. Most of the respondents strongly agreed that the hardware and software used enables the company to implement business programs having a mean score of 4.60 and a standard deviation of 0.747 implication of higher response rate. In today's banking sector business it has been ideal for them to venture mostly on both hardware and software systems for technology that steers up their operations and enabling them achieve customer loyalty in terms of customers transacting and opening up bank accounts with those banks. Most of the respondents strongly agreed that most of the customers have gained much on the use of technology which has greatly influenced CRM for the bank having a mean score of 4.49 and a standard deviation of 0.720.

**Table 4.4 Effect of Strategic Information Technology on Organization Performance**

Descriptive Statistics				
	N		Mean	Std. Deviation
The technology adopted by the bank provides competitive advantages for the organization	210		4.60	.605
The technology used cannot be easily duplicated by competitors	210		4.45	.776
The effect of CRM technology on firm is efficient and sustainable in relationship building with customers	210		4.61	.562
The hardware and software used enables the company to implement business programs	210		4.60	.747
Most of the customers have gained much on the use of technology which has greatly influenced CRM for the bank	210		4.49	.720
Valid N (listwise)	210			

**Key: 5= Strongly Agree, 4=Agree, 3= Not Sure, 2=Disagree & 1= Strongly Disagree**

#### 4.3.4 Organization Performance:

The study sought to determine the effect of organization performance in the banks. Most of the respondents strongly agreed that the customer will not use the other bank's services if the same service is available at the bank having a mean score of 4.56 and a standard deviation of 0.684 indicating higher response rate. Most of the respondents strongly agreed that the customer recommends the bank to someone who seeks his/her advice having a mean score of 4.73 and a standard deviation 0.446. The results simply replicates that the customers plays a critical role of referring other customers to where they are banking because of the services they are receiving. Most of the respondents strongly agreed that the customer considers the bank as their first choice in the next few years having a mean score of 4.73 and a standard deviation of 0.515 implication of greater response rate. In today's world banking sector have to be smart on how they are transacting their business in regards to how they satisfy their customers in order for them to retain them like for the next two years.

**Table 4.5 Organization Performance**

Descriptive Statistics				
	N		Mean	Std. Deviation
The bank would be my first choice	210		4.54	.657
The customer consider to be loyal to the bank	210		4.60	.546
The customer will not use the other bank's services if the same service is available at the bank	210		4.56	.684
The customer recommends the bank to someone who seeks his/her advice	210		4.73	.446
The customer gets good value for money	210		4.73	.454
The customer considers the bank as their first choice in the next few years	210		4.73	.515
Valid N (listwise)	210			

**Key: 5= Strongly Agree, 4=Agree, 3= Not Sure, 2=Disagree & 1= Strongly Disagree**

#### 4.4 Correlation Analysis:

The study used correlation analysis to determine the relationships between independent variables and dependent variable.

**Table 4.6 Correlation Analysis**

Correlations					
		Strategic CRM Programs	Level of Customization	Use of IT in CRM	Organization Performance
Strategic CRM Programs	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	210			
Strategic Level of Customization	Pearson Correlation	.679**	1		
	Sig. (2-tailed)	.000			
	N	210	210		
Strategic Use of IT in CRM	Pearson Correlation	.052	.226**	1	
	Sig. (2-tailed)	.000	.001		
	N	210	210	210	
Organization Performance	Pearson Correlation	.073	.284**	.646**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	210	210	210	210

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

From the findings the results showed that strategic CRM programs was moderately but positively and significantly related with organization performance. This implicated that any increase in strategic CRM programs would tremendously increase customer loyalty to the banks making banks to have higher profit margins. Banks focusing on usage for customization levels had weak but positively and significantly related with organization performance. The results depicts that increase in level of customization would automatically increase organization performance. Therefore in today's banking sector, banks have diversified ways and mechanisms on increasing level of customization to enhance customer loyalty. Use of information technology in customer relationship management had weak but positively and significantly related with organization performance.

#### 4.4.1 Coefficient of Determination:

The coefficient of determination explains the extent to which changes in the dependent variable can be explained by the change in the independent variables or the percentage of variation in the dependent variable (organization performance) that is explained by all independent variables. From the findings this meant that 44.4% of customer loyalty is attributed to combination of the three independent factors investigated in this study.

Table 4.7 Coefficient of Determination

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.666 <sup>a</sup>	.444	.436	1.92143
a. Predictors: (Constant), Use of IT in CRM, Strategic CRM Programs, Level of Customization				

#### 4.5 Regression Analysis:

In statistical modeling, regression analysis is defined as a statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

##### 4.5.1 ANOVA F –Test results for Independent Variables and Organization Performance:

In testing the significance level, the statistical significance was considered significant if the p-value was less or equal to 0.05. The significance of the regression model with P-value of 0.00<sup>b</sup> which is less than 0.05. The ANOVA test was done to test the significance of the models and to test the existence of variable variations within the models.

Table 4.8 ANOVA F-Test results for independent Variables and Organization Performance

ANOVA <sup>a</sup>					
Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	607.166	3	202.389	54.820	.000 <sup>b</sup>
Residual	760.529	206	3.692		
Total	1367.695	209			
a. Dependent Variable: Organization Performance					
b. Predictors: (Constant), Use of IT in CRM, Strategic CRM Programs, Level of Customization					

This meant that the models adopted in the study were both significant and the variables tested fitted well in the models. The F- tests displayed that the variables were significant, thus the models were valid since all of three regression variables were significant.

##### 4.5.2 Coefficient Regression Results for Independent Variables and Organization Performance:

Since the general objective of the study was to analyze the effect of customer relationship management systems on organization performance with a key focus on Co-op Bank Kenya Ltd, the multiple linear regression models were used to assess the overall effect of independent variables on dependent variable. All three variables namely: Strategic CRM Programs, Level of Customization and use of IT in CRM were significant at both 5 percent and 1 percent significance level respectively. In terms of ranking, Use of IT in CRM was first and closely followed by Strategic Level of Customization and Strategic CRM Programs becoming second and third in that order.

Table 4.9 Coefficient Regressions of Independent Variables and organization performance

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.752	1.488		7.899	.000
	Strategic CRM Programs	-.066	.043	.110	1.543	.000
	Level of Customization	.222	.073	.223	3.050	.000
	Use of IT in CRM	.560	.050	.601	11.161	.000
a. Dependent Variable: Organization Performance						

In the above model the results shows that use of IT in CRM and Level of Customization were positively correlated with organization performance and strategic CRM programs were negatively correlated with organization performance as



indicated in table 4.9. Further in the model it shows that a 0.066 increase in strategic CRM programs led to 1 point decrease in customer loyalty, a 0.222 increase in level of customization led to 1 point increase in organization performance while a 0.560 increase in use of IT in CRM led to 1 point increase in organization performance with implication of the best model used.

In summary, we can claim with 95 percent confidence that for every one unit increase in organization performance, use of IT in CRM by between -0.066 and 0.222. The negative significant effect of strategic CRM programs on organization performance could be due to poor CRM programs and structures not directing customers to focus issues and activities that can make them satisfied with the banking services thus making them not to have organization performance on that particular bank.

## **5. SUMMARY, CONCLUSIONS AND RECOMMENDATION**

### **5.1 Introduction:**

This chapter describes the research response level, data coding and cleaning as well as the determination of the measures of data. Subsequently, the chapter highlights the research findings which are presented using a variety of descriptive and inferential statistics that set out the major characteristics of data.

### **5.2 Summary of the Findings:**

#### **5.2.1 Strategic CRM Programs:**

The first objective of the study sought to establish whether strategic CRM programs affected the organization performance with key focus on Co-operative Bank Kenya Ltd. The indicators of strategic CRM Programs taken into consideration were loyalty programs, cross selling and opportunities available for the customers. Descriptive statistical methods were used to reach at the results. Most of the respondents strongly agreed that the bank has developed and maintained successful customer relationships over time having a mean score of 4.68 and a standard deviation of 0.478 with implication that in today's banking era banks have mechanized and kept innovative systems that spearhead them to maintain those relationships. Most of the respondents strongly agreed that the bank builds organization performance through efficient and effective two-way dialogues with a mean of 4.64 and a standard deviation of 0.758 signifying higher response rate. From the results banks have established efficient channels of communication of immediate respond to customer's complaints at any given time the complaints are raised. This kind of model has strengthen up the relationships creating bigger organization performance on the banks.

From the findings the results showed that strategic CRM programs was moderately but positively and significantly related with organization performance. This implicated that any increase in strategic CRM programs would tremendously increase organization performance to the banks making banks to have higher profit margins.

#### **5.2.2 Strategic Level of Customization:**

The second objective of the study sought to determine the effect of level of customization on organization performance at Co-operative Bank Kenya Ltd. The indicators of level of customization were service differentiation and diversification initiative being incorporated by the bank in order to have upper hand on the loyalty of customers. Descriptive statistical methods were used to reach at the results. Most of the respondents strongly agreed the organization understands and influences customer behavior through ongoing communications with a mean of 4.67 and a standard deviation of 0.765 replication of higher response rate. This is where the banks have created communication channels and avenues for customers to raise any complaints they have. Most of the respondents strongly agreed that the organization delivers higher levels of individualized customer satisfaction programs than competitors having a mean of 4.71 and a standard deviation of 0.514.

From the findings the results depicts that increase in level of customization would automatically increase organization performance. Therefore in today's banking sector, banks have diversified ways and mechanisms on increasing level of customization to enhance organization performance. From the findings also model the results shows that use of IT in CRM and Level of Customization were positively correlated with organization performance and strategic which is also significance to the organization performance.

#### **5.2.3 Use of Strategic Information Technology:**

The third objective of the study is establish the effect of use strategic information technology on organization performance

key focus on Co-operative Bank Kenya Ltd. The indicators of use of IT in CRM were information technology levels and user friendly perspective which had greater significant effect on the customer loyalty. Most of the respondents strongly agreed that the effect of CRM technology on firm is efficient and sustainable in relationship building with customers having a mean score of 4.61 and a standard deviation of 0.562 implying that banks have invested much in technology to drive them achieve customer relationship management thus enhancing their organization performance. Most of the respondents strongly agreed that the hardware and software used enables the company to implement business programs having a mean score of 4.60 and a standard deviation of 0.747 implication of higher response rate. In today's banking sector business it has been ideal for them to venture mostly on both hardware and software systems for technology that steers up their operations and enabling them achieve organization performance in terms of customers transacting and opening up bank accounts with those banks. From the findings use of information technology in customer relationship management had weak but positively and significantly related with organization performance but it had significant effect on the organization performance based on the regression model used.

#### **5.2.4 Organization Performance:**

The fourth objective of the study sought to establish how organization performance influences the other three variables used in the study.

Most of the respondents strongly agreed that the customer will not use the other bank's services if the same service is available at the bank having a mean score of 4.56 and a standard deviation of 0.684 indicating higher response rate. Most of the respondents strongly agreed that the customer recommends the bank to someone who seeks his/her advice having a mean score of 4.73 and a standard deviation 0.446. The results simply replicates that the customers plays a critical role of referring other customers to where they are banking because of the services they are receiving.

### **5.3 Conclusions:**

#### **5.3.1 Strategic CRM Programs:**

The results reveal that strategic CRM programs has positive significant correlation on organization performance. The study also concludes that Co-operative Bank Kenya Ltd has emphasized on strengthening and establishing customer relationship management systems that would enhance organization performance.

#### **5.3.2 Strategic Level of Customization:**

The results reveal that strategic level of customization has positive significant correlation on organization performance. The study also concludes that it has enhanced proper structures in place for customization.

#### **5.3.3 Use of Strategic Information Technology:**

The results reveal that strategic information technology has positive significant correlation on organization performance. From the findings the study concludes that when banks invests much in use information technology it would give it strategic advantage over their competitors in the market thus making it to be more efficient and effective.

### **5.4 Recommendations:**

1. It is recommended that there is the need to constantly monitor and evaluate the current CRM strategies of the bank. It is necessary to constantly monitor, review and evaluate the current CRM strategies being adopted by the bank. After introducing the strategy, it is necessary to monitor to see if it is making the impact it is supposed to make. This will also ensure the sustainability of the strategies. This will provide the bank with constructive feedback with regards to the CRM strategies in order for it to realize its maximum benefits thus achieving objectivity of customer loyalty.
2. It is recommended that bank management should involve customers before introducing these CRM strategies in order to realize its maximum benefits. Customers should be consulted before introducing these strategies since they are the reason why it is being implemented. This will make the customers know how much they are needed by the bank and if this call for participation, a larger percentage will get involved as they will want to contribute to the decision making process.
3. It is recommended that there should be an attitudinal change by all members of staff. There should be a conscious effort by all staff to change their bad attitudes. This can be done by training staff on customer service skills and also equip them with product knowledge.

4. It is recommended that it will be necessary to visit customers frequently and also hold meetings with them. Such visits and meetings will offer customers the opportunity to share their problems and their individual needs can be identified and properly identified. They will also feel delighted when they are called by the bank frequently and also on special occasion such as birthdays and anniversaries.

### **5.5 Research for Further Studies:**

This study focused on effect of strategic relationship management system on organization performance with key focus on Co-operative Bank Kenya Ltd. Since only 44.4% of results were explained by the independent variables in this study, it is recommended that a study be carried out on other banks to find out more gaps and factors that can enhance customer loyalty.

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