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Relationship Between Functional Level Strategies And Customer Retention In Commercial Banks In Kenya

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ABSTRACT

Functional strategy organizational plans are arranged for different functional territories of an organization's organizational structure advertising strategy, money related strategy, production strategy. Due to the homogeneity of products provided by profit- making Banks and other financial institutions, coupled with the high cost of customer attraction cost, profit- making The purpose of the study was investigating the connection between functional level strategy and customer retention in the profit- making Banks in Kenya. A descriptive research design targeted at checking out the relationship between functional level strategy and customer retention in the profit- making Banks in Kenya. A descriptive research is concerned with the frequency with which something occurs or the relationship between variables. The population of the study are the employees of the Bank and the target population are the Bank's functional level heads (I.T, Human Resource, Sales & Marketing, Operations and Finance). Data was collected using an open-ended and closed-ended questionnaire. The questionnaire was administered to 205 respondents all taken from the 41 respective profit- making Banks. Data analysis also explained the effect of functional level strategy on customer retention using regression analysis (R^2). This study gave clarity on the relationship between functional level strategy and customer retention. This guided the researchers in understanding the theory of customer retention and guide profit- making Banks in policy formulation and good practice anchored on customer retention. The study finding answered the study question, by establishing that technology-related strategies primarily in Banks focus on: the efficiency of the Banks spending on technology; how the organization's customers and employees, exploit technologies in ways that create value for the organization; on the full integration of technology-related decisions with the .The study concluded that Innovation and Customer Retention the successful exploitation of new ideas is crucial to a profit- making Banks in Kenya being able to improve its processes, bring new and improved products and services to market, increase its efficiency and, most importantly, improve its profitability. The study recommended that Banking Industry must address the needs of a broader market or segment in which no single customer adequately represents the whole market. In this case, Product and Solution Management become the indirect customer proxy; they have authority over solution content.

Keywords: customer retention, Functional Level Strategy, that Banking Industry

INTRODUCTION

Functional Level Strategy is defined as the day to day strategy which is formulated to assist in the execution of corporate and business level strategies. These strategies are framed as per the guidelines given by the top level management. Functional Level Strategy is concerned with operational level decision making, called tactical decisions, for various functional areas such as production, marketing, research and development, finance, personnel and so forth (Dobni, 2013). According to Cravens and Shipp, (2016) defines functional level strategies as the reflection of the business, and reaching corporate goals requires the involvement of several functional areas. Therefore, to increase market share, the functional level strategy include marketing to improve brand recognition, quality improvement for the end products and the hiring of specialized personnel. According to Dobni (2013) the examples of functional strategies that cut across the various functional territories are technology based strategy, product positioning, product life cycle, innovation, cost reduction, customer centricity and operational efficiency. This study will look at the relationship between technology based strategy, innovation & customer centricity and customer retention in the Kenyan profit- making Banks.

Functional strategy organizational plans are arranged for different functional territories of an organization's organizational structure advertising strategy, money related strategy, production strategy. Functional methodologies can be a piece of by and large corporate strategy or fill in as isolated plans of strategy falling/execution inside a functional territory. According to DeSouza (2012), states that when higher level strategies are built up, the following undertaking of the management is to define and execute strategies for each functional region. Strategies are defined on three distinct levels: Corporate level, Business unit level and Functional level. To run an organization effectively it is fundamental to design a strategy at each level however to increase most extreme advantage of arranging it is critical to adjust the plans at each level. Without arrangement office capacities will negate each other's motivation and the by and large corporate strategy will turn out to be less viable (Ehrensberg & Goodhardt, 2013).

The accomplishment of strategy is generally decided at the functional level. Functional level checks the truth of corporate level and business level strategy and brings the ideal outcome by transforming strategies and arranging into substances. The functional level of your organization is the level of the working divisions and offices. It is the obligation of the strategist to give guidance to functional supervisors with respect to the execution of plan and strategies for the effective usage (Muguni, 2013).The job of functional strategy are vital for the presence of an organization. Functional strategy offers help to generally speaking business strategy and also it spells out concerning how functional chiefs will continue to accomplish the set objectives and destinations. Divisions like advertising, account, production and HR. department on the functional abilities of an organization (Narteh & Kuada, 2014).

Inside functional strategies there may be a few sub-level regions. Functional strategies are arranged remembering the higher level strategies. Regarding level of strategy plan functional strategy falls underneath business-level strategies. The advancement plan of functional strategies is imagined and planned by top-level management. Strategist director plans executable functional strategies. Functional strategies bolster the general business and corporate level business. Functional strategies are detailed by pros in every zone. It diagrams the activity plan and sets the achievements that are expected to accomplish before coming to the last objective of corporate strategy (Ennew & Binks, 2012). Functional strategies fill in as a spine of the organization. It gives the essential data on assets and capacities on which the higher level strategy is structured. It includes organizing the different capacities and activities expected to configuration, fabricate, convey, and bolster the item or administration of every business inside the corporate portfolio. Functional level strategy executes the arrangement created at a higher level for the development and progression of an organization (Blattberg & Deighton, 2016).

Functional strategies are basically focused about efficiently using masters inside the functional area. Integrating exercises inside the functional zone organizing publicizing, advancement, and advertising research in promoting; or buying, stock control, and sending underway/operations. Assuring that functional strategies work with business-level strategies and the generally speaking corporate-level strategy (Anderson, & Lehmann, 2014). The achievement of functional strategy is exceptionally influenced when factor. For instance publicizing of another item is propelled 60 days preceding shipment of the primary item. Functional strategies have a shorter time length than business-level or corporate – level strategies (Kamanda, 2015).

Customer retention is the exercise and moves organizations and associations make to lessen the quantity of customer surrenders. The objective of customer retention project is to help organizations hold whatever number of customers as could reasonably be expected, frequently through customer dependability and brand steadfastness activities (Andreson, 2013). According to Siele (2016) customer retention refers to the activities and actions companies and organizations take to reduce the number of customer defections. The objective of customer retention platforms is to benefit companies maintain as many clientel**es** as possible, often through customer allegiance and brand loyalty initiatives.

Therefore, customer retention is hypothetically an operational tool that money-making Banks can use to gain a planned advantage and endure in today's ever growing banking competitive setting. The majorities of Banks have nonnative owners, and are not very differentiated in relationships to the products and services they offer (Githinji & Kiragu, 2014).

1.1.1Global Perspective on Functional Level Strategies

According to Burns (2016) Banks in Europe and America found it difficult to retain customers due to the similarity of the products offered by the various profit- making Banks. This forced the Banks to push more towards customer delight other than customer satisfaction to retain the already existing customers through the formulation of the business and functional strategies.The presence of Bank of America's headquarters in Charlotte, North Carolina singlehandedly makes that city one of the biggest financial centers in the country. The Bank of America's is one of the competitive Banks in America and larger global the successes has been achieved through relatively restricted plan designed to achieve objectives in a specific functional area, allocation of resources among different operations within that functional area of the Bank and coordination among different functional areas for optimal contribution to the achievement of the business and corporate level objectives (Haq & Muhammad, 2014).

Mitsubishi is Japan's largest Bank holding/financial services group. Part of the Mitsubishi Corporation, the company provides a wide variety of financial and investment services through a strategic approach on functional strategies The assignment of functional unit of any organization is to plan higher level strategies by giving contribution to the business unit level and corporate level strategy. Handling the accessible data and utilizing it for higher level strategy plan. When the higher level strategies are built up, the capacity unit begins making executable activity arrangements for each department. The vital marketing department knows the importance and hugeness of arranging at various levels and how it helps the Mitsubishi Bank in accomplishing its destinations (Gronroos, 2014).

The Banking sector in India has grown gradually over the years. The financial reforms had wide scale implications on the existing players, the new entrants and the behavior of customers. A distinguished panel of managing directors and chief executive officers of some of the well-known Banks in the country responded to the theme on the challenges and opportunities faced by the Indian Banking sector in the liberalized environment (Fornell &Wernerfelt, 2017).The reason for strategies and arranging are to control organizations in accomplishing its goals. Such as giving data on client criticism or on assets and capacities on which the higher level strategies can be based. When the higher level strategy or key purpose is built up, the functional units make an interpretation of them into discrete activity designs that every office or division must achieve for the strategy to succeed. A decent strategist draws a strategy utilizing all the accessible assets and gets most extreme advantages from its assets.

1.1.2 Regional Perspective of Functional Level Strategies

According to KPMG's (2016) report on Africa Banking Industry Retail Customer Satisfaction Survey, of African customers retained their Bank accounts at various retail Banks due to the customer service satisfaction and convenience. This shows how Banks have to concentrate a lot on customer satisfaction and delight so as to retain the existing customers. In Africa, only 6 out of every 10 customers are willing to repeat business with their Banks, similar to those who report that they would recommend their Bank to others. Due to such competition the top Banks in Africa are leveraging on innovation. African Banks are among the most innovative and profitable in the world. In many cases, African financial institutions have leapfrogged over the delivery of services through brick-and-mortar branches, instead using mobile Banking to expand rapidly (Githinji & Kiragu, 2014).

Standard Bank of South Africa as the Best Bank in Africa because of its focus on Africa and its clients as it extends best-in-class Banking technology throughout the continent. The purpose of strategic arranging of Standard Bank is to achieve the objectives and destinations of the strategic arrangement (Fornell & Wernerfelt, 2017). Where the Markets and business situations change rapidly, the administration is prepared to survey how strategies are performing against expressed objectives and roll out essential improvements as needs be. Adaptability even with change is a vital part of the continuous strategic procedure

According to Inkumsah (2013), Ghanaian Banks lost on average high number of its customers. The factors that he highlighted were corporate image, customer perception of value, customer satisfaction and differentiation. Msoka (2014), stated that customer retention in Tanzanian Banks, established that satisfaction is vital in making customers remain and continue to use the services of the same Bank. Customers are satisfied through staff kindness, adequate information, timely information, well-handled complaints and better prices in Banks products and services. Customer satisfaction is a great influence on the Banks' customer retention in order to retain customers, Banks in Tanzania should establish minimum standards based on customer expectations, Banks should control their networks to ensure reliability and cater for the network's failure especially at ATMs.

1.1.3 Local Perspective on Functional Level Strategies

The Banking industry has grown tremendously the last few years in Kenya. Technology and the increasing needs of customers has forced the industry players to come up with strategies in order to meet their customer needs in an efficient and costs effective manner. This is important in enhancing organizational performance especially in a competitive market environment (Colgate, & Lang, 2011). KCB Bank and Co-operative Bank's functional level strategy advocates for the business to consider it to be choices as explicit to a functional zone of the association, for example, promoting, HR., advertising, and so forth. Capacity level strategy is worried about how every individual functional region is sorted out to convey and add to the business strategy, what their strategic targets ought to be, and control how they ought to deal with their assets in quest for those goals. Functional techniques help KCB Bank in execution of strategic decisions and fabulous strategy by sorting out and initiating explicit sub-units of the association to seek after the business strategy in day by day exercises. The administration of functional zones looks for answers to the accompanying inquiries so as to help define work strategy for specific functional regions (DeSouza, 2012).

Functional objectives for the Development Bank of Kenya Ltd plot an objective expertise to be gained in quantifiable terms, while including exact conduct to be practiced and a particular paradigm characterized by the target for estimating execution. Functional objectives are elaborations of the hierarchical usable objectives.KCB Bank Objectives, albeit explicit and quantifiable, which are straightforward proclamations of an organization's way of life or demeanor: to be number one in consumer loyalty in a specific industry. Forms the capital structure of the organization through choice of share structure, debt and bonds) by optimizing monetary costs. Debt policy works with decision making about the dimensions of the mortgage and the forms (Ennew & Binks, 2012). The financial structure entails is additionally the enterprise asset control. To produce optimum revenues, airers for you establishes the framework of the investments of earlier accumulated funds. Additionally, it offers access to resources. Stanbic Bank dividend policy deals with the allocation of earnings in between the shareholders and for development of the business. Capacity tactic operates at a quality of practical zones, for instance, exhibiting, fund, HR and alludes to the plan of hierarchical techniques/moves manufactured in those parts of the company association to assist the organization 's aggressive strategy and general business (Fornell & Wernerfelt, 2017).

1.1.4 Banking Sector in Kenya

The Banking industry of Kenya is governed by the business organizations Act, the Banking Act, the company Bank of Kenya Act, and the various prudential suggestions given by the primary Bank of Kenya (CBK). The Central Bank of Kenya (CBK) annual report (2018) suggests that as at 30th June 2018, the Kenyan Banking market comprised forty two industrial Banks, ninety seven overseas exchange bureaus, nine microfinance Banks, eight symbolic offices of international Banks, five cash remittance providers, two credit reference bureaus as well as one mortgage financing business. Out of the forty-three Banking institutions, forty were privately owned as the Kenya Government had majority ownership in three institutions. Of the forty privately owned Banks, twenty-five were locally owned (the controlling shareholders are domiciled in Kenya) while fifteen had been foreign-owned (many having minority shareholding). Twenty four commercial Banks and one mortgage financier were comprised by the twenty-five locally-owned institutions. Of the fourteen foreign-owned institutions, every industrial Bank, eleven had been neighborhood subsidiaries of international Banks while three were branches of foreign Banks. All qualified forex bureaus, microfinance Banks, credit reference bureaus, cash remittance providers, non-operating Bank holding companies as well as symbolic offices and were privately owned. The category process is a way of distinguishing various Banks based on the market share of theirs, asset base as well as the number of client deposits. and therefore are tiered as follows: tier one Banks are seven in quantity while tier two are thirteen and tier three is 21 (CBK Annual Report 2018) Over the last two decades, financial sector reforms, technological advancement and globalization have led to significant transformation of the Banking industry.

1.2 Statement of the Problem

Emerging challenges caused by operational turbulence in the Banking industry in Kenya are creating an urgent need to improve current Banking performance. The two furthermost challenges in the Banking sector are cost containment and customer retention (Kamanda, 2015)**.** Information Technology has also provided banking industry with the ability to deal with the challenges the new economy poses. Information technology has been the cornerstone of recent financial sector reforms aimed at increasing the speed and reliability of financial operations effectiveness and of initiatives to strengthen the Banking sector**.** Majority of the tier 3 Banks customers experienced poor service delivery system, which lack new innovative ways the actual services are delivered to the customers hence increasing errors due to ineffectiveness therefor increasing vulnerability of Banks to performance shocks due to operational inadequacies (Kamanda, 2015)

The challenges experienced including poor technology adoption and product innovation by the commercial Banks in Kenya which has led to non-performing loans, increasing operating cost, poor strategy development and increasing customer defection rate by 5% per annum. This has resulted in Banking business decline in development with Banks 20.4 % in total assets, that amounted to Ksh. 1.682 trillion, up from Ksh.2.02 trillion discovered in 2010. Generally there had also been a rise in gross non-performing loans of 8 %, between Ksh. 57.6 billion in 2010 to Ksh. 62.21 billion in 2011 CBK Annual Report 2013)

The number of deposit accounts went down by 3.9 million, an estimated decline in at 15.2% (FSD Kenya & CBK, 2011). Total deposit accounts with the member institutions declined to by 35 percent, from 17.62 million in December 2016 to 14.3 million in December 2018. The deposit accounts decreased to 33.9 per cent from 18.9 million accounts in June 2013 to 15.3 million in June 2017 (CBK, 2018). Based on data by CBK, customer retention just for the top four tier one Bank (based on client numbers) was dropping by 5.4 %, 1.7 %, 3.0 % along with 1.3 % respectively. Tier one profit- making Banks in Kenya had an average client attrition rate of 6,000 to 7,000 users monthly. This represented seventeen percent reduce retention across the board (CBK, 2018).

De Souza (2012) observed that client retention techniques are fundamental to the expansion, profitability, and expansion of business Banks in Kenya. Wanyonyi (2014) carried out a study on the competitive strategies adopted by Kenyan profit- making Banks to attract and retain corporate customers. Kiarie (2012) investigated the influence of service innovation practices on customer satisfaction in Kenyan profit- making Banks. Few empirical studies have investigated the relationship between functional level strategy and customer retention. Specifically in literature it is not clear how technology based strategy, innovation, customer centricity and operational efficiency relate to customer retention in the profit- making Banks in Kenya. This specific study thus pursues to examine the correlation between functional level strategy and customer retention in the profit- making Banks in Kenya.

1.3 Objectives of the Study

The main objective of this study was to observe relationship between functional level strategies and customer retention in the commercial Banks in Kenya. The specific objectives of the study were

i. To explain the relationship between technologies based strategy and customer retention in the commercial Banks in Kenya.
ii. To discover the relationship between innovation and customer retention in the commercial Banks in Kenya.
iii. To explore the relationship between customer centricity and customer retention in the commercial Banks in Kenya.
iv. To determine the relationship between operational efficiency and customer retention in the commercial Banks in Kenya.

1.4 Research Questions

i. What is the relationship between technologies based strategy and customer retention in the commercial Banks in Kenya?
ii. What is the effect of innovation on customer retention in the commercial Banks in Kenya?
iii. To what degree does customer centricity relate to customer retention in the commercial Banks in Kenya?
iv. Does operational efficiency influence customer retention in the profit- making Banks in Kenya?

LITERATURE REVIEW

2.2 Theoretical Review

Theoretical frameworks are explanations about the trend and also offer the researcher with the lens to see the planet. A principle is a pair of claims or maybe concepts invented to describe a team of phenomena or facts particularly one which has frequently analyzed and is commonly recognized as well as utilized making predictions about natural phenomena. Theories are analytical resources for understanding, making and explaining predictions in regards to a certain subject matter (Creswell, 2013). A structured principle is syntactic in nature and it is just meaningful when provided a semantic part by using it to some content material, that's facts & relationships' of the particular historic society as it's unfolding (Shields & Nandhini,2013). This review thus is seated on 4 theories as talked about in the next portion. Resource-Based View principle, Schumpeter's theory on innovation, advertising principle as well as contingency principle.

2.2.1 Resource-Based Theory

Resource-Based Theory (RBT) was created by Penrose in 1959 to help know-how groups attain sustainable competitive advantage with materials they currently have. This particular perspective looks at the firm to be a distinctive bundle of idiosyncratic capabilities and resources where the main job of management is maximizing value with the perfect deployment of existing methods and abilities while improving the firm's source base for the succeeding (Grant and Hamel, 1996). It's dependent on a tight working with its inner strengths to make use of opportunities to fight threats on the market with an aim to produce sustainable competitive advantage with the acquisition, exploitation and utilization of firm specific energy as well as abilities .The RBT concentrates on the idea of difficult-to-imitate characteristics of the firm as energy sources of competitive advantage and superior performance (Barney, 1986; Prahalad & Hamel, 1996).

2.2.2 Schumpeter's Theory of Innovation

Schumpeter's Theory of Innovation was created by Joseph Schumpeter in 1947. Schumpeter's Theory of Innovation is consistent with the opposite purchase models of the business succession, which prerogatives the change in investment convoyed by financial increase have become the main fundamentals behind the company changes, but however, Schumpeter's Theory posits that development running a business is definitely the main reason behind increased investments as well as workplace fluctuations (Schumpeter, 1947). Based on Schumpeter (1947), the cyclical procedure is practically solely the outcome of development in the business, both commercial and industrial.

2.2.3 Marketing Theory

Marketing theory was developed by Robert Bartels in 1965. According to Bartels (1965) marketing has long claimed that the customer has a central role in determining the business success of any firm. This belief is enshrined as the marketing concept, which states in essence that superior firm performance is the consequence of satisfying customers more efficiently and effectively than do competitors. Despite definitional variations, there is almost universal scholarly consensus on the underlying customer-centric logic of the marketing concept. That being the case, it is surprising that well known scholars find it necessary to continue to call for marketing to become more customer-centric Banking industries When they put customer at the centre of their business, and coupled it with

Customer Relationship Management (CRM), the Bank gather a wealth of data, which gives you a full 360 view of the client. This can then be used to improve the customer experience (Jumaev & Hanaysha, 2012).

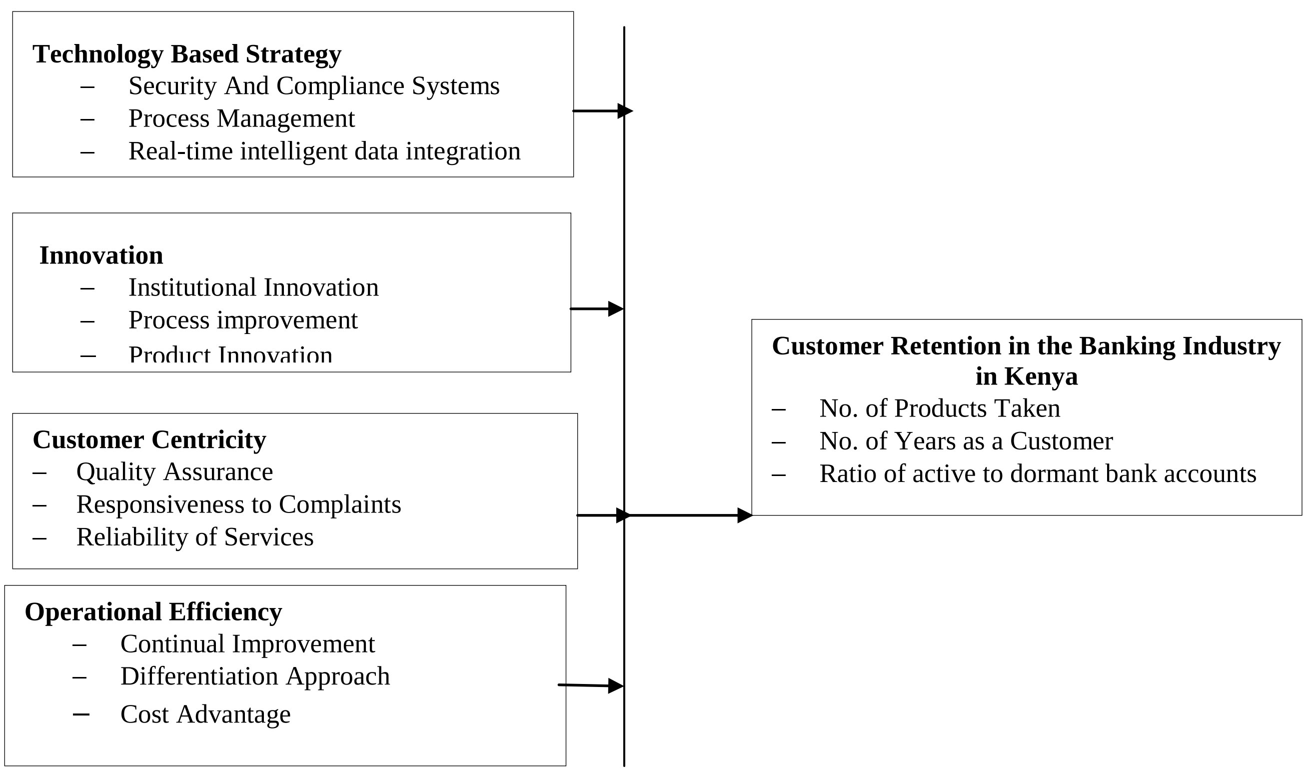
2.2.4 Contingency Theory

The perspective originated with the work of Joan Woodward (1958),who argued that technologies specifically determine variations in such organizational characteristics as the span of command, centralization of power, so the formalization of procedures and rules. A few vital categories of business which may gain from the contingency principle include technology.

Donaldson (1995) summarizes the different strains of the contingency principle in the terminology of the SARFIT (structural-adaptation-to-regain-fit) design. In an open methods planet, environments create demands for businesses that their managers deal with in part by developing practices. These techniques, in turn, cause contingencies size, technology, amount of diversification, or maybe others for that a few organizational components are better suited than others. When managers of a company discover themselves with a framework which doesn't match the contingencies of its (e.g., since these contingencies have changed), their organization's performance suffers, & they endeavor to modify the structure of its to just one with a much better match, to enhance performance (Dobni, 2013).

2.3 Conceptual Framework

The conceptual framework is a graphical model of exhibition of the connection between variables in the study. It is a roadmap that the study proposes to monitor with the aim of looking for responses to the problems elevated by the research questions Orodho (2012). The theory is presented as a model where research variables and the relationship between them are translated into a visual picture to illustrate the interconnections between the independent, peripheral and dependent variables.



Independent Variables **Dependent Variable**

Figure 2.1: Conceptual Framework

RESEARCH METHODOLOGY

3.2 Research Design

The study is going to adopt a descriptive design targeted at examining out the affiliation between functional level strategies and client retention in the Kenyan commercial Banks. A descriptive design is concerned about indicating the frequency with which something occurs or maybe the connection between variables (Kothari, 2012).According to Orodho (2012), research design discusses all the techniques selected by a researcher for studying a specific set of interrogations or hypotheses, and also a framework for the collection and analysis of data that is suited to the research question.

3.3 Target Population

According to Mugenda and Mugenda (2013), a target population is classified as all the members of a given group to which the study is related, whereas the available population is looked at in terms of those in the target population within the reach of the study. According to this research the target population comprised of 5 functional heads in the 41 Banks. Therefore there was a Based on the commendations of Cooper and Schindler (2013) and Mugenda and Mugenda (2013) in defining the unit of exploration for the study, the population of this study comprised of 41 registered Banks in Kenya (CBK, 2018).

Table 3.1: Target Population

	Bank Tier	N.o of Banks
1	Tier 1	7
2	Tier 2	13
3	Tier 3	21
	Total	**41**

Source: Central Bank Annual Report (2019)

3.4. Sampling Frame

A research sample population is a well-defined collection of individuals or objects known to
Have similar characteristics. All individuals or objects within a certain population usually have a common, binding characteristic or trait (Kothari, 2012). The unit of observation of the research with the entire branch Bank managers and customer service agents who are signed and responsible strategy implementation and the unit of analysis consisted of all the 41 Banks. The sampling frame is a comprehensive list of all sampling units from which a sample can be selected (Ngechu, 2014).

3.5 Sample and Sampling Techniques

According to Mugenda (2013), sampling is the procedure by which a relatively small number of individual, object or event is selected and analyzed in order to find out something about the entire population from which it is selected. Mugenda (2013) describes a sample as a subset of the population under study. The study used a census of 205 functional level heads. Census is a collection of information from all units in the population or a complete enumeration of the population (Kothari, 2012). The study used a census so as to collect accurate information because it takes the entire population into account. According to Kothari (2012) census approach guarantees that every member of the population was involved in the study. A sampling frame includes every member of the study population from which a sample is to be taken (Cooper & Schindler, 2014).This method was appropriate because it reduced on biases in research since all the respondents were given an equal chance to participate in the study (Orodho ,2012).

3.6 Research Instrument

This particular study used both secondary and primary data. Primary details were obtained using self-administered questionnaires. The questionnaire is going to be created of both open-ended and closed-ended questions covering the relationship between functional level strategies and customer retention in commercial Banks in Kenya. The open-ended questions is going to be utilized to encourage the respondent to offer detailed and felt result with no feeling held again in providing some info as well as the closed-ended questions enable the respondent to react from limited choices which was claimed. Based on Saunders (2014), the open-ended or maybe unstructured issues permit deep effect from the respondents while the closed and structured thoughts are usually much easier to assess. The questionnaire is usually to be utilized in an attempt to save money and time and also to facilitate a simpler evaluation as they're in immediate functional form. Secondary details probably are from CBK site, the sampled Bank's sites and also posted financial statements.

3.7 Pilot Testing of Instruments

The goal of the pilot assessment is establishing as well as improves the validity as well as reliability of research instruments (Sekaran, 2013). From the pilot benefits, validity and reliability are going to be examined. The pilot assessment was conducted utilizing nineteen profit- making Banks inside Nairobi County. The pilot group is going to be sampled via random sampling. Bougie and Sekaran (2013) recommend the questionnaire pre-tests can be done by facets of the questionnaire by individual interviews to take notice of the respondents' attitudes and reaction. All of the facets of the questionnaire are going to be pre-tested including question content, instructions, question difficulty, layout and form, sequence and wording. The feedback obtained can be utilized to revise the questionnaire prior to administering it with the research respondents.

3.7.1 Validity of the instrument

Based on Mugenda and Mugenda (2013), validity is the reliability as well as the meaningfulness of inferences depending on researching benefits. Among the primary factors for doing the pilot study is usually to determine the validity of the questionnaire. The study is going to use each content and face validity to determine the validity of the questionnaire. Content validity attracts an inference from test scores to a big url of products much like anyone on the evaluation. Content validity is about sample population representativeness. Gudmundsson (2013) mentioned the skills and knowledge covered by the test things must be symbolic to the bigger domain of knowledge and abilities.

3.7.2 Reliability of the instrument

Instrument reliability was the degree to which an exploration instrument creates results that are similar to various events under conditions that are similar. It is the level of consistency with which it measures whatever it's intended to calculate (Bell, 2012). Reliability is worried about the issue of if the outcomes of research are repeatable. A construct composite reliability coefficient (Cronbach alpha) of 0.7 and above, for those constructs, is regarded as enough because of this study (Saunders, Thornhill &, 2013). The reliability coefficient of the re-search instrument is evaluated by using Cronbach's alpha. The formula for Cronbach's alpha is:

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N-1) \cdot \bar{c}}$$

Where:

N = the number of items.

$\bar{c}$ = average covariancebetween item-pairs.

$\bar{v}$ = average variance.

3.8 Data Collection Procedure

The study collected primary data for analysis; primary data was obtained by the use of structured questionnaires. Questionnaires were selected upon because of its advantages of being able to collect huge amount of data in a cost effective way and at the same time. Primary data is that study data that is collected for the first time by the researcher hence original in character (Kothari, 2011). The questionnaires comprised of close ended questions so as to improve on the quality of collected data. A five point Likert scale was utilized in various closed ended questions

The researcher obtained an introduction letter from the university then gets a comprehensive list of the target population from CBK website. This comprehensive list consisted of the target population contact information. The researcher contacted the organizations seeking permission to conduct the academic study and demonstrating that the study is authorized by the university and using the introductory letter as proof. Contacting the organizations was done by email. The drop and pick method is preferred for questionnaire administration so as to give the respondents enough time to give well thought out responses.

The researcher indicated to the respondents that it was appreciated to respond to the questionnaire within 2 weeks and that a reminder via telephone call or email was made or sent. The researcher collected the questionnaires for analysis where the questionnaires was sorted and checked for completeness. The fully completed questionnaires was coded and data entered into a computer program namely SPSS Version 23.0. The justification for the use of these processes is because the respondents are busy and cannot be subjected to the other forms of data collection methods such as interviews and focus group discussions.

3.9 Data Analysis

Information is examined using the Statistical Package for Social Sciences (SPSS Version 23.0). All of the questionnaires that are received were referenced and items in the questionnaire were coded to facilitate data entry. Following information cleaning that involved checking for mistakes in the entry, descriptive data like frequency distribution of respondents in form of frequency tables, status of functional level strategy and customer retention using descriptive statistics such as mean and standard deviation, quantitative information and variables is given in form of graphs and tables. Descriptive figures will likely be utilized since it is going to enable the researcher to implicitly explain the distribution of scores or maybe measurements applying not many indices (Mugenda and Mugenda, 2013). The qualitative information from the open-ended questions is examined working with conceptual content analysis. According to Zina (2014), proposals on the evaluation of qualitative data, the collected information must be organized, sorted out, coded and thematically examined, looking for meaning, drawing and interpreting of conclusions on the foundation of principles.

Several regression analyses are going to be utilized to set the affiliation among the independent and dependent variables. Several regression tools are going to be utilized since it's the process which uses 2 or maybe more variables to foresee a dependent adjustable. The study is going to use several regressions analysis to find out if a

team of variables collectively predict a certain dependent varying (Babbie, 2014). Because there are 4 impartial variables in this particular study the many regression version believed the following equation:
In testing the significance of the model, the coefficient of determination (R^2) is used to measure the extent to which the variation in customer retention was explained by the variation in strategic intent. F-statistic will was also be computed at 95% confidence level to test whether there is any significant relationship between strategic intent and customer retention.

$$\mathbf{Y=B_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + E}$$

Where:

Y= Customer Retention in the Banking Industry in Kenya.
X_1= Technology based strategy
X_2 = Innovation
X_3= Customer Centricity
X_4= Operational Efficiency
E= Error Term
$B_{0,}$ B_1, B_2, B_3, B_4 = Constant

Assumptions:
Linearity: The relationship between X and the mean of Y is **linear**. Homoscedasticity: The variance of residual is the same for any value of X. Independence: Observations are independent of each other.

DATA ANALYSIS AND PRESENTATION OF THE FINDINGS

4.2 Response Rate

In this study, two hundred and five (205) questionnaires were randomly distributed to head of departments in Kenyan Banks. One hundred and forty four (144) questionnaires were returned giving a response rate of 70.2%. A response rate of 30-40% is considered adequate Mugenda and Mugenda (2011) are of the view that a response rate of 30% and greater than 50% respectively is adequate. Cooper & Schindler, (2013) also recommend 50% response rate as adequate. The response rate for this study is therefore, adequate. The table 4.1 presents response rate.

Table 4.2: Response Rate

Response	Frequency	Percentage (%)
Returned Questionnaires	144	70.2 %
Unreturned Questionnaires	61	29.8 %
Total	205	100%

4.3 Reliability Test

A pilot study was conducted to pretest the tool used in data collection. Twenty questionnaires were administered to head of department's respondents who were randomly selected. In this study, an internal consistency was done using Cronbach's Alpha to measure how well the items were correlated to each other for all the questionnaires issued to different groups of pilot respondents. A Cronbach value of 0.7 or greater is considered reliable The rule of thumb for Cronbach Alpha is that the closer it is to 1, the higher the reliability Cooper & Schindler, (2013) As presented in table 4.2 below, Technology Based Strategy had a Cronbach's Alpha of 0.7610, Innovation had a Cronbach's Alpha of 0.7216, Customer Centricity had a Cronbach's Alpha of 0.7329 and Operational Efficiency had a Cronbach's Alpha of 0.7901 All the variables under study had a Cronbach's Alpha above the recommended 0.7, an indication that the data collection instrument was reliable and hence adopted for the study without amendments.

Table 4.3:Reliability Analysis

Number of Items	Cronbach's Alpha	Comment
4	0.7610	Reliable
4	0.7216	Reliable
4	0.7329	Reliable
4	0.7901	Reliable

4.5 Descriptive Statistics

Descriptive statistics are a set of brief descriptive coefficients that summarizes a given data set, which can either be a representation of the entire population or a sample. The measures used to describe the data set are measures of central tendency and measures of variability or dispersion.

4.5.1 Technology Based Strategy

The respondents were requested to indicate the level, to which the agreed with the given statements that relate to the Technology Based Strategy on customer retention in the Commercial banks in Kenya.The results are presented on Table 4.3,to a great extent the respondents agreed that Banks we offer quality information on every customer interaction which may subsequently be seen by senior management in regular accounts that enable much more refined evaluation than before available which was supported by a mean of 4.20 and standard deviation of 0.89. The respondents indicated that Banks should make sure that most customer information, as well as history, are accessible - enabling the branch to nurture the company identity of the organization which had a mean score of 4.00 and standard deviation of 1.12.

To a moderate extent the respondents indicated that though technology application Banks should ensure that the customer's experience inside the method is consistent throughout all channels. Which had a mean of 4.48 and standard deviation of 0.67? The study further established that Banks should develop security and compliance systems for customer deposits and with draws and online transactions which was supported by a mean of 3.25 and standard deviation of 1.05. From the findings this implies that the important components of information technology-strategy are information technology and strategic planning working together to deliver customer needs. The study findings concurred with those ofKPMG (2016) Market push is a term that addresses the creation of markets through marketing-driven efforts that, along with technology pull, lead to the creation of technological standards that define and enable the emergence of new markets.

Table 4.4:Technology Based Strategy

Statement	N	Mean	StD
Banks we offer quality information on every customer interaction, which may subsequently be seen by senior management in regular, accounts that enable much more refined evaluation than before available.	144	4.20	0.89
Banks we make sure that most customer information, as well as history, are accessible - enabling the branch to nurture the company identity of the organization	144	4.00	1.12
Banks we allow Banks advertising to quickly recognize consumer associates by market sector as well as target correspondence to those buyers most probable to acquiesce to the item or maybe service offering.	144	3.70	1.13
Banks we make sure that the customer's experience inside the method is consistent throughout all channels.	144	4.48	0.67
Banks we provide effective customer communication across an assortment of channels	144	3.30	0.59
In our Banks we provide real-time intelligent data integration	144	3.48	0.94
Banks we develop security and compliance systems for customer deposits and with draws and online transactions.	144	3.25	1.05

4.5.2 Innovation

The respondents were requested to indicate their level of agreement with the given declarations that relate to the influence of Innovation on customer retention in commercial banks in Kenya outcomes presented on Table 4.4 A Likert scale of 1-5 was used from the findings, the respondents strongly decided that the Banks should use mobile and digital transformation in the Banking system as an aspect of technology enhances for buyer conveniences which was supported by a mean score of 4.10 and average deviation of 0.89. To a moderate extent the respondents indicated that Banks develop customized new products matching the specific preferences and priorities of customers so as to differentiate the services which were supported by a mean of 3.70 and average deviation of 0.91.

The study revealed that Banks use automated business rules and decision models to move work more quickly and efficiently through processes as indicated by mean of 3.45and standard deviation of 1.21. To a great extent the respondents indicated that Banks we have applications that allow customers to make transactions or obtain information on a self-service basis without requiring employee efforts as indicated by 3.25 and standard deviation of 0.89. This implies that Users of technology can be an important source of ideas for improvements or even new innovations with substantial market potential .The study findings are in line with those of Siele &Muturi, (2016) that most firms create technology platforms, which are generic architectures that become the basis for a variety of technology-based products and services.

Table 4.5:Innovation

Statement	N	Mean	StD
Banks we use mobile and digital transformation in the Banking system	144	4.10	0.89
Banks we apply online Profit- making loan origination systems.	144	3.70	0.91
Banks we develop customized new products matching the specific preferences and priorities of customers	144	3.55	0.97
Banks we use automated business rules and decision models to move work more quickly and efficiently through processes.	144	3.45	1.21
Banks we have applications that allow customers to make transactions or obtain information on a self-service basis without requiring employee efforts	144	3.25	0.89

4.5.3 Workflow program

Study findings in figure 4.5 below indicate that best workflow program which has solutions that permit branch staff members to record info from multiple and extensive enter routes the study majority 30 % of the respondents were using emails for communication and making customer complains follow up, which was followed by mobile apps as indicate by 15% of the respondents .The study indicated that digital signature pads,electronic data interchange solutions faxes office applications. Websites, 10%, 12.5 % 5.0 % 7.5% were in use .from the findings this implied that email were been used by the bank employees to facilitate communication with the department and the customer the findings of the study concurred with those of ongongo (2014) that management of technology helps to ensure that the development of new technology and its applications are aimed at useful purposes and that the benefits of new technology outweigh the disruptions and difficulties that accompany innovation.

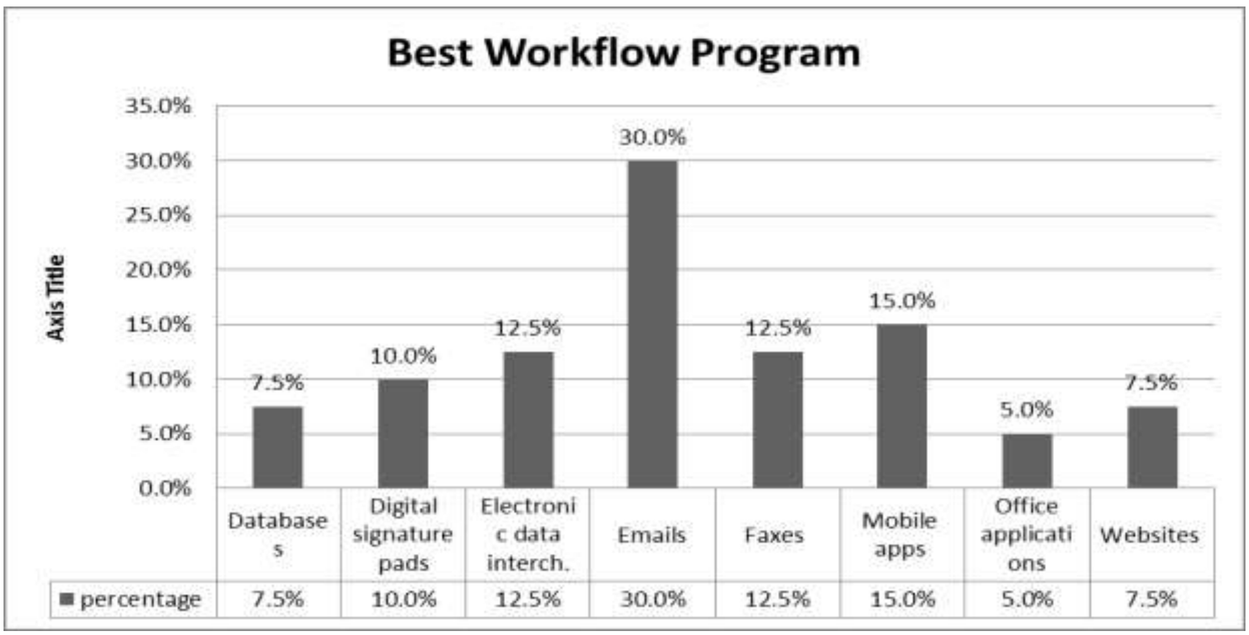


Figure 4.2: Workflow program

4.5.3 Customer Centricity

Table 4.5 shows the respondents response on the level to which they were in agreement with the given statements that relate to the influence Customer Centricity on functional level strategies and customer retention in commercial banks in Kenya. From the findings, majority of the respondents strongly agreed Banks, approved out analysis and research in quality assurance on constant basis to understand better customer changing needs as indicated by mean of 3.43 and standard deviation of 1.05. The findings confirmed that the Banks, they evaluated functionality of various services as well as delivery standard and make suggestions for enhanced client contentment as was reinforced by mean score of 3.88 and standard deviation of 0.98 . To strong extent the respondent conclusively stated that Banks, dealt with customer complaints in a timely manner and in adherence with the Banks's policies so as to meet the customer's needs which was had a mean of 3.63 and standard deviation 0.98. Moderately the respondents stated that Banks adhered to a policy of fiscal reliability the customers are rewarded with products that are great and services which meet the necessities as showed by mean of 3.33 and average deviation of 0.88.

The respondents moderately agreed that Banks authenticated the unit with service provider prior to initiating a transaction this ensured that unauthorized devices aren't connected to perform monetary transactions which had a mean score of 4.18 and standard deviation of 0.80. The study findings showed that Banks were measuring quality of service: As results of solutions are usually intangible and are experienced exclusively by each customer as was supported by a mean of 3.55 and average deviation of 0.97. From the findings this implied that Customers are the ultimate beneficiaries of the value of the business solutions created and maintained by the portfolio value streams. The study concurred with those of Siddiqi, (2011) that Customer-centric enterprises move beyond a transactional mentality and instead focus on creating longer term relationships based on a clear and accurate understanding of how the customer derives value from the solution

Table 4.6:Customer Centricity

Statement	**N**	**Mean**	StD
Banks, we carry out analysis and research in quality assurance on constant basis.	144	3.43	1.05
Banks, we advocate quality standards in various aspects of Banks's operations.	144	4.00	0.95
Banks, we evaluate functionality of various services as well as delivery standard and make suggestions for enhanced client satisfaction.	144	3.88	0.98
Banks, we deal with customer complaints in a timely manner and in adherence with the Banks's policies to meet the customer's needs.	144	3.63	0.98
Banks, we adhere to a policy of fiscal reliability the customers of ours are rewarded with products that are great and services, which meet the requirements.	144	3.33	0.88
Banks we use mobile Banking to cut down on the price of handling transactions by decreasing the demand for buyers.	144	3.43	0.97
Banks, we authenticate the unit with service provider prior to initiating a transaction. This will make sure that unauthorized devices aren't connected to perform monetary transactions.	144	4.18	0.80
Banks we measure quality of service: As results of solutions are usually intangible and are experienced exclusively by each customer	144	3.55	0.97

4.5.4 Operational Efficiency

The study sought on the extent to which respondents agreed on the given statements that relate to the effect of Functioning Efficiency & information on customer retention in commercial banks in Kenya And results presented on Table 4.6. From the findings, majority of the respondents strongly agreed that when Banks provide methods of continuous improvement that works in case there is dialogue, open communications and feedback between management and workers as indicated by mean score of 3.75 and standard deviation of 0.92, from the findings it was observed that Banks should use infrastructure installed for compliance, accounting, risk, operations and it able to more effectively consolidate and administer to clients value-added measures that add value to the buyer of the fiscal service or product which was supported by a mean 3.90 and standard deviation of 0.89.

Banks boost straight-through processing (STP) to improve speed in transactions where workers take accountability and ownership of the task. Therefore the workers are much more invested as well as driven which increased operation efficiency with the bank operational department which was supported by mean of 4.10 and standard deviation of 1.23. The findings in the study as well established that in Banks should ensure employees own the task; they are much more invested as well as driven for better specialized service which had a mean of 3.88 and standard deviation of 1.20. To a moderate extent the respondents indicated that Banks utilized channels to assess the many ways customers communicate with the Banks to be able to make a cost-effective combination which is tailored to each Banks's particular customer base which had a mean score of 3.68 and standard deviation of 1.30. The study found out that Banks were eliminating duplication/ over lapping of processes so as to satisfy the worldwide recognized very best methods of serving customer and within the department as indicated by mean of 3.78 and standard deviation of 0.96. From the study this implies that operational efficiency and drive significant gains in service effectiveness. In addition, we can provide a framework for service excellence that will enable continuous improvement and measurement of service effectiveness. The study finding concurred with those of that Blattberg & Deighton, (2016) Improving on customer retention operational efficiency must begin with measuring it. Since operational efficiency is about the output to input ratio, it must be measured on both the input and output side.

Table 4.7: Operational Efficiency

Statement	**N**	**Mean**	StD
Banks we provide methods of continuous improvement that works in case there is dialogue, open communications and feedback between management and workers.	144	3.75	0.92
Banks, we provide tailor-made products and services to customers at a competitive price lower than other industry players.	144	3.90	0.97
Banks, use infrastructure installed for compliance, accounting, risk, operations and it able to more effectively consolidate and administer to clients value-added measures that add value to the buyer of the fiscal service or product.	144	3.90	0.89
Banks we boost straight-through processing (STP) to improve speed in transactions where workers take accountability and ownership of the task. Therefore, the workers are much more invested as well as driven.	144	4.10	1.23
Banks we identify improvement for strengthening as well as simplifying existing procedures including duplications and redundancies.	144	4.18	0.71
Banks we ensure employees own the task; they are much more invested as well as driven.	144	3.88	1.20
Banks we utilize channels to assess the many ways customers communicate with the Banks to be able to make a cost-effective combination which is tailored to each Banks 's particular customer base	144	3.68	1.30
Banks we eliminate duplication/ over lapping of processes so as to satisfy the worldwide recognized very best methods.	144	3.78	0.96

4.5.5 Customer Retention in the Banking Business in Kenya

The study sought the extent to which indicators of level of customer retention in commercial banks in Kenya. in the last five years in terms of Number of Products taken(loans credit notes, salary advance)% Ratio of active to dormant Banks accounts(1.100) and Number of years as a customer(years)that is influenced by Technology Based Strategy, Innovation, Customer Centricity and Operational Efficiency. The implementation of functional level strategies among commercial banking sector .from the findings in as tabulated in table 4.7 the study show a trajectory performance in Number of Products taken (loans credit notes, salary advance) % from the financial year 2014/2015 which was at 12.4% and further changed in the financial year 2015/2016 to 13.9% and increased steadily in the financial year 2016/2017, 2017/2018 and 2018/2019 to 16.3%, 8.9 % and 23.7% respectively.

The performance in reduction in Ratio of active to dormant Banks account was on down ward trends as the Ratio of active to dormant Banks accounts (1.100) in the year 5.2 in the financial year which 2014/2015 and in financial year 2015/2016 3.4 finally declining to 2.6 , 1.3 and 0.5 in the financial year 2016/2017, 2017/2018 and 2018/2019.

The Number of years as a customer (years) in tier 1, 2 and 3 in the year 2014/2015 was at .1 years which was increasing as new customers were Enrolling for the banking service as in the financial year 2014/2015 to were 2018/2019 5.5 years 6.5 years 10. Years 11.2 years and 12.2 years from the finding. This implied that implementation of functional level strategies influenced customer retention in commercial in Kenya since there was increased service delivery within the banking sector and more unbanked customers were been reached

Table 4.8: Customer Retention in the Banking Industry in Kenya

Indicators	**Productivity levels**				
Year	**2014/2015**	**2015/2016**	**2016/2017**	**2017/2018**	**2018/2019**
Number of Products taken(loans credit notes ,salary advance)%	12.4%	13.9%	16.3%	8.9 %	23.7%
Ratio of active to dormant Banks accounts(1:100)	5.2	3.4	2.6	1.3	0.5
Number of years as a customer(years)	5.5years	6.5years	10 years	11.2 years	12.2 years

4.6 Inferential Analysis

Inferential statistics used in the study included the use of correlation analysis and multiple regression analysis. The use of different tests was driven by the need to establish the relationship between the independent variables (technologies based strategy, innovation, customer centricity and operational efficiency) and dependent variable (customer retention in commercial banks) and corroborate results and to further query the results to find out more about the underlying patterns explaining such results.

4.6.1. Correlation Analysis

The correlation coefficient is a measure of linear association between two variables. Values of the correlation coefficient are always between -1 and +1. A correlation coefficient of +1 indicates that two variables are perfectly related in a positive linear sense, a correlation coefficient of -1 indicates that two variables are perfectly related in a negative linear sense, and a correlation coefficient of 0 indicates that there is no linear relationship between the two variables. A correlation coefficient of between 0.0 and 0.19 is considered to be "very weak", between 0.20 and 0.39 is considered to be "weak", between 0.40 and 0.59 is considered to be "moderate", between 0.60 and 0.79 is considered to be "strong" and between 0.80 and 1.0 is considered to be "very strong ". The researcher carried out correlation analysis between the variables of the study using Pearson product-moment correlation coefficient. Pearson Product moment correlation was used to determine the relationship between independent variables (technologies based strategy, innovation, customer centricity and operational efficiency) and dependent variable (customer retention in commercial banks).

TABLE 4.8: Correlation Coefficient

		Techn.	Innovation.	C.Centricity	Operat. Eff	C. Retention.
Techn.	Pearson Correlation	1				
	Sig.(2-tailed)					
	N	144				
Innovation.	Pearson Correlation	.675**	1			
	Sig.(2-tailed)	.000				
	N	144	144			
C.Centricity	Pearson Correlation	.524**	.465**	1		
	Sig.(2-tailed)	.000	.007			
	N	144	144	144		
Operat. Eff..	Pearson Correlation	.357**	.625**	.358**	1	
	Sig.(2-tailed)	.005	.012	.004		
	N	144	144	144	144	
C. Retention.	Pearson Correlation	.679**	.786**	.704**	.687**	1
	Sig.(2-tailed)	.003	.000	.001	.005	
	N	144	144	144	144	144

**. Correlation is only significant at the 0.05 level (2-tailed)

Techn. = Technologies based strategy; C. Centricity = Customer centricity; Operat. Eff..= Operational Efficiency; C. Retention = Customer Retention

The study sought to examine the relationship between technologies based strategy and customer retention in commercial banks in Kenya. A Pearson Correlation was performed and the result of the Pearson correlation test showed a correlation of ($r = 0.679$; $p<0.05$) between technologies based strategy and customer retention in commercial banks in Kenya. This implies that technologies based strategy is positively correlated to customer retention in commercial banks in Kenya. In addition, the correlation between these two variables was significant, that is $p<0.5$ implying a linear relationship between the technologies based strategy and the customer retention in commercial banks in Kenya. This shows that technologies based strategy had a significant effect on customer retention in commercial banks in Kenya.

In addition, the study sought to examine the relationship between innovation and customer retention in commercial banks in Kenya. A Pearson Correlation was performed and the result of the Pearson correlation test showed a correlation of ($r = 0.786$; $p<0.05$) between innovation and customer retention in commercial banks in Kenya. This implies that innovation is positively correlated to customer retention in commercial banks in Kenya. In addition, the correlation between these two variables was significant, that is $p<0.5$ implying a linear relationship between the innovation and the customer retention in commercial banks in Kenya. This shows that innovation had a significant effect on customer retention in commercial banks in Kenya.

Further, the study sought to examine the relationship between customer centricity and customer retention in commercial banks in Kenya. A Pearson Correlation was performed and the result of the Pearson correlation test showed a correlation of ($r = 0.704$; $p<0.05$) between customer centricity and customer retention in commercial banks in Kenya. This implies that customer centricity is positively correlated to customer retention in commercial banks in Kenya. In addition, the correlation between these two variables was significant, that is $p<0.5$ implying a linear relationship between the customer centricity and the customer retention in commercial banks in Kenya. This shows that customer centricity had a significant effect on customer retention in commercial banks in Kenya.

Finally, the study assessed the relationship between operational efficiency and customer retention in commercial banks in Kenya. A Pearson Correlation was performed and the result of the Pearson correlation test showed a correlation of ($r = 0.687$; $p<0.05$) between operational efficiency and customer retention in commercial banks in Kenya. This implies that customer centricity is positively correlated to customer retention in commercial banks in Kenya. In addition, the correlation between these two variables was significant, that is $p<0.5$ implying a linear relationship between the operational efficiency and the customer retention in commercial banks in Kenya. This shows that operational efficiency had a significant effect on customer retention in commercial banks in Kenya.

4.6.2 Multiple Regression Analysis

A correlation coefficient indicate the relationship between variables, it does not imply any causal relationship between variables and hence the need for further statistical analysis such as regression analysis to help establish specific nature of the relationships. In this section, regression analysis for independent variables and the dependent variable will be conducted. According to the model summary Table 4.9, R is the correlation coefficient which shows the relationship between the independent variables (technologies based strategy, innovation, customer centricity and operational efficiency)

The R-Squared is the variance proportion in the dependent variable that can be explained by the independent variable: the larger the R-squared the larger the effect of the independent variable on the dependent variable. The R Square can range from 0.000 to 1.000, with 1.000 showing a perfect fit that indicates that each point is on the line. It is notable that there exists a strong positive relationship between the independent variables and dependent variable as shown by R value (0.833). The study findings implied that the four independent variables (technologies based strategy, innovation, customer centricity) jointly accounted for 69.40% of the customer retention in commercial banks in Kenya as represented by the R^2.This therefore means that other factors not studied in this research contribute 30.60% to the customer retention in commercial banks in Kenya. This implies that these variables are very significant therefore need to be considered in any effort to enhance customer retention in commercial banks in Kenya.

Table 4.9: Model Summary (Overall)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics R Square Change	F Change	df1	df2	Sig. F Change
1	.833a	.694	.671	.06789	.654	78.736	4	139	.000

Further, the analysis of variance is used to determine whether the regression model is a good fit for the data. The F-critical (4, 139) was 23.897 while the F-calculated was 78.736 as shown in Table 4.10. This shows that F-calculated was greater than the F-critical and hence there is a linear relationship between the independent variables and the dependent variable. In addition, the p-value was 0.000, which was less than the significance level (0.05). Therefore, the model can be considered to be a good fit for the data and hence it is appropriate in predicting the influence of the four independent variables on the dependent variable (customer retention in commercial banks in Kenya).

Table 4.10: ANOVA

Model		**Sum of Squares**	**d.f**	**Mean Square**	**F**	**Sig.**
1	Regression	85.980	4	21.495	78.736	.000
	Residual	37.910	139	.273		
	Total	123.890	143			

NB: F-critical Value = 23.897;

Further, the study ran the procedure of obtaining the regression coefficients, and the results were as shown on the Table 4.11. The coefficients or beta weights for each variable allows the researcher to compare the relative importance of each independent variable. In this study the unstandardized coefficients and standardized coefficients are given for the multiple regression equations. However discussions are based on the unstandardized coefficients.

Table 4.11: Regression Coefficient Results

Model		Unstandardized Coefficients		Standardized Coefficients	T	P-value.
		B	Std. Error	B		
1	(Constant)	16.897	3.765		4.488	.000
	Tech.	.765	.198	.567	3.864	.006
	Innovation	.812	.132	.643	6.152	.000
	C. Centricity	.786	.155	.587	5.071	.001
	Operational Eff.	.709	.236	.498	3.083	.008

The Multiple regression model equation would be ($\mathbf{Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon}$) becomes: $Y = 16.897 + 0.765X_1 + 0.812X_2 + 0.786X_3 + 0.709X_4$. This indicates that customer retention in commercial banks in Kenya. = 16.897 + 0.765 (Technologies based strategy) + 0.812 (Innovation) + 0.786 (Customer Centricity) + 0.709 (Operational Eff.). According to the regression equation established, taking all factors into account (technologies based strategy, innovation, customer centricity and operational efficiency) constant at zero, customer retention in commercial banks in Kenya was 16.897. Findings in Table 4.11 showed that technologies based strategy had coefficients of estimate which was significant basing on $\beta_1 = 0.765$ (p-value = 0.006 which is less than $\alpha < 0.05$). Also, the effect of technologies based strategy is more than the effect attributed to the error, this is indicated by the t-test value = 3.864, thus we conclude that there is a significant relationship between technologies based strategy and customer retention in commercial banks in Kenya.

In addition, the findings in Table 4.11 indicates that innovation had coefficients of estimate which was significant basing on $\beta_2 = 0.812$ (p-value = 0.000 which is less than $\alpha <0.05$). Also, the effect of innovation is more than the effect attributed to the error, this is indicated by the t-test value = 6.152, thus we conclude that there is a significant relationship between innovation and customer retention in commercial banks in Kenya. Further, the findings in Table 4.11 indicates that customer centricity had coefficients of estimate which was significant basing on $\beta_3 = 0.786$ (p-value = 0.001 which is less than $\alpha < 0.05$). Also, the effect of customer centricity is more than the effect attributed to the error, this is indicated by the t-test value = 5.071, thus we conclude that there is a significant relationship between customer centricity and customer retention in commercial banks in Kenya. The findings in Table 4.11 indicates that product differentiation had coefficients of estimate which was significant basing on $\beta_4 = 0.709$ (p-value = 0.008 which is less than $\alpha < 0.05$). Also, the influence of operational efficiency is more than the effect attributed to the error, this is indicated by the t-test value = 3.083, thus we conclude that there is a significant relationship between operational efficiency and customer retention in commercial banks in Kenya.

5.3 CONCLUSION

The study concluded that Technology based strategy Adopting technology will help build efficiencies into everyday work processes, ultimately having a big impact on the bottom line. Innovation allows organizations to stay relevant in the competitive market; it also plays an important role in economic growth. The ability to resolve critical problems depends on new innovations and especially developing countries need it more than ever.

The study concluded that Innovation and Customer Retention the successful exploitation of new ideas is crucial to commercial Banks in Kenya being able to improve its processes, bring new and improved products and services to market, increase its efficiency and, most importantly, improve its profitability. Innovation will not only improve the chances of your business surviving, but also help it to thrive and drive increased profits. There are lots of practical ways of assessing whether your ideas have profit potential.

The study concluded that Customer Centricity and Customer Retention in the Banking Industry in Kenya.Look for answers and clues everywhere. Being customer-centric means seeking out answers everywhere: in parsing existing data and building better surveys to get new and more-targeted data to apply to the effort; in listening for anecdotes shared by customers; in customer behavior directly observed.

The study concluded that Operational Efficiency strategic operations of commercial banks should consist of business strategies the bank company utilizes to grow and prosper as an organization. A successful strategy often relies on operational efficiency within the banks company, where elements such as employees, software and inter-departmental divisions. Efficient operations include well-managed time, resources and funds.Depending on the bank, operational strategy often involves an analysis of external political, economic, social and technological factors outside of the company.

5.4 RECOMMENDATIONS

The study recommended that Technology based strategy that the implementation of technology strategy will likely follow the conventional procedure taken when implementing a business strategy or an organization's planned changes within the so-called change management framework. Fundamentally, it is directed by a bank manager who oversees the process, which could include gaining targeted customers and organizational members' commitment to an innovation.

The study recommended that That Digitalization and innovative technologies are creating unprecedented disruption in the banking sector, and the rate of change is accelerating. Banks face crucial decisions as technology shifts customer expectations and changes the regulatory landscape. But digital initiatives isolated here and there across an organization won't be enough to succeed. Hence profit- making bank digital strategy and business strategy must be one and the same.

The study recommended that Banking Industry must address the needs of a broader market or segment in which no single customer adequately represents the whole market. In this case, Product and Solution Management become the indirect customer proxy; they have authority over solution content. It's their responsibility to facilitate external interaction and make sure that the voice of the customer will be heard, and that the Banking Industry will continuously validate new ideas. Scope, schedule, and budget for development are generally at the discretion of the internal Business operations

The study recommended that In order to identify the issues affecting operational performance, commercial banks need to conduct detailed assessments to uncover root cause issues. The proven assessment methodology leverages a four step process that includes interviews and round tables with key executives and individual contributors, discussions and site visits with strategic customers, service process observation and review and best practice comparison to align commercial banks processes with industry standards. The result is a clear understanding of the issues affecting commercial banks operation and a detailed road map to improve service operations efficiency.

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