

Influence of Customer Relationship Management Strategies on Performance of Public University Saving and Credit Cooperative Societies in Kenya

¹Beverlyne Nyakerario Mosoti, ²Dr. Margaret A. Oloko (PhD)

¹Master Of Business Administration, Department Of Business Administration, College Of Human Resource Development, Jomo Kenyatta University Of Agriculture And Technology, Kenya

²Supervisor, Department Of Business Administration, College Of Human Resource Development, Jomo Kenyatta University Of Agriculture And Technology, Kenya

Abstract: Customer Relationship Management is a comprehensive strategy that includes the process of acquiring certain customers, keeping them and cooperating with them to create a distinguished value for both the company and the customer. The main aim of this study was to determine the influence of Customer Relationship Management strategies on performance of Public Universities' SACCOs in Kenya. The study's specific objectives included: To establish the influence of customer acquisition strategies on the performance of Public Universities' SACCOs in Kenya; to establish the influence of customer retention strategies on the performance of Public Universities' SACCOs in Kenya; to establish the influence of relationship expansion strategies on the performance of Public Universities' SACCOs in Kenya; to establish the influence of divestment strategies on the performance of Public Universities' SACCOs in Kenya. A descriptive research design was used in conducting the research. Currently there are six public University SACCOs in Kenya. The population and sampling framework for this study, therefore, included the Sacco's board members, administrators and operations staff whose aggregate number - the six SACCOs included - is estimated at 144 individuals. Owing to the fact that 144 is a small population, census enquiry was used as the sampling design. Both primary and secondary data was collected and used in the research. Data obtained was analyzed using the descriptive statistics tool of the Excel computer package and SPSS software. Results were presented in form of frequency tables, charts, and graphs where applicable. This study expected to establish the understanding and utilization of CRM strategies by public University SACCOs in Kenya. If such strategies are indeed in place then they are few, poorly implemented and hence, do not contribute positively to SACCOs performance.

1. INTRODUCTION

1.1 Background Information

Customer Relationship Management (CRM) is a comprehensive strategy that includes the process of acquiring certain customers, keeping them and cooperating with them to create a distinguished value for both the company and the customer. This strategy requires integrating the functions of marketing, sales, customer service and exposition chain so as to achieve the highest competence and efficiency in delivering value to the customer (Parvatiyar & Sheth, 2002). As it shows, this definition regards CRM as a strategy with a main goal of delivering a distinguished value to the customer through improving the marketing productivity.

According to Soliman (2011), CRM is the activity which is interested in the main customers of the organization, in the efficiency of organization and in the customer knowledge management, with the aim of enhancing the effectiveness of the organization decisions related to customers, leading, therefore, to the improvement of the marketing performance in particular and the organizational performance in general.

The foundation for the development of CRM is generally considered to be relationship marketing, defined as marketing activities that attract, maintain, and enhance customer relationships (Berry, 1995). As a logical result of the appearance of the concept "Relationship Marketing" since the 1920s, the concept "Customer Relationship Management" (CRM) has been brought to attention in late nineties, especially among the academics and practitioners,. The new concept has directed the attention towards various vital aspects, including the necessity of direct relationship between customers and marketers, the importance of keeping current customers, as well as the inevitability of building long-term relationships with customers instead of the customer-oriented transaction method in order to augment the profitability of the institutions, especially in today's increasingly competitive economy (Ismail & et. al., 2007; Jayachandran et. al., 2005) .Therefore, the organizations have directed their attention to CRM and abundant investing in the necessary infrastructure, with special concern to the great advance in Information Technology (Ismail & et. al., 2007; Jayachandran & et. al . 2005). Some considered, therefore, that improving the performance could be achieved through directing more attention to CRM (Malmi & et. al., 2004).

Gronroos (2004) argues for the importance of relationships in the marketing context. He proposes a definition for marketing, namely, that marketing is "to establish, maintain and enhance relationships with consumers and other partners, so that the objectives of the parties involved are met. This is achieved by a mutual exchange and fulfillment of promises." However, although the terms "CRM" and "relationship marketing" are relatively new, the phenomenon is not (Gummesson, 2002). Marketers have always been preoccupied with defensive strategies aimed at increasing customer retention, thereby increasing revenues and profitability (Fornell and Wernerfelt, 1987). For example, Schlesinger (1995) argues that the gap between organization's current and full-potential profitability is enormous, and suggest that managers ask themselves: "How long on average do your customers remain with the company? And what if they remained customers for life?" During the same time period, a growing literature has focused on the "service profit chain" linking employee satisfaction, customer satisfaction, loyalty, and profitability (Heskett, Sasser, and Schlesinger, 1997; Reichheld, 1993; Liljander, 2000).

1.1.1 An Overview of Public University SACCOs In Kenya

Currently there are six registered University SACCOs in Kenya with a combined membership of about 15,000. The six consists of Moi University Sacco, Kenversity Sacco, Fundilima Sacco (Jomo Kenyatta University of Agriculture And Technology), Egerton University Sacco, Chuna Sacco (University Of Nairobi) and Maseno University SACCO. The University SACCOs draw their membership from their main campuses, constituent colleges, other universities – both public and private, County Government staff, Primary and Secondary schools and members of the community (Ngumo, 2013).

Over the years, University SACCOs have played a key role in offsetting the numerous challenges faced by their members. Some members have been able to pay dowry through credits from the societies; students have been able to accomplish their education, members have been able to purchase plots, buy vehicles, build houses, pay hospital bills, educate themselves, travel abroad and accumulate savings among other things. Since their inception the University SACCOs have been able to grant loans to their members amounting to well over ten billion shillings (<http://www.fundilimasacco.co.ke>).

The core function of SACCOs is to pool funds through member savings and, subsequently, to disburse such funds to members interested in investing in the form of development loans. Thus the broad goal of SACCOs is to enable members invest in order to gain financial stability and prosperity in the long run. Yet as far as objectives actualization goes, SACCOs' performance has consistently remained below optimal (Odhiambo, 2009). Rather than positioning themselves in a manner which allows them attract and retain the right type of members, SACCOs have degenerated into "quick fix" entities generally sought by temporary members in need of emergency loans, SME start-up loans, school fees loans and very little in terms of long term commitment and loyalty (Mudibo, 2007).

1.2 Statement of the Problem

Since 1990's, CRM concept has been gaining increased attention from academics and practitioners. However, while the number of CRM user firms has grown globally, CRM uptake in Kenya has remained consistently low. For instance, a study by Kimani (2010) on the link between CRM and performance in Kenyan manufacturing firms found that many businesses do not understand the role of this concept in the modern dynamic business environment. Similarly, a study by

Moyi (2010) on the influence of CRM on performance of supermarkets in Kenya found that most organizations have little knowledge of CRM.

Yet, even within business environments where CRM is widely used, the tool has raised a key concern: user firms are experiencing contradictory results upon its implementation. Mithas et.al, (2005), for instance, found that the use of CRM systems positively impacts customer satisfaction and retention whereas, Brink et.al, (2006), found no link between the dimensions of CRM and customer loyalty. In a research on the link between CRM and SMEs performance in Kenya, Wanjohi (2008) found a positive correlation between the two variables in terms of profits generated. Similarly, Boulding's et. al (2005) found that the application of CRM principles yields positive financial outcomes. To the contrary, Reinartz and Hoyer's (2008) found that 70 percent of CRM projects result in either losses or no profit improvements.

Considering the foregoing and the fact that SACCOs are regarded a key driver of economic growth in Kenya, there is a need for a research that addresses two questions: Firstly, do Kenyan SACCOs understand and use CRM strategies considering that no study has ever been carried out on this area? Secondly, if CRM strategies are already in place in SACCOs, then what is their influence on performance? To operationalize this study, Bolton's and Tarasi's (2007) model was used. The model proposed the existence of four key categories of CRM strategies: Acquisition, retention, relationship expansion and divestment.

1.3 Objectives of the Study

The general objective of this study was to establish the influence of CRM strategies on the performance of Public Universities' SACCOs in Kenya.

The specific objectives of the study are:

- i) To establish the influence of customer acquisition strategies on the performance of Public Universities' SACCOs in Kenya.
- ii) To establish the influence of customer retention strategies on the performance of Public Universities' SACCOs in Kenya.
- iii) To establish the influence of relationship expansion strategies on the performance of Public Universities' SACCOs in Kenya.
- iv) To establish the influence of divestment strategies on the performance of Public Universities' SACCOs in Kenya.

1.4 Research Questions

- i) What is the influence of customer acquisition strategies on the performance of Public Universities' SACCOs in Kenya?
- ii) What is the influence of customer retention strategies on the performance of Public Universities' SACCOs in Kenya?
- iii) What is the influence of relationship expansion strategies on the performance of Public Universities' SACCOs in Kenya?
- iv) What is the influence of divestment strategies on the performance of Public Universities' SACCOs in Kenya?

1.5 Justification of the Study

By 2009, there were 10,800 registered cooperative societies in Kenya with a membership of approximately 6 million (Mudibo, 2007). There were however, 43 mainstream banks and 181 Microfinance institutions in Kenya by the same time (Odhiambo, 2009). While the latter offer a formidable competition over the cooperatives, the cooperative infrastructure still offers the best solution to the very low income earners and individuals in those sectors which require pulling resources together. Their survival and sustainability under the competitive financial market, is thus, critical for Kenya's economic growth. They cannot therefore be ignored, and hence the need for a research to establish whether they understand the CRM concept and if they are using CRM strategies to acquire, retain and maximize their customers value.

1.6 The Scope of the Study

This was a census of all Public University SACCOs in Kenya. The research involved SACCO committees' members who are drawn from the board, management and ordinary membership. These are the categories of SACCO officials who take part in decision making and decisions implementation related to customer acquisition, customer retention, as well as customer and SACCO value maximization. The research aimed at establishing whether Public University SACCOs understands and utilizes CRM strategies, and if such strategies are already in place, the benefits and challenges associated with their implementation and hence, the influence of such strategies on performance of public university SACCOs.

1.7 Limitations of the Study

The main challenge in this study was the difficulty of gathering sufficient data since some respondents declined to answer certain questions because the information sought was viewed as sensitive. This barrier was mitigated by offering reassurance that the respondents and SACCO identities were kept confidential during report writing. Further, the researcher serviced the SACCOs management with letters from JKUAT outlining the purpose of this study, prior to data collection exercise.

2. LITERATURE REVIEW

2.1 Introduction

Customer relationship management (CRM) has the potential for achieving success and growth for organizations in the nowadays environment of extensive competition and rapid technological development. CRM enables organizations to know their customers better and to build sustainable relationships with them. However, CRM is considered as buzzword and it is not understood well. The main components of CRM are people, technology, and processes (Rababah et. al., 2010). This section provides an extensive review of the literature regarding the CRM. This review aims to increase the understanding of the different perspectives and the various types of CRM strategies. The review also examines important studies which have been carried out on the concept.

2.2 Theoretical Framework

Marketing theory has frequently provided guidance on how firms should react to opportunities, but marketing actions are also able to change the environment and create opportunities (Zeithaml and Zeithaml, 1984). Marketing—considered as a general management responsibility—plays the crucial roles of navigation through effective market sensing, articulation of the new value proposition, and orchestration by providing the essential glue that ensures a coherent whole (Hunt, 2006). CRM enhances these capabilities because it is the outcome of the continuing evolution and integration of marketing ideas and newly available data, technologies and organizational forms (Boulding et al., 2005).

According to Vargo and Lusch (2004), CRM principles and systems help organizations to focus on the dual creation of value: the creation of value for shareholders (via long-term firm profitability) and the creation of value or utility for customers. These objectives are congruent because relationships represent market-based assets that a firm continuously invests in, in order to be viable in the marketplace. Strong relationships are associated with customer loyalty and/or switching costs, which create barriers to competition. Thus relationships provide a differential advantage by making resources directed to customers more efficient. For example, loyal customers are more responsive to marketing actions and cross-selling (Verhoef, 2003).

However, a critical issue for many organizations is that the adoption of CRM technology is fraught with implementation challenges, including information technology design, procedure, and process issues, difficulties in maintaining accurate and current information, obstacles arising from interfaces that are not user friendly, and so forth (Meuter et al., 2005; Johnson, Sohi, and Grewal, 2004). For this reason, we must distinguish between technology-driven implementation - which results in user frustration - and customer-driven implementation - which has high user involvement.

In the literature reviewed for this study, four theories were found to be particularly important in understanding the link between CRM and organizations' performance. The four includes conversion model, holistic approach model, brand loyalty model and value discipline model.

2.2.1 Conversion Model

The conversion model provided by Richards (1996) is based on the fact that it is not enough to satisfy customers as satisfaction alone does not predict customer behavior. Richards (1996), argues that satisfied customers will leave, dissatisfied customers will remain and therefore, rather than discussing customer satisfaction, firm should discuss customer commitment. Further, the author agrees that customer satisfaction helps to make the customers committed, however the building of committed customers involves more than merely satisfying them. Other than customer satisfaction, Richards (1996) identifies three factors as drivers of commitment: Level of involvement, extent of ambivalence and attraction of alternatives.

The first factor - level of involvement in the brand and the category – suggests that the more people are involved in a given choice, the more carefully they will choose and once they have made their choices they often stick to it. Hence, if the customer is dissatisfied but involved, his primary strategy will be to try and repair the relationship rather than seeking other alternatives. If the customers are both dissatisfied and uninvolved, they would not even care about fixing the relationship but simply switch providers. Involvement creates a willingness to tolerate dissatisfaction (Richards, 1996).

The second factor is the attraction of the alternatives. One of the arguments of Richards (1996) is that the more the alternatives attract, the more dissatisfied customers will converse, meaning switch service provider. If the alternatives available are not considered as being 'good' conversion may then be delayed in spite of dissatisfaction. On the other hand, if the alternatives attract, customers may converse even though they are highly satisfied. Sharma and Patterson (2000), state that when customers are not aware of the available substitutes or competing alternatives they may continue in a service relationship even though it is a less satisfactory one. Patterson and Smith (2000), in their study conclude that when customers are aware of, and perceive other suppliers as offering a differentiated service in terms of price, service and/or quality of technical outcomes, they tend to be less committed to one supplier.

The third factor is the extent of ambivalence meaning insecurity caused by the range of choices. Richards (1996) argues that the advantages and disadvantage of each alternative are compared and reviewed. Being in a state of ambivalence according to the Richard is when the customers are in a state in which they will wave whether to stay or leave. Ambivalence makes the customers less committed, although conversion is delayed as neither choice offer obvious advantages (Richards, 1996).

2.2.2 Holistic Approach Model

Ranaweera and Neely (2003) invented a holistic approach to customer retention incorporating service quality perceptions, price perceptions, customer indifference, and inertia. Ranaweera and Neely (2003) defines service quality as a consumer's appraisal of a service's overall excellence or superiority. The authors further conclude that service customers may place a greater importance on the quality of the service rather than on the cost of acquiring that service. In regard to price, Ranaweera and Neely (2003) hold the hypothesis that the better the perceived price is, the greater is the level of repurchase intentions. However, little research has been conducted on the correlation between price perceptions and customer retention and therefore, they argue that future research is needed in the area.

Ranaweera and Neely (2003) further argue that the higher the level of inertia is, the greater is the level of repurchase intentions. Ranaweera and Neely (2003) defines inertia as a non-conscious form of retention. They make a distinction between inertia and loyalty by the level of consciousness involved in the decision to continue to purchase from the same provider. Therefore, they argue that consumer research should not be limited in researching conscious decisions but also non-conscious ones or involuntary customer relationships. Ranaweera and Neely (2003), argue that the greater the degrees of inertia, the more likely the customers are to be sensitive to promotions or similar attempts by competitors to attract them.

Finally, the authors propose that the higher the level of customer indifference, the greater is the level of repurchase intentions. Ranaweera and Neely (2003) argue that those who have positive perceptions of the service and also show a certain level of indifference, are the least likely to leave as their service expectations are fulfilled, and at the same time, they see no gains from switching. The authors further state that literature on measuring customer indifference is rather scarce and has sometimes been used in the marketing literature in relation to consumer's attitude towards advertising, described as neither positive nor negative.

2.2.3 Brand Loyalty Model

Brand loyalty, defined as a positively biased tendency contains three distinct dimensions. The first dimension is the emotive tendency toward the brand. It refers to the affective (like-dislike), fear, respect or compliance tendency which is systematically manifested more in favor of a brand than other brands in the market place. Sheth and Park (1974), the proponents of brand loyalty model, argue that the emotive tendencies are learned by the consumer either from prior experiences with the brand or from non-experiential or informational services. The examples of emotive tendencies include the strong emotional stereotypes or brand imageries which researchers talk about as commonly prevalent among consumers.

The second dimension of brand loyalty is the evaluative tendency toward the brand. It refers to the positively biased evaluation of the brand on a set of criteria which are relevant to define the brand's utility to the consumer. The evaluative tendency dimension of brand loyalty is also learned by the consumer either from prior experiences with the brand or from non-experiential or informational sources.

The third dimension of brand loyalty is the behavioral tendency towards the brand. It refers to the positively biased responses toward the brand with respect to its procurement, purchase and consumption activities. Sheth and Park (1974), includes in the behavioral dimension all the physical activities of shopping, search, picking up the brand physically from the shelf, paying for it and ultimately consuming or using it in a systematic, biased way. In short, it represents the time and motion study of the consumer as he behaves toward the brand in a positively biased way. The behavioral tendency is learned primarily from the experiences of buying and consuming the brand or from generalization of similar tendencies toward other brands.

2.2.4 Value Discipline Model

Invented by Wieserma and Treacy (1996), this model is an important strategic framework for market positioning which has three positioning strategies - Operational excellence, product leadership, customer intimacy. According to this model, CRM can be strategically embedded particularly in two of the three value disciplines: Operational excellence, product leadership and customer intimacy. With customer intimacy, Wieserma (1998) shows how companies can profit from establishing closer, more co-operative customer relationships. With operational excellence, firms aim to have economical, efficient processes whose resulting delivered values to customers are low prices and service convenience (Wieserma & Treacy, 1996).

Firms applying customer intimacy focus on knowing the customer and building close relationships with these customers. CRM is often solely related to the customer intimacy value discipline. If CRM is embedded in a customer intimacy strategy, then CRM will be relationship-oriented. Firms embedding CRM in an operational excellence strategy focus on cost- reductions and raising the quality of the customer interaction process through process improvements (Verhoef and Langerak, 2003).

2.3 Empirical Study

Research linking CRM strategies to business performance have consistently yielded contradictory outcomes. On the one hand are studies whose results suggest that CRM is positively correlated to increased performance. On the other hand are studies which have reported the non existence of relationship with a few studies concluding that CRM, infact, results in financial loses.

In a study to establish the effect of implementing CRM on customer's satisfaction and loyalty in New Zealand banks, Colgate and Danaher (2000), reported the presence of both positive and negative effects; the positive effects appear when the strategy of CRM is carried out in a highly skilful way, resulting in enhancing the customer's satisfaction and loyalty, while the negative effects appear when the execution of such strategy is deficient, resulting in the customer's dissatisfaction and disloyalty.

Thurau (2002) , conducted a study to determine the influence of CRM on long-term relationship between public service companies and customers. The study concluded that the customer's satisfaction, commitment and trust are three dimensions for the relationship quality with the customer which directly or indirectly affect the loyalty of the customer. A research by Verhoef, (2003) on the effect of CRM's on both customer retention and the growth of customer share showed that both the customer's desire to extend their relationship with the institution and their reliance on the customer-loyalty

programs positively affect customer retention and the growth of the customer's share. Meanwhile, the use of direct mail only affects the growth of the customer's share. The study also showed the possibility of using the same strategies to affect both customer retention and the growth of the customer's share.

In a research aimed at pinpointing the extent to which service quality contributed to the establishment and growth of long-term relationships with customers, Venetis & Ghauri (2004) found that service quality strongly contributes to the maintenance of long-term relationships with customers. Mithas, et.al, (2005) studied the effect of CRM applications on customers and found out that the use of CRM systems positively impacts customer satisfaction, both directly and through improved customer knowledge.

Despite this fact - and the common belief that more and better customer knowledge can only benefit a firm and its customers - the financial return on large investments in CRM technology has been questioned. For example, Reinartz and Hoyer (2004) research provided some convergent validity that approximately 70 percent of CRM projects result in either losses or no bottom line improvements. Contrary to such reports, their own empirical investigation indicates that companies that implemented CRM processes performed better not only in relationship maintenance but also in relationship initiation.

A study by Jayachandran et. al. (2005) estimates an interaction effect showing that customer relationship performance for a diverse sample of businesses is enhanced by organizational information processes when a high level of technology is used. In other words, technology use for customer relationship management - by moderating the influence of organizational information processes on customer relationship performance - performs a supportive role only. They show that effective organizational information processes (effective communication, information capture, and information integration, as well as access and use of information) enhance the effectiveness of CRM technology in achieving business success.

After more than twenty years of research on CRM, the accumulated evidence indicates that the application of CRM principles yields positive financial outcomes. In their introduction to the Journal of Marketing's special section on CRM, Boulding and colleagues (2005), argue that CRM improves business performance in a wide variety of industry settings. A striking example is described in a case study by Ryals and Payne (2001), showing that a business unit was able to achieve a 270 percent increase in business unit profits above target by implementing some straightforward CRM procedures.

Payne's and Frow's (2005) research, on the other hand, posted varied results. The research - on role of CRM in achieving value for customers, shareholders and employees and reducing costs - found that customer's satisfaction and customer retention were achieved in 36% and 51% of the companies respectively when it applied CRM.

Why do firms experience such widely varying degrees of success from applying CRM? According to Boulding (2005), the implementation of CRM systems or technology alone is doomed to fail, because the collection of the data for CRM systems does not imply the existence of useful information that will be disseminated and acted upon appropriately. Boulding (2005) argues that, holding fixed the level of CRM investment, the effectiveness of CRM activities depends on (a) how CRM is integrated with the existing processes of the firm and (b) the firm's preexisting capabilities. In other words, organizations that have already developed learning capabilities and effective information processes are more likely to improve their business performance by adopting CRM systems. They are able interpret information correctly and act on it in a manner to increase value for both the customer and the firm.

2.4 Key Customer Relationship Management Strategies

According to Bolton's and Tarasi (2005) there are four main categories of CRM strategies: these are acquisition, retention, relationship expansion and divestment strategies.

2.4.1 Customer Acquisition

Customer acquisition is a first step in building a customer base. Targeting, acquiring, and keeping the "right" customers entails a consideration of fit with current firm offering, future profitability, and contribution to the overall business risk. Many firms do not employ appropriate criteria to identify profitable customers and their marketing programs are broadly communicated to potential customers who may or may not be profitable. Consequently, customer acquisition can be a costly and risky process—especially because new customers may not represent a good fit for the organization's value proposition, a phenomenon that can often occur if acquisition is done outside previously targeted segments. Customer -

product fit becomes important because campaigns aimed toward new customers - that change the positioning of a product - can alienate existing customers. Mittal and Kamakura (2001) discuss the nature of the relationship (or fit) of the customer and the brand, finding that customers with different characteristics have different satisfaction thresholds, and, therefore, different probabilities of repurchase. This leads to the more general observation that customer acquisition influences the diversity of the customer portfolio—thereby influencing business risk—but this aspect of CRM is rarely studied in marketing (Johnson and Selnes, 2005).

Lack of focus during acquisition activities is very likely to result in adverse selection—whereby the prospects that are least likely to be profitable are mostly likely to respond to marketing efforts. For credit companies, the problem is particularly worrisome because they must verify the suitability of all respondents, thus incurring screening costs. Cao and Gruca (2005) address the problem of adverse selection by using data from a firm's CRM system to target prospects likely to respond and be approved. This approach increases the number of customers who are approved while reducing the number of “bad” customers. Their analysis is post facto and the marketing message is not altered, but their results show 30 percent to 75 percent improvements compared to traditional models that take into account either response likelihood or approval likelihood but not both. This method can be extended to new customer acquisition and better targeting of costly promotions to migrate customers to higher levels of lifetime value.

2.4.2 Customer Retention

Even though the optimal mix of marketing programs is unique to each business model, customer retention is often easier and cheaper than customer acquisition, especially in stable markets with low growth rates. An organizational emphasis on customer retention also makes sense when discount rates are low (Gupta and Lehmann, 2005). Hence, customer retention has received considerable attention from marketers. In fact, many organizations have considered the management of CLV as equivalent to the management of customer retention, and have ignored the contribution of other sources of CLV. Research confirms that consumers with higher satisfaction levels and better price perceptions have longer relationships with firms (Bolton, 1998). In a B2B context, suppliers who have long-term relationships with customers are able to achieve significant sales growth and higher profitability through differential reductions in discretionary expenses (Kalwani and Narayandas, 1995). However, customer retention and defection are complex processes (Akerlund, 2005).

2.4.3 Relationship Expansion

Organizations can increase customer lifetime value and gross margin per customer by stimulating increased product usage or cross-buying (Hogan et al., 2002). However, marketing programs designed to expand relationships with customers have received much less attention than programs for retaining customers. Customer loyalty and cross-buying may be simultaneously determined in some contexts. However, in a direct mail context, Thomas and Reinartz (2003) have shown that cross-buying is a consequence, and not an antecedent, of loyalty behaviors. Nevertheless, the effectiveness of a firm's customer retention and cross-selling efforts will certainly be jointly influenced by the organization's capabilities and systems. A few studies have investigated how service organizations can expand their relationships with customers by increasing usage or cross-buying of additional services (Bolton and Lemon, 1999; Kamakura et al., 2002; Von Wangenheim, 2004). They typically show that experiences with currently owned products (goods or services) are an important predictor of cross-buying.

2.4.4 Customer Divestment

Although organizations may have customers who are unprofitable to serve (“free riders”), firing customers or refusing to serve them is seldom necessary. Instead, organizations can offer a less attractive value proposition to some segments (for example, by raising prices or offering lower product quality). In addition, marketing campaigns can be designed to attract profitable customers and be unappealing to less desirable customers. Another option is to find a way to make the latter group profitable by changing the firm's business model. For example, IBM wanted to focus on Fortune 1000 companies, but could not ignore less profitable relationships with small business. Hence, they developed a dealer network that could serve the medium and small businesses in a profitable way (Bolton & Tarasi, 2005).

2.4.5 Performance

According to Lehmann (2004), the challenges of applying CRM principles are exacerbated as managers and researchers turn their attention to “metrics” or the measurement of the impact of marketing on business performance. Most popular measures of current CRM systems are outcome measures: number of acquired customers, “churn” as a percentage of the

customer base (the inverse of the customer retention rate), the dollar value of cross-selling, the percentage increase in customer migration to higher margin products, changes in individual customer lifetime value (CLV), and so forth. Any single outcome measure provides an incomplete and often short-run assessment of the firm's success at creating value for both customers and shareholders (Boulding et al., 2005). Most dangerously, optimizing a small number of outcome measures may lead to core rigidities (Atuahene & Gima, 2005; Leonard, 1992) that undermine the organization's core capabilities and lead to business failure. For example, there are numerous stories of firms that have focused on customer acquisition at the expense of customer retention activities or vice versa.

Another way to assess the impact of marketing on business performance is to forecast the lifetime value of individual customers under alternative scenarios, aggregating across customers, and identifying the "best" set of scenarios or set of organizational actions. This approach seems achievable but it can be challenging to move from the calculation of individual customers' lifetime revenues to individual customers' profitability. For example, Niraj, Gupta, and Narasimhan (2001) demonstrate this method for an intermediary in a supply chain, such as a distributor, where costs are incurred at each step in the supply chain and there is heterogeneity in purchasing characteristics.

2.5 Research Gap

K' Obonyo and Kibera (2011) have examined the link between CRM and competitiveness of commercial banks in Kenya whereas Makena (2012) studied the role of CRM in building competitive advantage in mobile phone operators in Kenya. Maina (2010) focused on the forms of Customer Retention strategies in Barclays Bank limited of Kenya, while Gathuru (2010) sought to determine the marketing strategies adopted in serving the bottom of the pyramid customer of the Kenya Power and Lighting Company. However, to this researcher's knowledge, no study has ever been conducted to determine the influence of CRM strategies on performance of Public Universities' SACCOs in Kenya.

2.6 Conceptual framework

The conceptual framework adopted in this study was based on literature that was reviewed and, particularly, on Bolton's and Tarasi's (2007), CRM framework. According to Bolton's and Tarasi there are four key categories of CRM strategies: Acquisition, retention, relationship expansion and divestment strategies. In the conceptual framework for this research, the four categories constituted the independent variables for which organizational performance was depended upon.

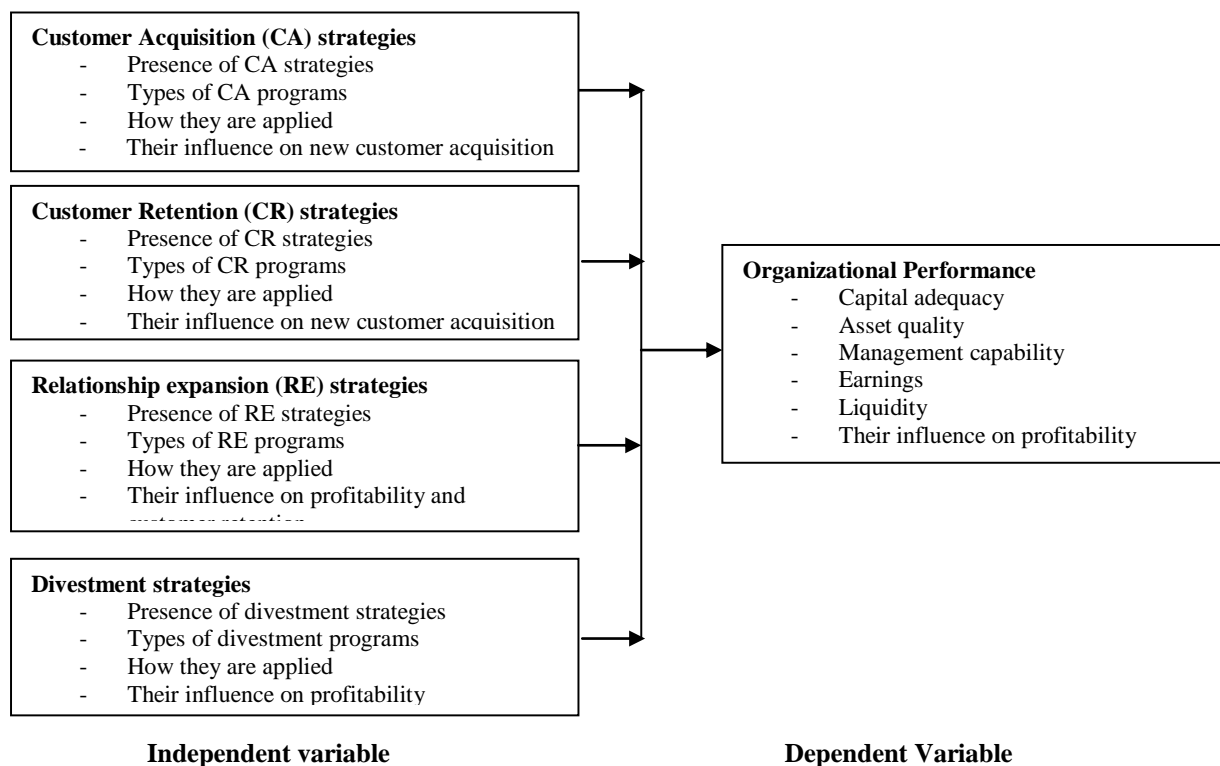


Figure 2:1 Conceptual Framework

3. RESEARCH METHODOLOGY

3.1 Introduction

The chapter outlines the research design adopted by the study, the population and the sampling procedure as well as the sample size. Data collection procedures and analysis are also discussed in this chapter.

3.2 Research Design

The study adopted a descriptive research design approach. This design entails the gathering of data which is relevant to the research problem, organizing, tabulating, depicting, and describing the data collected. Visual aids such as graphs and charts were included to aid the in understanding the data distribution. Both quantitative and qualitative data as per Nachmias and Nachmias (2004) definition were used in this study. Quantitative data included information related to percentage membership increase, loss and market share growth associated with CRM implementation. Qualitative data comprised of respondents' views on appropriateness of CRM strategies.

3.3 Population

Currently there are six public universities SACCOs in Kenya. The six, therefore, constituted the population for this study. In data collection, the research involved only those SACCO officials who are in a position to provide the required information. Preliminary studies did establish that the relevant subjects for this study are SACCO committees' members. Committees' members are drawn from the board, the management and ordinary membership. Generally, a SACCO has six committees and each committee reflects a key functional area.

Recurrent types of committees found in most SACCOs are Education, Executive, Credit, Asset Liability Management, SACCO Savings and ICT Committee. Six committees of four members each implies that 24 officials were drawn from each SACCO to participate in this study. Overall the study therefore involved 144 members – all the six public universities SACCOs factored.

3.4 Sampling Frame

A list of all public Universities SACCOs committees and their members constituted the sampling frame for this research. The members' phone numbers and addresses were obtained to aid in contacting the respondents during data collection exercise.

3.5 Sample and Sampling Technique

This study used a census sampling design. Therefore, the aggregate 144 SACCO committee members took part in the study. Under census technique, every element in the population is included in data collection. Census sampling is particularly appropriate for populations which are small enough to allow for a complete evaluation of all elements. In such situations a survey study would be considered as unnecessary (Kothari, 2004).

3.6 Data Collection Tool and Procedure

Primary data comprised of first hand information obtained from SACCO members using questionnaires. Compared to other instruments, the costs incurred when collecting data through questionnaires were expected to be lower. This instrument also gives respondents' adequate time to give well thought out answers, besides being an effective tool for reaching respondents who are not easily approachable (Kothari, 2004).

3.7 Pilot Test

A pretest of the study instrument was carried out on 5 respondents who did not form part of the sample for this study. The pretest was vital in ascertaining the validity and reliability of the instrument (Kothari, 2004). It also helped in determining the suitability of the language used in the questionnaire as well as to determine the difficulty of the items in the instrument.

3.8 Data Processing and Analysis

The data and information obtained through the questionnaire was first checked for completeness. The questionnaires found correctly filled and fit for analysis were coded and all the data entered into Descriptive statistics tool of the Excel

computer package and SPSS to generate both qualitative and quantitative results. The results from the analysis were then presented using frequency tables for easier interpretation. A narrative description based on identifiable themes was also offered to supplement these tables.

4. RESEARCH FINDINGS AND DISCUSSION

4.1 Introduction

This chapter represents results of this study based on the formulated objectives presented in chapter one. This chapter also contains the findings and discussions of the study and attempts to answer the research questions as derived from the research objectives. It begins by providing a general description of the respondents by giving details of their social economic characteristics. The next section provides the results for each objective.

4.2 Bio Data

This section deals with the general information of the respondents and gives the results and the discussions of the findings with respect to the respondents in the sampled SACCOs

4.2.1 Response rate

The study targeted SACCOs from six public universities in Kenya. These Universities included, JKUAT, Kenyatta University, University of Nairobi, Maseno University, Moi University and Egerton University. Table 4.1 summarizes the response:

Table 4.1 Response Rate

| University | Frequency | Percentage |
|-----------------------|------------|------------|
| JKUAT | 22 | 17 |
| Kenyatta University | 21 | 16 |
| University of Nairobi | 25 | 19 |
| Maseno University | 20 | 15 |
| Moi University | 19 | 15 |
| Egerton University | 23 | 18 |
| TOTAL | 130 | 100 |

The study targeted 144 respondents who were randomly selected from the six public university SACCOs in Kenya. All the questionnaires were filled but fourteen questionnaires were found to have erroneous responses and were discarded leaving 130 properly filled questionnaires representing 90.27%. This response rate was acceptable and therefore was relied upon to derive conclusions from the study.

4.2.2 Gender

The distribution of the gender involved in the research was as indicated in table 4.2:

Table 4.2 gender of respondent

| Gender | Frequency | Percent |
|--------|-----------|---------|
| Female | 59 | 45 |
| Male | 71 | 55 |
| Total | 130 | 100 |

Females were 59 that represented 45% of the respondents while male were 71 forming the remaining percentage of 55% of the respondents. It was evident that male respondents dominated meaning that most SACCOs within the selected public universities were run by male.

4.2.3 Age group

The age bracket of the respondents was as indicated in the table 4.3:

Table 4.3 Age group of the Respondents

| Age group | Frequency | Percent |
|--------------|------------|------------|
| below 25 | 7 | 6 |
| 26 – 35 | 68 | 52 |
| 36 – 45 | 41 | 32 |
| 46 – 55 | 11 | 8 |
| 56 and above | 3 | 2 |
| Total | 130 | 100 |

Table 4.3 stipulates that respondents whose age is below 25 years were 7 with a 6% response; respondents between 26 – 35 years were 68 registering a 52% response, 36 – 45 years were 41 with a 32% response, 46 – 55 years were 11 with 8% while those above 56 years were only 3 with a 2% response. The ages Between 26 – 35 registered the highest response. This is an economically active age where individuals are actively involved in entrepreneurial activities to generate more money. That explains why most of them engage in SACCO activities.

4.2.4 Marital status

The marital status of the respondents was as shown in the table 4.5 :

Table 4.4 Marital status of the respondents

| Status | Frequency | Percent |
|--------------|------------|------------|
| Married | 104 | 80 |
| Single | 26 | 20 |
| Total | 130 | 100 |

Concerning marital status as shown in table 4.4, respondents who were married were 104 which represented 80% of the respondents. Those who were single were only 26 which represented 20% of the respondents. The majority who were in SACCOs were married, an indication that those people with dependants in their family had to venture in savings activities and enjoy all other banking services like loans to cater for the needs of their families.

4.2.5 Position held at the SACCO

The position held at the SACCO was subdivided into three categories namely, the board member, management and ordinary membership. Table 4.5 summarizes the response:

Table 4.5: Position held at the SACCO

| Position | Frequency | Percent |
|---------------------|------------|--------------|
| Board member | 18 | 13.8 |
| Management | 24 | 18.5 |
| Ordinary membership | 88 | 67.7 |
| Total | 130 | 100.0 |

The results obtained about the position held in the SACCO indicated that board members were 18 representing a response percent of 14%, those who were in management were 24 with a response percent of 19% while those who had ordinary membership were 88 representing 68% response. The response indicated therefore that ordinary members were highest, followed by management and finally board members.

4.2.6 Position in the Board

The respondents who said belonged to the Board membership were further asked to indicate the position they held and table 4.6 shows the summary.

Table 4.6: Position held in the Board

| Position | Frequency | Percent |
|---------------|-----------|---------|
| Chairman | 6 | 4.6 |
| Vice chairman | 6 | 4.6 |

| | | |
|--------------|-----------|--------------|
| Treasurer | 3 | 2.3 |
| Secretary | 3 | 2.3 |
| Total | 18 | 100.0 |

Respondents who belonged to the board membership totaled to 18 members within the six university SACCOs. Out of the 18 respondents, 6(4.6%) were chairmen, another 6(4.6%) were vice chairmen, 3(2.3%) were treasurers while the other 3(2.3%) were secretaries to the respective SACCOs.

4.2.7: Position in the Management

Respondents who said belonged to the management level were also asked to indicate their positions in the management level and table 4.7 indicated the findings:

Table 4.7: Position in Management

| Position | Frequency | Percent |
|---------------------------|-----------|--------------|
| General manager | 6 | 4.6 |
| Operations manager | 6 | 4.6 |
| Finance manager/officer | 2 | 1.5 |
| Credit manager/officer | 2 | 1.5 |
| ICT manager/officer | 2 | 1.5 |
| Marketing manager/officer | 3 | 2.3 |
| Human resource manager | 3 | 2.3 |
| Total | 24 | 100.0 |

Management positions had various responses according to the way a particular university SACCO decided to structure its management. There seemed to be positions that were in one SACCO but not in the other. The response indicated that there were 6(4.6%) general managers, 6(4.6%) operation managers, 2(1.5%) finance officers, 2(1.5%) credit managers, 2(1.5%) ICT managers, 3(2.3%) marketing managers and finally 3(2.3%) human resource managers. There were a total of 24 respondents who held various management positions.

4.2.8: SACCO Committee Membership

Respondents were also asked the SACCO committee that they belonged and table 4.8 had a summary of the results:

Table 4.8: SACCO Committee Membership

| Committee | Frequency | Percent |
|----------------------------|------------|--------------|
| Education | 15 | 11.5 |
| Executive | 8 | 6.2 |
| Credit | 49 | 37.7 |
| Asset liability management | 20 | 15.4 |
| SACCO Savings | 23 | 17.7 |
| ICT committee | 15 | 11.5 |
| Total | 130 | 100.0 |

SACCO committees depended from one SACCO to another. For the six public university SACCOs, the committees present were education, executive, credit, asset liability management, SACCO savings and ICT committees. The education committee had 15 respondents which were 11.5%; the executive committee had 8 respondents with a 6.2% response. Those who belonged to the credit committee were 49 with a majority response of 37.7% response. SACCO savings committee had 23 respondents with 17.7% response while those who belonged to the ICT committee were only 15 with an 11.5% response. At least all members belonged to a particular SACCO committee.

4.2.9: Length of service in the current position

The length of service of respondents in their current position ranged from one year to above seven years. Table 4.9 shows the length of service with which respondents had been in their current positions:

Table 4.9: Length of Service in the current position

| Age | Frequency | Percent |
|-------------------|------------|--------------|
| 1 - 3 years | 57 | 43.8 |
| 4 - 6 years | 44 | 33.8 |
| 7 years and above | 29 | 22.3 |
| Total | 130 | 100.0 |

The results indicated that respondents who had served in the current position for a period 1 – 3 years were 57 with a response of 43.8%. Those who had served for a period of 4 – 6 years were 44 with a response of 44% while those who had served in their current position for 7 years and above were 29 with a response of 22.3%. This indicated that a majority had only stayed in their current position for a period ranging from 1 – 3 years.

4.3 Acquisition Strategies on the performance of Public University SACCOs in Kenya

This section presents the results of the data analysis of the data collected from respondents concerning customer acquisition strategies. Acquisition strategies involved targeting, acquiring and keeping the right customers. To begin with, respondents were asked if there existed CRM programs in their SACCOs aiming at targeting and acquiring the right customers. Table 4.10 showed the response.

Table 4.10: Presence of customer acquisition strategies

| Response | Frequency | Percent |
|--------------|------------|--------------|
| Yes | 96 | 73.8 |
| No | 10 | 7.7 |
| Not aware | 24 | 18.5 |
| Total | 130 | 100.0 |

The response to the presence of customer acquisition strategies had varied reactions. Some respondents agreed, others did not agree while others were not aware if these strategies existed in their respective SACCOs or not. Those who agreed were majority with 96(73.8%) response while those who said No were a minority of 10(7.7%) response. The rest 24(18.5%) were not aware if the strategies ever existed, meaning that if these strategies actually existed, these respondents did not feel the difference. Respondents were further tasked to indicate the type of CRM programs available in their SACCOs that aimed at targeting and acquiring the right customers and table 4.11 showed the results:

Table 4.11: CRM programs for customer acquisition

| Program | Frequency | Percent |
|-----------------|------------|--------------|
| Advertising | 56 | 43.1 |
| Sales promotion | 13 | 10.0 |
| Word of mouth | 13 | 10.0 |
| Merchandizing | 9 | 6.9 |
| Referrals | 11 | 8.5 |
| N/A | 28 | 21.5 |
| Total | 130 | 100.0 |

Advertising was the most common CRM program used in targeting and acquiring the right customers. This was because majority (56, 43.1%) of the respondents said that their SACCOs adopted the program. This was followed by both sales promotion and use of word of mouth programs which elicited a response of 13(10%). Closely to that was referrals with 11(8.5%) and finally merchandizing program with 9(6.9%) response. Respondents were also asked to briefly clarify how the acquisition strategies present in their respective SACCOs were applied and those who said that their SACCOs majorly adopted advertisements said that announcements were put on the Radios and Televisions explaining the performances of their SACCOs. They also used bill boards to advertise their SACCOs. On the other hand, during the annual general meetings, they invited both members and non members to listen to their plans. Through this, they also distributed leaflets explaining their vision and mission plus their strategic plan of the next period. This could enable them acquire the targeted customers.

On the other hand, there were those who said that their respective SACCOs adopted sales promotion. For them, SACCOs had developed various attractive products that suited all individuals and stake holders within the universities. These products were offered at discounts and if it was loans, the interest rates were lowered down to accommodate everyone interested. Apart from loans, members' savings earned interests at a given period. This could be used as a mechanism to entice new membership to the SACCO. SACCOs that used word of mouth to acquire customers could use agents and various representatives within universities who could speak face to face to university members explaining to them advantages of joining their SACCO. Through this, new member acquisition is enhanced. Merchandising is the planning and promotion of sales by presenting a product to the right market at the proper time by carrying out organized skilful advertising and using attractive displays. SACCOs that engaged in this program could design their products in an attractive manner and make them available to the targeted customers at any time and place. The researcher also sought to know what has been the influence of these acquisition programs on the rate of new customer acquisition. The researcher wanted to know if these programs increased the rate of new acquisition, reduced the rate of member acquisition or had no effect on the rate of new customer acquisition. Table 4.12 summarized the response.

Table 4.12: Influence of customer acquisition programs

| Influence | Frequency | Percent |
|---|------------------|----------------|
| They have increased the rate of new member acquisition | 91 | 70.0 |
| They have led to reduced rate of member acquisition | 0 | 0.0 |
| The programs have led no effect on the rate of new customer acquisition | 11 | 8.5 |
| N/A | 28 | 21.5 |
| Total | 130 | 100.0 |

Customer Relationship Management programs if well affected can lead to an increased rate of new member acquisition to the SACCOs. A majority of the respondents (70%) agreed that these programs have greatly led to the increase in the rate of new member acquisition. The other 8.5% who had used these programs were of the opinion that these programs had led to no effect to the new customer acquisition and that in case there was any new member acquisition, it was just by his own voluntary will and not a coercion by any of the CRM programs. None of the respondents said that these programs had led to a reduced rate of member acquisition while 21.5% of the respondents had no opinion.

SACCOs like any other financial organizations are frequently faced with challenges related to the implementation of customer acquisition programs. This was evident when respondents were asked if these challenges do exist. Table 4.13 had the results:

Table 4.13: Presence of Challenges related to customer acquisition programs

| Response | Frequency | Percent |
|------------------|------------------|----------------|
| Yes | 112 | 86.2 |
| No | 11 | 8.5 |
| Not aware of any | 7 | 5.4 |
| Total | 130 | 100.0 |

An overwhelming majority of 112(86.2%) respondents agreed that indeed there exist challenges related to the customer acquisition programs. Only 11(8.5%) respondents said that there existed no challenges and about 7(5.4%) of the respondents had no an idea if these challenges existed. This therefore forced the researcher to wanting to know some of these challenges.

The perception that SACCOs are money making entities and not existing to the interest of customers was a challenge proposed by the majority (29.2%) of respondents. They had an opinion that SACCO targeted customers were not convinced that SACCOs can exist for a sole purpose of making good their customers. This makes it absolutely difficult for the SACCOs to acquire enough customers because of this fear. This challenge was followed by lack of enough resources with a response of 23(17.7%) respondents. Advertisements, sales promotions, merchandising and all other customer acquisition strategies need financial resources. SACCOs that have not been established well find it difficult to thrive without enough resources. These programs also require the desired expertise in which lack of this poses a challenge to customer acquisition to SACCOs. This was given by 20(15.4%) respondents. Another close challenge was poor

management of the program which had a response of 19(14.6%) respondents. Those members who were given a mandate to run the programs had questionable management abilities making the program to fail. Finally, communication breakdown between the SACCO and the perceived customers was another challenge with an 11(8.5%) response. (See table 4.14)

Table 4.14: Challenges of customer acquisition programs implementation

| Challenge | Frequency | Percent |
|---|------------|--------------|
| Lack of enough resources | 23 | 17.7 |
| Lack of expertise in the programs | 20 | 15.4 |
| Poor response from target customers | 19 | 14.6 |
| Communication breakdown between the SACCO and the perceived customers | 11 | 8.5 |
| Perception that SACCOs are money making entities and not to the interest of customers | 38 | 29.2 |
| Poor management of the program | 19 | 14.6 |
| Total | 130 | 100.0 |

4.4 Customer Retention Strategies on performance of Public University SACCOs in Kenya

This section presents the results of the data analysis of the data collected from respondents concerning customer retention strategies. These are the strategies put in place by SACCOs as an organization to retain the already acquired customers. Respondents were asked if there existed any of these strategies aimed at retaining the acquired customers. Table 4.15 showed the response.

Table 4.15: Existence of CRM programs for retaining acquired customers

| Response | Frequency | Percent |
|------------------|------------|--------------|
| Yes | 110 | 84.6 |
| No | 12 | 9.2 |
| Not aware of any | 8 | 6.2 |
| Total | 130 | 100.0 |

The response from table 4.15 indicated that those who agreed that there existed CRM programs in their SACCO that aimed at retaining acquired customers were 110(84.6%) respondents while 12(9.2%) said that there were no these kind of programs in their respective SACCOs. The rest 8(6.2%) respondents were not aware of any program used to retain customers in their SACCOs. This meant therefore that majority of the SACCOs adopted such programs in general. The researcher was therefore curious to understand some of these programs and table 4.16 summarized the response:

Table 4.16: CRM programs for retaining acquired customers

| Program | Frequency | Percent |
|--|------------|--------------|
| Customer delight (going beyond what could normally satisfy the customer) | 22 | 16.9 |
| Adding customer - perceived value | 16 | 12.3 |
| Loyalty schemes (reward customers for their patronage) | 20 | 15.4 |
| Customer clubs (company-run membership organization that offers a range of value-adding benefits exclusively to members) | 27 | 20.8 |
| Sales promotions (which are meant to encourage repeat purchase) | 18 | 13.8 |
| Bonding (interpersonal bonds, technology bonds etc) | 3 | 2.3 |
| Building customer engagement | 4 | 3.1 |
| N/A | 20 | 15.4 |
| Total | 130 | 100.0 |

Results obtained from table 4.16 indicates that 22(16.9%) of the respondents were of the opinion that their SACCOs adopted customer delight program. These SACCOs adopted a mechanism of going beyond what could normally satisfy the customer. Apart from the normal services that they offered, they decided on additional services that could always make their customers happy. About 16(12.3%) respondents said that their SACCOs adopted adding customer – perceived value strategy to retain their customers. All services related to the customer were placed number one then other things followed. On the other hand, 20(15.4%) respondents said that their SACCOs adopted loyalty schemes to retain the customers. They used a reward system to their customers for their patronage. The other 27(20.8%) respondents said that their SACCOs adopted customer clubs strategy to implement retention of their customers. Their companies could run membership organization that offered a range of value adding benefits exclusively to members. Close to this, other SACCOs adopted sales promotion with a response of 18(13.8%) respondents. This was majorly done to encourage repeat purchase of SACCO products by their perceived customers. Other SACCOs adopted interpersonal bonding and building customer engagement with a response of 2.3% and 3.1% respectively. Having all this CRM programs to retain customers, the researcher was then ambitious to know the influence of these programs on the level of costs related to customer acquisitions resulting from member exits. Table 4.17 explains the results:

Table 4.17: Influence of CRM programs on costs related to customer acquisitions resulting from member exits

| Influence | Frequency | Percent |
|---|------------|--------------|
| They have greatly reduced the costs of new member acquisition resulting from customer exits | 81 | 62.3 |
| They have moderately reduced the costs of member acquisition resulting from exits | 22 | 16.9 |
| The programs have had NO effect on costs associated with membership exits | 7 | 5.4 |
| N/A | 20 | 15.4 |
| Total | 130 | 100.0 |

Majority, 81(62.3%) of the respondents said that these programs have greatly reduced the costs of new member acquisitions resulting from customer exits. The other 22(16.9%) respondents said that these programs have moderately reduced the cost of member acquisition resulting from exits while 7(5.4%) said that the programs had no effect on the costs associated with membership exits. The rest 20(15.4%) did not apply.

The challenges of keeping customers include determining who should be retained and how to retain them. When customers contact the SACCOs to close their accounts, there is an opportunity to interview and possibly retain the customer by determining whether closing the account is necessary. Respondents were asked if their SACCOs had faced any challenges related to implementation of customer retention programs, table 4.18 had the results:

Table 4.18: Challenges of customer retention programs

| Response | Frequency | Percent |
|------------------|------------|--------------|
| Yes | 112 | 86.2 |
| No | 11 | 8.5 |
| Not aware of any | 7 | 5.4 |
| Total | 130 | 100.0 |

An overwhelming majority of 112(86.2%) respondents agreed that honestly SACCOs are faced with challenges related to the implementation of customer retention programs. Only 11(8.5%) of the respondents were of a contrary opinion that there were no challenges of implementing these programs while 7(5.4%) were not aware if these challenges existed or not. This prompted the researcher to wanting to know some of these challenges and table 4.19 had the results:

Table 4.19: Challenges of implementing customer retention programs

| Challenges | Frequency | Percent |
|--|-----------|---------|
| Customer dissatisfaction due to over-expectations | 11 | 8.5 |
| Inappropriate technology | 15 | 11.5 |
| Failure by management to work towards the SACCO mission and vision | 15 | 11.5 |

| | | |
|--|------------|--------------|
| Long banking processes is a turn-off for customers | 22 | 16.9 |
| Lack of expertise in customer retention | 33 | 25.4 |
| Competition | 16 | 12.3 |
| N/A | 18 | 13.8 |
| Total | 130 | 100.0 |

Many SACCOs know little more about who is leaving than whatever information appears on their demand deposit applications' daily closed account reports. While many of them use elaborate tracking to conduct in-depth analyses of their new accounts, many of those same banks do not track or analyze their closed accounts. That is why most of them are challenged in the implementation of customer retention programs. Results from table 4.19 indicates that 11(8.5%) respondents said that customer dissatisfaction due to over-expectations was a challenge. This was due to the inability of SACCOs to meet customer needs. Some customers join a SACCO with some specific expectations but it was realized that some managements were unable to meet some of these expectations. This led to a threat to customer retention. Inappropriate technology was said by 15(11.5%) respondents. They related technology to customer retention. Slow adoption of technology reduced customer retention rates. The other same respondents, 15(11.5%) also said that failure by management to work towards the SACCO mission and vision was a challenge. Some SACCOs had a mission and vision statements in words but couldn't practice them. The statements could entice those willing to join but after some time they realize that it was just a saying. This will pose a threat to their existence within that SACCO. The other respondents who were 22(16.9%) said that the biggest challenge was long banking processes with a lot of paperwork and queues. Many customers do not like this trend and leads to their exits. Majority of the respondents (33, 25.4%) were of the opinion that many SACCOs do not have the desired expertise in customer retention. Finally, 18(13.8%) respondents said that competition was another challenge. The number of SACCOs has greatly increased leading to scramble of members and high customer turn-over.

4.5: Relationship Expansion Strategies on performance of Public University SACCOs in Kenya

This section presents the results of the data analysis of the data collected from respondents concerning customer relationship expansion strategies. These are the strategies put in place by SACCOs as an organization to extend their good relationship to their customers for respectively a longer period of time. Respondents were asked whether there existed CRM programs in their respective SACCOs aimed at expanding the degree of relationship with their current customers. Table 4.20 summarized the results.

Table 4.20: Existence of CRM programs aimed at expanding relationship with customers

| Response | Frequency | Percent |
|------------------|------------|--------------|
| Yes | 115 | 88.5 |
| No | 8 | 6.2 |
| Not aware of any | 7 | 5.4 |
| Total | 130 | 100.0 |

Majority of the respondents who were 115 with a response percent of 88.5% agreed that there existed CRM programs in their SACCOs aimed at expanding the degree of relationship with their current customers. On the other hand, 8 respondents with a response percentage of 6.2% had a contrary opinion. They never had these programs in their respective SACCOs, while 7 respondents with a response percentage of 5.4% were not aware of any of these programs. The researcher then went ahead to let the respondents identify the types of programs available in their respective SACCOs and table 4.21 had the summary:

Table 4.21: Types of CRM programs for extension of customer relationship

| Program | Frequency | Percent |
|--|-----------|---------|
| Cross-buying programs e.g. introduction and active marketing of complementary products | 38 | 29.2 |
| Stimulating increased usage of existing products among customer e.g. increased borrowing, saving etc | 62 | 47.7 |
| Up-selling programs | 15 | 11.5 |

| | | |
|--------------|------------|--------------|
| N/A | 15 | 11.5 |
| Total | 130 | 100.0 |

A majority (47.7%) of those who agreed that there existed CRM strategies aimed at increasing customer relationship said that their SACCOs adopted a strategy of stimulating increased usage of existing products among customers. They did this by ensuring increased borrowing with reduced interest rates and also increasing savings, allowing accruing interests to these savings. This could build up the relationship between customers and SACCOs. This was followed by 29.2% of the respondents who said that their SACCOs adopted Cross-buying programs. This was done through introduction and active marketing of complementary products. Finally, 11.5% of the respondents said that their SACCOs adopted up-selling strategies to build up their customer relationship. Respondents were further asked what has been the influence of relationship expansion programs that they had initially given on their SACCOs level of profitability.

The responses were shown in table 4.22:

Table 4.22: Influence of relationship programs on profitability

| Influence | Frequency | Percent |
|---|------------------|----------------|
| They have greatly increased the SACCOs yearly profits | 82 | 63.1 |
| They have moderately increased the SACCOs yearly profits | 28 | 21.5 |
| The programs have had no effects on the SACCOs yearly profits | 5 | 3.8 |
| N/A | 15 | 11.5 |
| Total | 130 | 100.0 |

A greater majority (63.1%) were of the opinion that the relationship programs had greatly increased the SACCOs yearly profits whereas 21.1% said that though the yearly profits have been increased by these programs, it was moderate. The rest 3.8% said that these programs had no effect on the SACCO's yearly profits. If these programs on average increased yearly profits, it meant that customer base was on the increase. An organization with many customers had an advantage because this could easily increase profits. Due to this fact, the researcher sought to know the influence of the relationship expansion programs on the customer retention. Table 4.23 had the results:

Table 4.23: Influence of the programs on customer retention

| Influence | Frequency | Percent |
|---|------------------|----------------|
| They have greatly enabled the SACCO retain more members | 82 | 63.1 |
| They have moderately enabled the SACCO retain members | 27 | 20.8 |
| The programs have had no effect on customer retention rates | 6 | 4.6 |
| N/A | 15 | 11.5 |
| Total | 130 | 100.0 |

Majority (63.1%) of the respondents were of the opinion that these programs have greatly enabled the SACCOs to retain more members while 20.3% said that these programs have only moderately enabled the SACCOs to retain more members. On the other hand, a great minority of 4.6% said that these programs had no effect on customer retention rates. This prompted the researcher to wanting to identify if the SACCOs had faced any challenges related to implementation of relationship expansion programs. Table 4.24 had the summary of the results:

Table 4.24: Existence of implementation challenges on relationship expansion

| Response | Frequency | Percent |
|------------------|------------------|----------------|
| Yes | 112 | 86.2 |
| No | 11 | 8.5 |
| Not aware of any | 7 | 5.4 |
| Total | 130 | 100.0 |

It was indeed evident that many SACCOs had faced many challenges related to the implementation of relationship expansion programs. This was proven by majority (86.2%) of the respondents who agreed while only 8.5% had a contrary opinion. About 5.4% of the respondents were not aware of the existence of the challenges. The researcher therefore sought to know some of these challenges and table 4.25 had the results.

Table 4.25: Challenges of relationship expansion programs

| Challenge | Frequency | Percent |
|--|------------|--------------|
| Less attention of customers to the programs intending to expand relationship | 18 | 13.8 |
| Inconsistence of savings and borrowing by customers | 26 | 20.0 |
| Lack of knowledge of benefits associated with lengthy stay in the SACCO | 12 | 9.2 |
| Default in loan payments | 24 | 18.5 |
| Lack of loyalty by some customers | 22 | 16.9 |
| Dishonest customers | 10 | 7.7 |
| N/A | 18 | 13.8 |
| Total | 130 | 100.0 |

Customer relationship expansion has greatly been faced by a myriad of challenges depending on the type of program that a SACCO uses. Majority (20%) of the respondents said that their SACCOs face inconsistency of savings and borrowing by customers posing a challenge to their continued stay within the SACCO. This was closely followed by 18.5% of the respondents who said that the relationship expansion programs have been greatly challenged by default in loan payments which was on the increase. The other challenge was given by 17% of the respondents who said that lack of loyalty by some customers to the SACCO has greatly challenged the implementation of relationship expansion programs. Less attention of customers to the programs intending to expand relationship was the opinion of 13.8% of the respondents while 7.7% said that some customers were not honest thus attending to the relationship expansion programs was a challenge. This was an indication that most of the challenges were customer based as compared to the SACCO management.

4.6: Customer Divestment on performance of Public University SACCOs in Kenya

This section presents the results of the data analysis of the data collected from respondents concerning customer relationship divestment strategies. Organizations may have customers who are unprofitable to serve but rather than the organization firing them from the organization, they design products that suit them. The researcher sought to know if there existed CRM programs aimed at harvesting unproductive customers or programs designed to serve them cost effectively. The results were summarized by table 4.26

Table 4.26: Existence of Divestment Programs

| Response | Frequency | Percent |
|------------------|------------|--------------|
| Yes | 115 | 88.5 |
| No | 7 | 5.4 |
| Not aware of any | 8 | 6.2 |
| Total | 130 | 100.0 |

The results indicated that the majority (88.8%) of the respondents had agreed that there existed programs in their SACCO intended to harvest unproductive customers or serving them cost effectively. This made the researcher to want to know some of these programs and table 4.27 had the results:

Table 4.27: Types of Divestment Programs

| Program | Frequency | Percent |
|--|------------|--------------|
| Raising SACCO products/costs | 11 | 8.5 |
| Offering lower product quality | 8 | 6.2 |
| Offering a less attractive value proposition to some segments | 6 | 4.6 |
| Running marketing campaigns designed to attract profitable customers while being unappealing to less desirable customers | 49 | 37.7 |
| Making unproductive customers profitable by changing the SACCO business model | 41 | 31.5 |
| N/A | 15 | 11.5 |
| Total | 130 | 100.0 |

Running marketing campaigns designed to attract profitable customers while being unappealing to less desirable customers was the program that was used by majority (37.7%) of the respondents. This also was meant to mean that majority of the SACCOs adopted this kind of program. It was closely followed by 31.5% of the respondents who had adopted the making of unproductive customers profitable by changing the SACCO business model. This could enable them choose the alternative model. A far distance was Raising SACCO products adopted by 8.5% respondents only, followed by 6.2% of the respondents who said that they had adopted offering a less attractive value proposition to some segments. Asked to identify the influence of these divestment programs on SACCO's cost saving objectives, respondents had varied reactions and table 4.28 had the summary

Table 4.28: Influence of divestment programs on cost saving

| Influence | Frequency | Percent |
|--|------------|--------------|
| They have greatly reduced the cost associated with serving unproductive members | 83 | 63.8 |
| They have moderately reduced the cost associated with serving unproductive members | 21 | 16.2 |
| They had no effect on the SACCOs costs associated to serving unproductive members | 11 | 8.5 |
| N/A | 15 | 11.5 |
| Total | 130 | 100.0 |

Majority (63.8%) of the respondents had an opinion that divestment programs adopted by them had greatly reduced the cost associated with serving unproductive members. This was followed by 16.2% of the respondents who said that these programs had moderately reduced the cost while 8.5% said that these programs had no effect on the SACCOs' costs associated to serving unproductive members. The rest 11.5% did not apply.

Finally, the researcher sought to know whether the SACCOs faced any challenges related to the implementation of divestment programs. Table 4.29 summarized the outcome:

Table 4.29: Presence of challenges of divestment programs

| Presence | Frequency | Percent |
|------------------|------------|--------------|
| Yes | 103 | 79.2 |
| No | 12 | 9.2 |
| Not aware of any | 15 | 11.5 |
| Total | 130 | 100.0 |

A greater majority (79.2%) of the respondents were of the opinion that there existed challenges related to the implementation of divestment programs while 9.2% of them had a contrary opinion. The rest 11.2% of the respondents were not aware of any challenges. The researcher therefore wanted to know these challenges. Table 4.30 had the summary of the results.

Table 4.30: Challenges related to implementation of Divestment programs

| Challenge | Frequency | Percent |
|---|------------|--------------|
| High customer drop out due to identification that some undesired programs are targeting them | 19 | 14.6 |
| Some divestment programs leave no option to customers than dropping out | 17 | 13.1 |
| Additional costs are incurred thus lowering profitability in some cases | 23 | 17.7 |
| Lack of desired divestment expertise | 18 | 13.8 |
| Some programs like raising prices & lowering quality of products greatly affect loyal customers | 26 | 20.0 |
| N/A | 27 | 20.8 |
| Total | 130 | 100.0 |

Firms use technology to facilitate the process of divesting some divisions. The implementation of divestment programs were faced with a lot of challenges. Majority (20%) of the respondents said that in their SACCOs some programs like raising prices & lowering quality of products greatly affect loyal customers. This challenge was followed by 17.7% respondents who were of the opinion that some divestment programs left no option to customers than dropping out. When these programs were affected, a high customer dropout was experienced in their SACCOs. This was closely followed a challenge of high customer drop out due to identification that some undesired programs are targeting them with a response of 14.6%. Other challenges included Additional costs were incurred thus lowering profitability in some cases (13.1%) and also lack of desired divestment expertise.

5. SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

The study examined the influence of customer relationship management strategies and organizational performance, a case of selected university SACCOs in Kenya. It was guided by the following objective; to identify the influence of customer acquisition strategies on organizational performance; to determine the influence of customer retention strategies on organizational performance; to identify the influence of customer relationship expansion strategies on organizational performance and to determine the influence of customer divestment strategies on organizational performance. Data was collected from six public universities SACCOs using 130 respondents who occupied a position in board membership, management and ordinary membership.

5.1.1 Influence of Customer Acquisition Strategies on the performance of Public University SACCOs in Kenya

Regarding Customer Acquisition Strategies, majority (73.8%) of the respondents had agreed that these noble strategies existed within their respective SACCOs while 8% of them said that these strategies never existed. The rest 19% were not aware if the strategies ever existed, meaning that if these strategies actually existed, these respondents did not feel the difference. Respondents were further tasked to indicate the type of CRM programs available in their SACCOs that aimed at targeting and acquiring the right customers, majority (56, 43.1%) of the respondents said that their SACCOs adopted advertising. This was followed by both sales promotion and use of word of mouth programs which elicited a response of 13(10%) each. Closely to that was referrals with 11(8.5%) and finally merchandizing program with 9(6.9%) response. Respondents were also asked to briefly clarify how the acquisition strategies present in their respective SACCOs were applied and those who said that their SACCOs majorly adopted advertisements said that announcements were put on the Radios and Televisions explaining the performances of their SACCOs. They also used bill boards to advertise their SACCOs. On the other hand, during the annual general meetings, they invited both members and non members to listen to their plans. Through this, they also distributed leaflets explaining their vision and mission plus their strategic plan of the next period. This could enable them acquire the targeted customers. Those who said that their respective SACCOs adopted sales promotion they had developed various attractive products that suited all individuals and stake holders within the universities. SACCOs that used word of mouth to acquire customers could use agents and various representatives within universities who could speak face to face to university members explaining to them advantages of joining their SACCO.

The researcher also sought to know what has been the influence of these acquisition programs on the rate of new customer acquisition. A majority of the respondents (70%) agreed that these programs have greatly led to the increase in the rate of new member acquisition. The other 8.5% who had used these programs were of the opinion that these programs had led to no effect to the new customer acquisition and that in case there was any new member acquisition, it was just by his own voluntary will and not a coercion by any of the CRM programs. None of the respondents said that these programs had led to a reduced rate of member acquisition while 21.5% of the respondents had no opinion. Regarding challenges that existed in customer acquisition strategies, the majority (29%) said that there was a perception that SACCOs were money making entities and did not exist to the interest of customers. They had an opinion that SACCO targeted customers were not convinced that SACCOs can exist for a sole purpose of making good their customers. This made it absolutely difficult for the SACCOs to acquire enough customers because of this fear. This challenge was followed by lack of enough resources with a response of 23(17.7%) respondents. Advertisements, sales promotions, merchandising and all other customer acquisition strategies need financial resources. SACCOs that have not been established well found it difficult to thrive without enough resources. These programs also require the desired expertise in which lack of this poses a challenge to

customer acquisition to SACCOs. This was given by 20(15.4%) respondents. Another close challenge was poor management of the program which had a response of 19(14.6%) respondents. Those members who were given a mandate to run the programs had questionable management abilities making the program to fail. Finally, communication breakdown between the SACCO and the perceived customers was another challenge with an 11(8.5%) response.

5.1.2 Influence of customer retention strategies on the performance of Public University SACCOs in Kenya

Concerning customer retention strategies, the researcher wanted to examine the strategies put in place by SACCOs to retain the already acquired customers. Respondents were asked if there existed any of these strategies aimed at retaining the acquired customers. Majority (85%) of the respondents said that they existed these strategies while 12(9.2%) said that there were no these kind of programs in their respective SACCOs. The rest 8(6.2%) respondents were not aware of any program used to retain customers in their SACCOs. The researcher went ahead to identify these strategies and 22(16.9%) of the respondents were of the opinion that their SACCOs adopted customer delight program. About 16(12.3%) respondents said that their SACCOs adopted adding customer – perceived value strategy to retain their customers. On the other hand, 20(15.4%) respondents said that their SACCOs adopted loyalty schemes to retain the customers. They used a reward system to their customers for their patronage. The other 27(20.8%) respondents said that their SACCOs adopted customer clubs strategy to implement retention of their customers. Close to this, other SACCOs adopted sales promotion with a response of 18(13.8%) respondents. This was majorly done to encourage repeat purchase of SACCO products by their perceived customers. Other SACCOs adopted interpersonal bonding and building customer engagement with a response of 2.3% and 3.1% respectively. The researcher went ahead to identify the influence these programs on the level of costs related to customer acquisitions resulting from member exits. Majority (81, 62.3%) of the respondents said that these programs have greatly reduced the costs of new member acquisitions resulting from customer exits. The other 22(16.9%) respondents said that these programs have moderately reduced the cost of member acquisition resulting from exits while 7(5.4%) said that the programs had no effect on the costs associated with membership exits. The rest 20(15.4%) did not apply.

Respondents were asked if their SACCOs had faced any challenges related to implementation of customer retention programs. An overwhelming majority of 112(86.2%) respondents agreed that SACCOs were faced with challenges related to the implementation of customer retention programs. Only 11(8.5%) of the respondents were of a contrary opinion that there were no challenges of implementing these programs while 7(5.4%) were not aware if these challenges existed or not. In identification of these challenges, 18.5% of the respondents said that customer dissatisfaction due to over-expectations. Inappropriate technology was said by 11.5% of respondents. The other 11.5% of the respondents also said that failure by management to work towards the SACCO mission and vision was a challenge. 16.9% of the respondents said that the biggest challenge was long banking processes with a lot of paperwork and queues. Majority of the respondents (25.4%) were of the opinion that many SACCOs do not have the desired expertise in customer retention. Finally, 18(13.8%) respondents said that competition was another challenge.

5.1.3 Influence of Relationship Expansion Strategies on the performance of Public University SACCOs in Kenya.

Concerning Relationship Expansion Strategies, the researcher wanted to identify the strategies put in place by SACCOs to extend their good relationship to their customers for respectively a longer period of time. Respondents were asked whether there existed CRM programs in their respective SACCOs aimed at expanding the degree of relationship with their current customers. Majority of the respondents (88.5%) agreed that there existed CRM programs in their SACCOs aimed at expanding the degree of relationship with their current customers. On the other hand, 8 respondents with a response percentage of 6.2% had a contrary opinion. They never had these programs in their respective SACCOs, while 7 respondents with a response percentage of 5.4% were not aware of any of these programs. The researcher then went ahead to let the respondents identify the types of programs available in their respective SACCOs. A majority (47.7%) of those who agreed that there existed CRM strategies aimed at increasing customer relationship said that their SACCOs adopted a strategy of stimulating increased usage of existing products among customers. This was followed by 29.2% of the respondents who said that their SACCOs adopted Cross-buying programs. This was done through introduction and active marketing of complementary products. Finally, 11.5% of the respondents said that their SACCOs adopted up-selling strategies to build up their customer relationship.

Respondents were further asked what has been the influence of relationship expansion programs that they had initially given on their SACCOs level of profitability. A greater majority (63.1%) were of the opinion that the relationship

programs had greatly increased the SACCOs yearly profits whereas 21.1% said that though the yearly profits have been increased by these programs, it was moderate. The rest 3.8% said that these programs had no effect on the SACCO's yearly profits. Due to this fact, the researcher sought to know the influence of the relationship expansion programs on the customer retention. Majority (63.1%) of the respondents were of the opinion that these programs had greatly enabled the SACCOs to retain more members while 20.3% said that these programs have only moderately enabled the SACCOs to retain more members. On the other hand, a great minority of 4.6% said that these programs had no effect on customer retention rates. This prompted the researcher to identify if the SACCOs had faced any challenges related to implementation of relationship expansion programs. Majority (20%) of the respondents said that their SACCOs face inconsistency of savings and borrowing by customers posing a challenge to their continued stay within the SACCO. This was followed by 18.5% of the respondents who said that the relationship expansion programs have been greatly challenged by default in loan payments. The other challenge was given by 17% of the respondents who said that lack of loyalty by some customers to the SACCO has greatly challenged the implementation of relationship expansion programs. Less attention of customers to the programs intending to expand relationship was the opinion of 13.8% of the respondents while 7.7% said that some customers were not honest thus attending to the relationship expansion programs was a challenge.

5.1.4 Influence of customer divestment on the performance of Public University SACCOs in Kenya

Finally regarding customer divestment, the researcher sought to know if there existed CRM programs aimed at harvesting unproductive customers or programs designed to serve them cost effectively. Majority (88.8%) of the respondents agreed that there existed programs in their SACCO intended to harvest unproductive customers or serving them cost effectively. About 5% of the respondents had a contrary opinion while 6% of them were not aware of any. Regarding the types of divestment programs, majority (38%) said that they ran marketing campaigns designed to attract profitable customers while being unappealing to less desirable customers; 32% said that they changed SACCO business models; 9% of them said that they raised SACCO product costs; 6% of them said that they offered lower product qualities attached to those customers while 5% of them said that they offered a less attractive value proposition to some segments. As far as the influence of divestment programs on cost saving was concerned, Majority (63.8%) of the respondents had an opinion that divestment programs adopted by them had greatly reduced the cost associated with serving unproductive members. This was followed by 16.2% of the respondents who said that these programs had moderately reduced the cost while 8.5% said that these programs had no effect on the SACCOs' costs associated to serving unproductive members. The rest 11.5% did not apply.

Finally on the challenges of divestment programs, majority (20%) said that some programs like raising prices & lowering quality of products greatly affect loyal customers; 18% of them said that there was lack of desired divestment expertise; 15% of them said that there was high customer drop out due to identification that some undesired programs were targeting them. The rest 13% said that some divestment programs left no option to customers than dropping out.

5.2 CONCLUSIONS

The study affirms that customer acquisition strategies significantly influence the performance of SACCOs like any other organization. This depended on how effective the organization utilizes these strategies and the kind of expertise put in place to take care of customer acquisition strategies. From the results obtained by the study, it was apparent that there existed these strategies which included; advertising, sales promotion, word of mouth, merchandizing and referrals. For advertisements, announcements were put on the Radios and Televisions explaining the performances of their SACCOs. They also used bill boards to advertise their SACCOs. On the other hand, during the annual general meetings, they invited both members and non members to listen to their plans. They also distributed leaflets explaining their vision and mission plus their strategic plan of the next period. This could enable them acquire the targeted customers. SACCOs had developed various attractive products that suited all individuals and stake holders within the universities. These products were offered at discounts and if it was loans, the interest rates were lowered down to accommodate everyone interested. Apart from loans, members' savings earned interests at a given period. This could be used as a mechanism to entice new membership to the SACCO. Concerning the influence of customer acquisition programs, the research concluded that these programs had increased the rate of new member acquisition.

SACCOs like any other organization was faced with various challenges. The study concluded that there were many challenges. They included; lack of enough resources, deficiency of expertise in the programs, poor response from target

customers, Communication breakdown between the SACCO and the perceived customers, a perception that SACCOs are money making entities and not to the interest of customers and also poor management of the programs. The study found that these challenges hindered the organizational performance.

Based on research findings, the study also concluded that the need for customer retention strategies has a proportional relationship with organizational performance. Most SACCOs had practiced customer retention strategies to ensure their customers are retained for quite some time. The need to retain customers helps the organization to be assured of its existence in the time to come. Some of the programs instilled to retain customers included; customer clubs (company-run membership organization that offers a range of value-adding benefits exclusively to members, sales promotions and loyalty schemes. Regarding the influence of CRM programs on costs related to customer acquisitions resulting from member exits, the study concluded that these programs have greatly reduced the costs of member acquisition. The study also concluded that various challenges that existed in customer retention hindered organizational performance. Some of these challenges included; Customer dissatisfaction due to over-expectations, inappropriate technology, Failure by management to work towards the SACCO mission and vision and lack of expertise in customer retention.

It was also clear that lots of challenges affected the performance of SACCOs in as far as customer retention strategies are concerned. Some of the challenges included; Customer dissatisfaction due to over-expectations, inappropriate technology, failure by management to work towards the SACCO mission and vision, long banking processes is a turn-off for customers, lack of expertise in customer retention and competition.

Regarding Relationship Expansion Strategies, majority of the respondents agreed that there existed CRM programs in their SACCOs aimed at expanding the degree of relationship with their current customers. Expanding the relationship between the organization and the customers eventually boosts organizational performance. The study concluded that stimulating increased usage of existing products among customer e.g. increased borrowing, saving was the most preferred program used to retain customers within university SACCOs. This program was seen to have greatly increased the SACCOs yearly profits as depicted by the majority. On the other hand, the study also found that this program greatly enabled the SACCO retain more members. As usual, challenges do affect the performance of organizations. It was indeed evident that many SACCOs had faced many challenges related to the implementation of relationship expansion programs. The major challenge that the study found was lack of knowledge of benefits associated with lengthy stay in the SACCO and less attention of customers to the programs intending to expand relationship. The study therefore concluded that implementing customer retention programs in an organization will have a positive relationship with the organizational performance.

Customer divestment was seen as the ability of the organization to design products in a way that suit unprofitable customers instead of firing them. Majority of the respondents had an opinion that there existed such strategies in their respective SACCOs. These strategies included; raising SACCO products/costs, offering lower product quality, offering a less attractive value proposition to some segments, running marketing campaigns designed to attract profitable customers while being unappealing to less desirable customers and making unproductive customers profitable by changing the SACCO business model. This study also found that these divestment programs had greatly reduced the cost associated with serving unproductive members and thereby boosting organizational performance. The major challenge experienced in the implementation of these programs was that some programs like raising prices & lowering quality of products greatly affect loyal customers. Therefore, the study concluded that implementing divestment programs in the organization led to increased organizational performance.

5.3 RECOMMENDATIONS

Based on the data analysis, findings and conclusions, the researcher wishes to make the following recommendations;

Customer relationship management (CRM) has the potential for achieving success and growth for organizations in the nowadays environment of extensive competition and rapid technological development. CRM enables organizations to know their customers better and to build sustainable relationships with them. The study affirms these CRM strategies significantly influence the performance of SACCOs like any other organization. This depended on how effective the organization utilizes the main components of CRM are people, technology, and processes.

The management therefore needs to take an active role in making use of the main components that make up CRM that is, people, technology, and processes to ensure effective utilization of the organization resources.

The study also recommends that policies and procedures on CRM should be formulated for the whole organization that should guide its different departments in setting up individual guidelines to their activities.

Lastly, the organizations should endeavor to implement CRM strategies by first addressing the challenges that could cause financial crippleness and misperformance.

5.4 SUGGESTIONS FOR FURTHER STUDY

For the influence of customer relationship management strategies on performance of public university SACCOs in Kenya to be their successful and effective implementation requires commitment from all stakeholders. The existing literature on the influence of customer relationship management strategies on performance of public university SACCOs in Kenya focuses on the implementation CRM strategies but has not examined how the efficient and effective use of marketing tools or cost reduction management.

Also CRM strategies studies dealing with public university SACCO performance in Kenya remain largely an uncharted course. In short, there are not many studies that have focused on public university SACCOs in Kenya. There is therefore a tremendous potential for research in this direction.

ACKNOWLEDGEMENT

This project has been a challenging enterprise which has benefited from the constructive suggestions of a significant number of people that I would like to thank. I am particularly grateful to God for giving me good health and sound mind required to complete this research work. I also gratefully acknowledge my supervisor Dr. Margaret Oloko for helping me shape the research project in the first place by sharing your knowledge and helpful comments during the Research process.

REFERENCES

- [1] Akerlund, H. (2005). Fading Customer Relationships in Professional Services. *Managing Service Quality*. 15 (2): 156–171.
- [2] Atuahene-Gima, K. (2005). Resolving the Capability-Rigidity Paradox in New Product Innovation. *Journal of Marketing*. 69 (4): 61–83.
- [3] Babin, P. (2010). Customer Relationship Management: Related Theories, Challenges and Application in Banking Sector. *Banking Journal*: 1(1): 34-96.
- [4] Berry, L. (1995). Relationship Marketing of Services: Growing Interest, Emerging Perspectives. *Journal of the Academy of Marketing Science*. 23(4):236 – 245.
- [5] Bolton R.N & Tarasi, C.O. (2005). Managing Customer Relationships. *Journal of the Academy of Marketing Science*. 20(3): 301-319.
- [6] Bolton, R. N. & Katherine N. L. (1999). A Dynamic Model of Customers' Usage of Services: Usage as an Antecedent of Satisfaction. *Journal of Marketing Research*. 36 (2): 171–186.
- [7] Bolton, R.N. & Tarasi C.O. (2007). The Theoretical Underpinnings of Customer Asset Management: A Framework and Propositions for Future Research. *Journal of the Academy of Marketing Science*. 32(3): 271–292.
- [8] Boulding, W., Richard S., Michael E. & Wesley J.J. (2005). A CRM Roadmap: What We Know, Potential Pitfalls, and Where to Go. *Journal of Marketing*. 69 (4): 155–166.
- [9] Brink, D. (2006). The Effect Of Strategic And Tactical Cause – Related Marketing On Consumers' Brand Loyalty. *Journal of Consumer Marketing*. 6(2): 128-155.
- [10] Cao, Y, & Tomas S. G. (2005). Reducing Adverse Selection Through Customer Relationship Management. *Journal of Marketing*. 69 (4): 219–229.
- [11] Colgate, M.R. & Danaher, P. J. (2000). Implementing a Customer Relationship Strategy. *Journal Of The Academy Of Marketing Science*. 28(3): 234-244.

- [12] Fornell, C. & Birger W. (1987). Defensive Marketing Strategy by Customer Complaint Management: A Theoretical Analysis. *Journal of Marketing Research*. 24 (11) 337–346.
- [13] Gathuru. L.W. (2010). Marketing Strategies Adopted in Serving the Bottom of the Pyramid Customer of the Kenya Power & Lighting Company. *MBA Thesis. University of Nairobi*.
- [14] Gronroos, C. (2000). *Service Management And Marketing: A Customer Relationship Management Approach* (2nd Ed.) Chichester: Wiley.
- [15] Gronroos, C. (2004). The Relationship Marketing Process: Communication, Interaction, Dialogue Value. *Journal of Business and Industrial Marketing*. 19(2): 99-113.
- [16] Gupta, S. & Lehmann. D. R. (2005). *Managing Customers as Investments. The Strategic Value of Customers In the Long Run*. Upper Saddle River, NJ: Wharton School Publishing.
- [17] Heskett, Earl, S. & Leonard, A. S. (1997). *The Service Profit Chain: How Leading Companies Link Profit and Growth to Loyalty, Satisfaction and Value*. New York: Free Press.
- [18] Hisham, S. S. (2011). Customer Relationship Management & Its Relationship to the Marketing Performance. *International Journal of Business and Social Science*. 2(10): 341- 381.
- [19] Hogan, J. E., Lehmann, D. R., Maria. M., Rajendra K. S., Jacquelyn S. T. & Verhoef. P. C. (2002). Linking Customer Assets to Financial Performance. *Journal of Service Research*. 5(1): 26–38.
- [20] Hunt, S. D., Arnett, D. B. and Mashavaram, S. (2006). The explanatory foundations of relationship marketing theory. *Journal of Business & Industrial Marketing*. 21(2): 72-87.
- [21] Ismail, H.B. (2007). Technology Dimension Of CRM: The Orientation Level And Its Impact On The Business Performance Of SMEs In Malaysia. *Electronic Customer Relationship Management*. 1(1):101-121.
- [22] Jayachandran, S. (2005). The Role Of Relational Information Processes And Technology Use In Customer Relationship Management. *Journal of Marketing*. 69(4) : 345 -365.
- [23] Johnson, J. L., Sohi, R. S. & Rajdeep Grewal. (2004). The Role of Relational Knowledge Stores in Interfirm Partnering. *Journal of Marketing*. 68 (3): 21–36.
- [24] Kalwani, M. U. & Narayandas. N. (1995). Long-Term Manufacturer Supplier Relationships: Do They Pay Off for Supplier Firms? *Journal of Marketing*, 59(1): 1–16.
- [25] Kimani, D. (2010). Customer Relationship and Performance of Manufacturing Firms in Kenya. *MBA Project. University of Nairobi*.
- [26] K'Obonyo, W.G. & Kibera, F.N. (2011). Customer Relationship Management Relationship and Competitiveness of Commercial Banks in Kenya. *School of Business, Department of Management*.
- [27] Kothari, C.R. (2004). *Research Methodology: Methods and Techniques* (2nd Ed.). New Age International: New Delhi.
- [28] Kotler, P. (2009), *Marketing and the Bottom Line. The Marketing Metrics to Pump up Cash Flow* (2nd Ed.) London: Prentice Hall Financial Times.
- [29] Kumar, V. & Reinartz, W. (2006). *Customer Relationship Management: A databased Approach*. New York. John Wiley.
- [30] Lehmann, D. (2004). Metrics for Making Marketing Matter. *Journal of Marketing*. 68(4):73– 75.
- [31] Leonard, B. (1992). Core Capabilities and Core Rigidities: A Paradox in Managing New Product Development. *Strategic Management Journal*. 13(4):111–126.
- [32] Liljander, V. (2000). *The Importance of Internal Relationship Marketing for External Relationship Success In Relationship Marketing: Gaining Competitive Advantage Through Customer Satisfaction and Customer Retention*. Berlin: Springer Verlag.

- [33] Maina H.W. (2010). Customer Retention by Barclays Bank of Kenya Limited. *MBA Thesis. University of Nairobi.*
- [34] Makena G.B. (2012). The Role of Customer Relationship Management in Building Competitive advantage: The Case of Mobile Phone Operators in Kenya. *MBA Thesis. University Of Nairobi.*
- [35] Meuter, M. L., Mary J. B., Amy L. O. & Stephen W. B. (2005). Choosing Among Alternative Service Delivery Modes: An Investigation of Customer Trial of Self-Service Technologies. *Journal of Marketing.* 69 (2): 61–83.
- [36] Mithas S. (2005). Why Do Customer Relationship Management Applications Affect Customer Satisfaction. *Journal of Marketing.* 69(4): 81-92.
- [37] Mittal, V. & Wagner A. K. (2001). Satisfaction, Repurchase Intent and Repurchase Behavior: Investigating the Moderating Effect of Customer Characteristics. *Journal of Marketing Research.* 38 (1): 131-142.
- [38] Moyi, J. (2010). The Influence of Customer Relationship Strategies On Performance of Supermarkets in Kenya. *MBA Project. University of Nairobi.*
- [39] Mudibo, K. E. (2005). Corporate Governance in Co-operatives: East African Experience. *Third Pan African Consultative.* Dakar, Senegal.
- [40] Mudibo, K.E. (2007). Corporate Governance in Cooperatives. KUSCCO Ltd, Nairobi, Kenya.
- [41] Nachmias, F. C. & Nachmias, D. (2004). Research Methods in Social Sciences. London: Arnold.
- [42] Ngumo, M. (2008). The Co-operative Movement in Kenya: The Eagle That Won't fly. Nairobi. Institute of Management.
- [43] Ngumo, M. (2008). The Co-operative Movement in Kenya: The Eagle That Won't fly. Institute of Management. Nairobi, Kenya.
- [44] Niraj, R., Gupta M. & Chakravarthi N. (2001). Customer Profitability In a Supply Chain. *Journal of Marketing.* 65 (3): 1–16.
- [45] Odhiambo, A. (2009). SACCOs Make Gains After Key Reforms. *Finance and Investment Journal.* 5(1): 15-23.
- [46] Odhiambo, A. (2009). SACCOs Make Gains after Key Reforms. *Finance and Investment Journal.* 5: 15-23.
- [47] Parvatiyar A. & Sheth, T.N. (2002). Customer Relationship Management: Emerging Practice, Process, and Discipline. *Journal of Economic and Social Research.* 3(2): 367-377.
- [48] Payne, A & Pennie F. (2005). A Strategic Framework for Customer Relationship Management. *Journal of Marketing.* 69 (4): 167–176.
- [49] Rababah, K. (2010). A Unified Definition of CRM towards the Successful Adoption and Implementation in the 3rd Lifelong Learning. *International Conference, Lumpur - Malaysia.*
- [50] Ranaweera, C. & Neely, A. (2003). Some Moderating Effects on The Service Quality - Customer Retention Link. *International Journal of Operations & Production Management.* 23(2): 230 – 248.
- [51] Ranaweera, C. K. & Prabh, U. J. (2003). The Influence of Satisfaction, Trust And Switching Barriers On Customer Retention In A Continuous Purchasing Setting. *International Journal of Service Industry Management.* 14(4): 374 - 395.
- [52] Reichheld, F. F. (1993). Loyalty-Based Management. *Harvard Business Review.* 71 (2): 64–73.
- [53] Reinartz, W. J., Jacquelyn, S. T. & Kumar, V. (2005). Balancing Acquisition & Retention Resources to Maximize Customer Profitability. *Journal of Marketing.* 69(1): 63-79.
- [54] Reinartz, W. J., Manfred, K. & Hoyer, W. D. (2008). The Customer Management Process: Its Measurement and Impact on Performance. *Journal of Marketing Research.* 41 (3): 293–305.

- [55] Richards, T. (1996). Using the Conversion Model to Optimize Customer Retention. *Managing Service Quality*. 6(4): 48 - 52.
- [56] Ryals, L. & Payne, A. (2001). CRM in Financial Services: Towards Information Enabled Relationship Marketing. *Journal of Strategic Marketing*. 9:3-27.
- [57] Sharma, N. & Patterson, P.G. (1999). A Model of Relationship Commitment Among Professional Services. *Journal of Services Marketing*. 13 (2): 151 – 170.
- [58] Sharma, N. & Patterson, P.G. (2000). Switching Costs, Alternative Attractiveness and Experience as Moderators of Relationship Commitment In Professional, Consumer Services. *International Journal of Service Industry Management*. 11 (5): 470-482.
- [59] Sheth E. Y & Kellstadt, Q. (2002). Strategic Market Planning. Englewood Cliffs, NJ: Prentice Hall.
- [60] Sheth, J. N. & Park, C. W. (1974). A Theory of Multidimensional Brand Loyalty in NA – Advances in Consumer Research. *Association for Consumer Research*. 1:449-459.
- [61] Sheth, J. N. & Parvatiyar, A. (2000). Handbook of Relationship Marketing. London: Sage.
- [62] Thurau, T. (2002). Understanding Relationship Marketing. *Journal of Services Research*. 4(3):233 -300.
- [63] Vargo, S. L. & Lusch, R. F. (2004). Evolving To a New Dominant Logic For Marketing. *Journal of Marketing*. 68(1): 1-17.
- [64] Venetis, K.A. & Ghauri, P.N. (2004). Service Quality and Customer Retention: Building Long-Term Relationships. *European Journal of Marketing*. 38(11/12):1577-1598.
- [65] Verhoef, P. C. (2003). Understanding the Effect of Customer Relationship Management Efforts on Customer Retention and Customer Share Development. *Journal of Marketing*. 67 (4): 30- 45.
- [66] Von Wangenheim, F. (2004). Predicting Usage Intensity and Upgrading Behavior of Service Customers: A Model for Lifetime Value Estimation at Early Relationship Stages. *University of Dortmund, Working paper*.
- [67] Wanjohi P. (2008). Relationship Between Customer Relations and SMEs Performance in Kenya. *MBA Project, University of Nairobi*.
- [68] Wanjohi, P. (2008). Relationship Between Customer Relations And SMEs Performance In Kenya. *MBA Project, University of Nairobi*.
- [69] Wiersema, F. & Treacy, M. (1996). The discipline of Market Leaders. London: HarperCollins Business.

APPENDIX - I

QUESTIONNAIRE

Instructions

Please answer all questions for which you have knowledge/ information. Questions for which you may lack sufficient information or consider yourself unable to answer can be skipped.

1) SECTION A: RESPONDENTS' PROFILE

- a. Position currently held at your SACCO
- Board member
 - Management
 - Ordinary membership

b. If you ticked *Board member* above, specify the position

- Chairman
- Vice chairman
- Treasurer
- Secretary
- Other: (specify).....

c. If you ticked *management* above specify the position

- General manager
- Operations Manager
- Finance manager/officer
- Credit Manager/officer
- ICT Manager/officer
- Marketing Manager/officer
- Human resource Manager
- Other: (specify).....

d. Which SACCO committee do you belong to?

- Education
- Executive
- Credit
- Asset Liability Management
- SACCO Savings
- ICT Committee
- Other: (specify).....

e. Length of service at current position

- 1-3years
- 4-6years
- 7 years and above

2) SECTION B: ACQUISITION STRATEGIES

a. Are there CRM programs in your SACCO aimed at targeting and acquiring the right customers?

- Yes
- No

b. If yes indicate the types of programs available from the list provided below

- Advertising
- Sales promotion
- Word of Mouth
- Merchandising
- Referrals

Others:

.....
.....

.....
.....

Briefly clarify how the acquisition strategies ticked above are applied in your SACCO

.....
.....
.....

c. What has been the influence of acquisition programs (ticked above) on the rate of new customer acquisition?

- They have increased the rate of new member acquisition
- They have led to reduced rate of member acquisition
- The programs have had no effect on the rate of new customer acquisition

d. Cite specific examples and data (on member acquisition rates) if available

.....
.....
.....

e. Has your SACCO faced any challenges related to implementation of Customer acquisition programs?

- Yes
- No

f. Explain the answer ticked above

.....
.....
.....

3) SECTION C: CUSTOMER RETENTION

a. Are there CRM programs in your SACCO aimed at retaining acquired customers?

- Yes
- No

b. If yes indicate the types of programs available from the list provided below

- Customer delight (going beyond what would normally satisfy the customer)
- Adding customer-perceived value
- Loyalty schemes (reward customers for their patronage)
- Customer clubs (company-run membership organization that offers a range of value-adding benefits exclusively to members.
- Sales promotions (which are meant to encourage repeat purchase)
- Bonding (interpersonal bonds, technology bonds etc)
- Building customer engagement

Others:

.....
.....
.....

Briefly clarify how the retention strategies ticked above are applied in your SACCO

.....
.....
.....
.....

c. What has been the influence of customer retention programs (ticked above) on the level of costs related to customer acquisitions resulting from member exits?

- They have greatly reduced the costs of new member acquisition resulting from customer exits
- They have moderately reduced the costs of member acquisition resulting from exits
- The programs have had no effect on costs associated with membership exits

d. Cite specific examples and data (of costs savings related to customer retention) if available

.....
.....
.....

e. Has your SACCO faced any challenges related to implementation of Customer retention programs?

- Yes
- No

f. Explain the answer ticked above

.....
.....
.....

4) SECTION D: RELATIONSHIP EXPANSION

a. Are there CRM programs in your SACCO aimed at expanding the degree of relationships with your current customers?

- Yes
- No

b. If yes indicate the types of programs available from the list provided below

- Cross-buying programs e.g. introduction and active marketing of complementary products
- Stimulating increased usage of existing products among customer e.g. increased borrowing, saving
- Up-selling programs

Others:

.....
.....
.....

Briefly clarify how the relationship expansion strategies ticked above are applied in your SACCO

.....
.....
.....

c. What has been the influence of relationship expansion programs (ticked above) on your SACCOs level of profitability?

- They have greatly increased the SACCOs yearly profits
- They have moderately increased the SACCOs yearly profits

- The programs have had no effect on the SACCOs yearly profits

d. Cite specific examples and data (on profits) if available

.....

.....

.....

e. What has been the influence of relationship expansion programs (ticked above) on customer retention?

- They have greatly enabled the SACCO retain more members
- They have moderately enabled the SACCO retain members
- The programs have had no effect on customer retention rates

f. Cite specific examples and data (on customer retention rates) if available

.....

.....

.....

g. Has your SACCO faced any challenges related to implementation of relationship expansion programs?

- Yes
- No

h. Explain the answer ticked above

.....

.....

.....

5) SECTION F: CUSTOMER DIVESTMENT

a. Are there CRM programs in your SACCO aimed at harvesting unproductive customers/ serving them cost effectively/increasing their profitability?

- Yes
- No

b. If yes indicate the types of programs available from the list provided below

- Raising SACCO products costs/ prices
- Offering lower product quality
- Offering a less attractive value proposition to some segments
- Running marketing campaigns designed to attract profitable customers while being unappealing to less desirable customers
- Making unproductive customers profitable by changing the SACCO business model

Others:

.....

.....

.....

Briefly clarify how the customer divestment strategies ticked above are applied in your SACCO

.....

.....

.....

c. What has been the influence of divestment programs (ticked above) on SACCOs cost saving objectives?

- They have greatly reduced the costs associated with serving unproductive members
- They have moderately reduced the costs associated with serving unproductive members
- have had no effect on the SACCOs costs associated to serving unproductive members

d. Cite specific examples and data if available

.....

.....

.....

.....

e. What has been the influence of divestment programs (ticked above) on your SACCOs level of profitability?

- They have greatly increased the SACCOs yearly profits
- They have moderately increased the SACCOs yearly profits
- The programs have had no effect on the SACCOs yearly profits

d. Cite specific examples and data (on profits) if available

.....

.....

.....

.....

Has your SACCO faced any challenges related to implementation of divestment programs?

- Yes
- No

Explain the answer ticked above

.....

.....

.....

.....

6) SECTION G: SACCO PERFORMANCE

Management to provide books of account for the researcher to expunge the trend of the ratios in part a and b below:

a. Capital adequacy ratios - $\frac{\text{Capital}}{\text{Total assets}}$

- $\frac{\text{Core Capital}}{\text{Total deposits}}$

- $\frac{\text{Institutional Capital}}{\text{Total assets}}$

b. Asset quality ratios - $\frac{\text{Land and building}}{\text{Total assets}}$

- $\frac{\text{Non government securities}}{\text{Total deposits}}$

- $\frac{\text{Non government securities}}{\text{Core capital}}$

c. Management

For the following statements, use the key below to guide you in the marking of the boxes.

Key: 1 – Strongly Agree, 2 – Agree, 3 – Neutral, 4 – Disagree, 5 – Strongly Disagree.

| Statement | 1 | 2 | 3 | 4 | 5 |
|--|---|---|---|---|---|
| The rating of SACCO performance focuses on the capability of the Board of Directors and senior Management of the SACCOs in Respect to their responsibilities. | | | | | |
| Implementation of policies, procedures, risk monitoring system, compliance with laws and regulations within SACCOs is the sole prerogative of the management and is practiced within my SACCO. | | | | | |

DEFINITION OF TERMS

Adverse selection: A marketing situation whereby the prospects that are least likely to be profitable are mostly likely to respond to marketing efforts (Mascareigne, 2009).

Divestment: A situation where an organization begins to have the view that particular customers/ segments of customers have reached maximum value. Under these conditions an organization may wish to harvest, that is, optimize cash flow from the customer with a view to using the cash generated to develop other customers. This may be particularly appealing if the Customer is in a declining market, has a high cost-to-serve or has a high propensity-to-switch to competitors (Buttle, 2009)

Value proposition: A business or marketing statement that summarizes why a consumer should buy a product or use a service. This statement should convince a potential consumer that one particular product or service will add more value or better solve a problem than other similar offerings (Kotler, 2010).

ACRONYMS

CRM - Customer Relationship Management

SACCOs - Saving and Credit Cooperative Societies

CLV- Customer Lifetime Value

B2B- Business to Business