INFLUENCE OF ELECTRONIC CUSTOMER RELATIONSHIP MANAGEMENT, COMPETITIVE ADVANTAGE AND PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY KENYA

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DECLARATION

I Bedan James Kamau Mbatia, hereby declare that this MBA Research project titled Influence of Electronic Customer Relationship Management, Competitive Advantage and Performance of Commercial Banks in Nairobi City County is my original work and has not been submitted to any other college, institution or University for award of any certificate, diploma, or degree.

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MBA PROGRAMME

SUPERVISOR'S APPROVAL

This MBA Research project prepared by Bedan James Kamau Mbatia has been submitted for examination with my approval as the appointed university supervisor.

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DEDICATION

This research project is dedicated to my wife Mary Mbugua, daughter Abigael and son Ronny.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ABBREVIATIONS AND ACRONYMS

ATM   Automated teller machine

CIS   Customer information systems

CRM   Customer relationship management

E-CRM   Electronic customer relationship management

OCS   Online customer service

VCRM   Virtual customer relationship management

ABSTRACT

The purpose of the study was to determine the relationship between electronic customer relationship, competitive advantage and performance in commercial banks in Kenya. The study used cross sectional survey research design. The targeted population was staff working within branches of commercial banks in Nairobi region and its environs. The sample size of the study was 100 respondents. The research tool used was structured and semi structured questionnaire that was administered to 100 respondents from commercial banks in Nairobi and its environs. The rapid growth in electronic banking indicates a major move towards use of electronic money as opposed to the over-the-counter customer service. This leads to the need to analyze how E-CRM is working in order to harness how to use it to gain competitive advantage. According to this study, interaction with participants was rated as average and this offers an opportunity for improvement that may lead to the banks growth. The participants were willing to use all the means of communication that are available with more than half of the participants identifying phone calls as the quickest way to solve customers' e-banking problems. This shows the perception that dealing with a person one can talk to may lead to faster solutions. Social media was second and this shows that customers are becoming more tech savvy. In this study, the preferred touch points were email, social media, telebanking, online banking service and customer service showing that participants were open to using majority of the available systems to interact with the banks. In spite of this, systems delays may inconvenience the user and it was the most mentioned complaint during use of e-banking. Banks may improve the time taken to access and use the electronic systems which may increase its usage and therefore give them a competitive advantage. Demographic characteristic of the population under study reveal that over seventy percent of the working population is youth aged between 18-33years. The respondents are generally single or young couples in non-management job level, but highly educated and technology survey. Electronic customer relationship through social media and telebanking was the most preferred regular means of communication. Banks hence have great potential of resource that is not fully exploited that can give them competitive advantage. The cost of transacting using electronic banking system is generally influenced by mode of electronic banking used. Human resource training on E-CRM was viewed as effective given the quality of service received by customer but not as regular as required. The E-CRM attribute with the highest mean was bank offers regular ECRM training, which has a mean of 2.75 and a standard deviation of 0.936. In competitive advantage, having significant growth opportunities had the highest mean (4.3) with a standard deviation of 0.9. The attribute with the highest mean (4.2) with a standard deviation of 0.8 in organizational performance was that employees had a positive attitude and delivered excellent customer service. Competitive advantage had a positive association with organizational performance. It also had a moderating effect on the relationship between electronic customer relationship management and organizational performance increasing the explanatory power of the model. Banks that continuously leverage on innovation and technology will be able to sustain competitive advantage over those who are slow or do not adapt to change.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Electronic customer relationship management which is the computerized delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels is the wave of the future. It is beneficial to customers in relation to ease and transactions cost. However, electronic customer relationship management provides a number of challenges in terms of how the financial system is regulated and supervised, how the macroeconomic policy is designed and implemented, security, legal risk and customer satisfaction (Dzombo *et al.*, 2017). With the growth of electronic customer relationship management this study investigated electronic customer relationship management as the independent variable. The competitive advantage was the moderating variable in terms of factors that may influence relationship quality including trust issues, satisfaction and commitment while those that may influence relationship outcomes include the loyalty of customers, their capacity and willingness to recommend (Sivaraks *et al*., 2011). Financial performance was the dependent variable. This study described how these variables help in developing electronic customer relationship.

This study was anchored on the resource based view theory and supported by the contingency theory, and stakeholders theory. Resource based view theory guidelines are grounded on the idea that resources are of a higher value when they are very important in meeting a customer's need better than other alternatives, for example, faster TAT on request, employee loyalty and customer service satisfaction can contribute to competitive advantage. A firm examines and identifies unique bundles of resources that it can utilize

to develop competencies from its resource well to become its source of competitive advantage. Stakeholders theory values how firms maintain their relationship with other stakeholders to overcome competition better than firms that do not value stakeholder relationship (Pearce& Robinson, 2013). Stakeholder theory concerns the understanding of firm performance in a competitive environment (Porter, 1980).

The main contributor to this transformation from traditional banking has been technology, allowing provision of digital financial service such as mobile, online and e-banking, merchant and agency banking-wallet technologies. A survey by FSD-Kenya indicated that agency banking had resulted in a significant access to banking services. A similar trend is seen in mobile banking strategy and electronic banking around the world (Dzombo *et al.*, 2017). The rapid growth in mobile, internet, agency banking and in the number of ATMs indicates a major move towards use of electronic money as opposed to the over-the-counter customer service (KCB, 2018). The efficiency and effectiveness of the banking industry is dependent on people skills, customer satisfaction and technological innovation by fintech companies and banks (Mishra & Padhi, 2013). Gathungu (2018) also opined that application of e-banking technological innovations has boosted the efficiencies and return on shareholder investment among banks and financial institutions in Kenya.

These new technologies are utilized by banks to achieve customer intimacy, drive their preferences to deliver stronger relationship and coordination of customer retention and acquisition in a fierce global village. Commercial banks in Kenya have shifted from

production efficiency to customer experience with more demanding and knowledgeable customers (KCB, 2018). Competitive advantage via customer value can be analyzed using three circles analysis. This is an internal analysis technique where the three circles represented by customer wants, company product/services and competitor products/services are carefully examined to clearly state what the firm's competitive advantage is and how it is different from those of the competitors. Thus the strategic team starts by analyzing what customers of their product and service value most and why. The circles interlock at different places. These are a central point called the point of parity, the company point of difference and the competitors' point of difference. The three points offer critical issues in building a real value-based competitive advantage. A point of parity explains how well the company is delivering its offering. The company's point of difference represent how big and sustainable the advantages are based on distinctive capabilities while the competitive point of difference represents how well the firm is able to counter the competition (Pearce & Robinson, 2013).

1.1.1 Electronic Customer Relationship Management

Customer relationship management (CRM) incorporated with e-business is referred to as electronic customer relationship management (e-CRM). Companies can then use it for conducting activities with customers in a personalized, interactive and relevant way using both traditional and electronic channels. It helps an organization infrastructure to be extended to businesses and partners. This leads to new opportunities of learning customer needs, gaining new economies and getting in touch with new customers in real time. It involves processes for managing customer relationships using the internet, web browsers or other electronic touch points. Personalized individual views are based on history and

preferences and it is therefore possible to have an individual customized view. E-CRM system is created for external use with the web based application for enterprise-wide use (Deshmukh *et al.*, 2013).

E-CRM is being applied to enhance organization performance by promoting effective and efficient management of customer relationship (Ng'ang'a, 2017). It is beneficial to both a company and its customers. As a result, companies improve their capacity in a competitive market, increase profit rates, reduce costs, and decrease in cycle times for sales activities being put in place as well as increasing marketing knowledge. The customer benefits include customer loyalty, improved customer experience and enhanced efficiency of customer processes and reduced costs (Abu-Shanab & Anagreh, 2015).

Customer relationship management (CRM) is a business plan to choose and manage relationship with valuable clientele (Deshmukh *et al.*, 2013). Therefore, CRM is focused on customer retention and relationship development (Sheth & Parvatiyar, 2001). A small firm or organization can build and maintain customer relationships through face-to-face interactions between the staff and customers. However, an increase in business size and number of customers it becomes difficult to build these relationships and manage customer relationships quickly (Deshmukh *et al.*, 2013). Customer relationship management view differs based on the audience and customized needs. In CRM, the system is created for internal use with web applications designed for a single department or business unit (Deshmukh *et al.*, 2013).

1.1.2 Competitive Advantage

The competitive advantage is concerned with achievement of organizational objectives by deploying a combination of factor inputs (Karadag, 2015). In the banking sector, competitive advantage is measured in both financial and non-financial terms. The strategic management literature however offers little consensus on the set of indicators that helps define and measure competitive advantage. One of the renowned contributors on this subject by the name Igor Ansoff consolidated all financial and non-financial aspects into one single measure namely, return on investment (Ansoff, 2016). However, Ansoff (2016) did acknowledge that return on investment is also maximized through non-economic objectives which constitute the broader measures of competitive advantage including stakeholder satisfaction (Carton & Hofer, 2011). Modern day organizations view competitive advantage from the perspective of improvements in aspects of the organization such as satisfaction, efficiency and effectiveness (Poureisa, Ahmadgourabi, & Efteghar, 2013).

The relationship between E-CRM and performance is underpinned by the acknowledgment that it is more expensive to acquire a new customer than to keep one (Salmen & Muir, 2013). However, nurturing a long-term relationship with profitable customers is identified as a key strategy for enhancing a firm's profits (Chen & Chen, 2013). Through positive word of mouth, a firm enjoys a reduction in cost of recruiting new customers and by extension, a reduction in per unit cost of sales is realized since the existing customer markets the firm free of charge (Sureshkumar & Palanivelu, 2011). E-CRM to competitive advantage includes the provision of quality products, superior service delivery processes, growth in reputation, goodwill and loyalty of customers

(Dhillion & Kaur, 2012; Dolly & Pruthi, 2014). The deployment of e-CRM is especially critical to Kenya's banking industry given that banking services are typically high involvement services which necessitate a close engagement with customers.

1.1.3 Firm Performance

No consensus has been reached on the most appropriate measure of firm performance because there are varied opinions of what is desirable outcome of business usefulness. In addition, performance is characterized often by theory and purposes of the study being undertaken (Ramani & Kumar, 2008; Sheng *et al*., 2011). Firm performance is defined as fulfillment of the intended mission of organizations which is obtained through good management, persistent efforts and superior governance to attain the objectives (Richard *et al.*, 2009). Organization's presentation is centered on kinds of activities it carries out in fulfillment of its mission. End results are the observable aspects that determine an organization's performance (Valmohammadi & Servati, 2011). Michael and Combs (2008) consider performance as a theme that continuously happens in paradigm of management.

In today's dynamic globalized economy, growth of firm performance is related with progress of individual performance, expertise, knowledge and understanding (Covey, 2004). Nevertheless, the skill to attain and sustain high performance and productivity in businesses is a main hindrance facing organizations nowadays. Firm performance is founded upon the notion that business is a charitable link of productive resources including human, physical and assets, with the aim of attaining a common goal (Barney,

2001b). Those giving the assets constrain them to the business as far as the businesses are content with value gained in exchange, comparative to another usage of the properties. Consequently, the principle of presentation is formation of worth. As far as value formed by usage of added resources is equivalent to or superior than worth anticipated by asset contributors, the assets will remain accessible to the organization and the businesses will carry on to exist.

Many businesses have adopted the use of Balanced Score Card (BSC) in the recent years to measure organizational performance; an approach that Wilson *et al*., (2012) considers to be holistic and more comprehensive in measuring performance. Balance score card defines comprehensive set of procedures that take into account financial measures and non-financial measures in an organization (Silk, 1998). In using BSC-methodology, performance is followed and calculated in various dimensions for instance client service, financial presentation, worker stewardship and societal duties. The balanced score card therefore brings together, in a lone administration report, presentation elements that were previously in separate reports, enabling high-ranking managers ponder imperative performance measures collected and offer a holistic view of a business's performance.

1.1.4 Commercial Banks in Kenya

The banking sector is pillar in any economy because it acts as an accelerator for economic activities and banks hold a central place in every country (Soyibo & Lawanson, 2011). Commercial banks play an important role in the global economy providing value-added products and services in addition to contributing to job creation and taxation. The

sustainable good or bad performance of a bank has bearing on the stakeholders and in the long term on gross domestic product of the country. A financial institution main role is acting as intermediary between people with excess resource and limited resource through providing financial solutions and by doing so transforming money, maturities and risks (Soyiba *et al.*, 2012).

The banking industry is facing high global competition and rapidly changing business environment. Digital technology, commoditization, deregulation and globalization have changed the face of banking (Joyner, 2012). In Kenya, for example, there has been the successful introduction and adoption of mobile banking, agency banking, micro finance banking and savings credit and cooperative societies (SACCO'S) financial services. The central bank supervision report 2017-2018 show less than 7% all banking transactions are being transacted in banking halls. Banks have understood the need to leverage on E-CRM strategies to gain advantage over the competition by relying heavily on technology, while reducing on staff in order to increase profits and efficiency in service delivery. There is a direct link between customer satisfaction and profitability (Woodcock, Foss & Stone, 2003).

E-CRM is a strategy that enables a bank to analyze customer profiles, understand their needs better, cross sales and provide an alternative channel that provides safety, convenience and speedy delivery of services, that enhance customer satisfaction leading to sustainable performances in the long run (Woodcock, Foss & Stone, 2003). Customers

view competition as a platform for increased choices. E-CRM is one way that a commercial bank can create a niche market (Woodcock, Foss & Stone, 2003).

According to the Central Bank of Kenya (CBK) website (2019) there are 40 licensed commercial banks and 1 Mortgage Finance Company. Of these 41 institutions, 23 are locally owned, 15 have foreign interests either by incorporation or ownership and the remaining 3 have government participation in their activities. Recent development included takeover of National bank of Kenya and Imperial bank by KCB group and merger of NIC bank and CBA to form NCBA bank all approved by CBK. And as (Swift, 2001) defines e-CRM as an enterprise approach to understanding and influencing customer behavior through meaningful exchange of information in order to improve customer growth, customer base retention, customer loyalty and satisfaction then banks are left with no choice but to adopt e-CRM so as to remain competitive.

1.2 Research Problem

In a Kenyan study, E-CRM was indicated as being critical for a firm's growth and performance. The study reported that benefits of E-CRM which included understanding customers' needs and better classification of clients to design customized approaches to their needs. It also reported a need to modernize various communication channels to be in line with current practices on social media. Most of the staff had the relevant skills required for operation and use of E-CRM strategy within the firm such as online management and practices. Some of the challenges noted were multiplicity of touch

points which complicated service delivery and customer interactions and time required to implement new systems (Ng'ang'a, 2017).

Out of three CRM capabilities (information technology, human resource and business architecture) used by banks, the dominant customer relationship administration capability used by financial institutions was the human resource capability where building relationships with customers was emphasized. Information technology and human resource capabilities showed a positive effect on organizational performance that was significant (Githinji, 2017).

The use of customer relationship administration programs as a strategy to achieve competitive advantage in the banking industry using KCB Kenya Ltd, was assessed in a Kenyan case study. The study utilized a descriptive research design using survey technique and the finding was that majority of the staff were aged 30-49 years and mostly men. CRM major benefits included increased profitability, enhanced market productivity, market effectiveness and organization learning. Major issues included diverse customer needs, leadership issues and failure of CRM. The knowledge gap identified was that the research study did not look at advanced technology in electronic customer relationship management banking (Githaiga, 2013).

Riugu (2017) study sought to assess customer relationship management as competitive tool in the Kenya banking industry using KCB Kenya Ltd as a case study. The study found customer orientation was an essential component of marketing concept in KCB and

their marketer understood the buyer's entire value chain. Customer orientation in KCB provided a solid basis of intelligence pertaining customer and service quality improvement. Customer service was found to be a fundamental factor behind KCB success in customer relation growth. The recommendation was that KCB considers improving its electronic products to operate as promised and shift to a knowledge-based economy.

Most of research work done has identified the objectives and benefits of E-CRM implementation from a business perspective, rather than from the customers' perspective (Sivaraks *et al*, 2011). Customer relationship administration in banking is different from other sectors in that because it deals with financial services, there is need for a higher level of trust in relationships with people. It is therefore important to create a customer care support system in the right time. The objective of e-CRM process is thus to create profitability, assess, retain and attain customers (Abu-Shanab & Anagreh, 2015).

Tracking and measuring the dimension of the relationship of the bank and its customers will aid in identifying the bank's internal strengths and external weaknesses in the relationship management and thus continually improve on it based on ongoing feedback from customers (Sheth & Parvatiyar, 2001). An organization can have better customer relationship by establishing clear contract with clients, getting adequate information on clients to make informed decision based on customer needs and asking more questions help understand customer needs better (OCS, 2018).

Literature review shows a research gap in measurements of feedback of E-CRM from customers' point of view and how it affects customers' loyalty while applying both quantitative and qualitative statistical approaches to data analysis to show relationship between quality relationship and relationship outcomes (Sivaraks *et al*, 2011). The banking sector focus is on return on investment without looking at the customers' perspective in terms of local conditions and customers' opinions hence the need to involve customers before introduction of e-CRM strategies so as to have maximum benefits (Edusah, 2011).

The attitude of human resource has a direct effect on customer relationship (Edusah, 2011). Human resource capability aids in building relationships with customers. Hence there is a need to continually assess how customer care consultants and managers in the banking sector relate to e-CRM and how this affects relationship quality and outcomes. Human resource is used by management of commercial banks to improve relationships with customers through effective service delivery. This is because human resource capability significantly influences organizational performance and growth (Githinji, 2017). E-CRM is quite a recent trend that uses financial technologies that exploits the power of internet to create long-term relationships with valued customers resulting in sustainable profitability and competitive advantage (Sivaraks *et al*., 2011). To gain sustainable competitive advantage will require a shift by banks from product centric model to customer centric model resulting in a number of benefits such as provision of appropriate feedback for more personalized and customized product and services (Beckett-Camarata *et al*., 1998).

The study intended to research on electronic customer relationship management measurement from the end user perspective, which is lacking, in the service industry. The main context of the study is the commercial banking sector in Kenya. The branches are categorized as medium, large and small and the research is concerned with all branch types regardless of size. The research problem is "how banks can use electronic customer relationship management to gain competitive advantage in customer to business context." The study provided solutions to the following research questions: how do customers perceive the services that they get through their bank's electronic customer relationship management, what effect does electronic customer relationship management have on the quality and outcome of customer bank relationships and how can commercial banks utilize the electronic customer relationship management to improve the overall financial performance of the bank and to gain competitive sustainable advantage?

1.3 Research Objective

    (i) To determine the influence of electronic customer relationship management on performance of commercial banks in Nairobi City County, Kenya.

    (ii) To determine the influence of competitive strategies on the relationship between electronic customer relationship management and performance of commercial banks in Nairobi City County, Kenya.

1.4 Value of the Study

The contribution of this study will be evaluating the customers' feedback that will result in retention and satisfaction of informed customers, employees being trained to provide efficient and effective service delivery and the bank utilizing the electronic customer

relationship management to improve its overall financial performance. The research data of the study will contribute to theory and knowledge in the area of relationship development and outcome of such relationship in regards to quality and quantity service delivery.

Building a customer centric organization is a continuous process that requires strategic planning (Wang *et al.*, 2004). The capping of interest rate means that all banks operate under the same interest rate for all sectors of the economy. Therefore banks will compete on service delivery so as to gain competitive advantage. The research will provide ways of measuring customer satisfaction and retention from customers' point of view thereby offering a way to improve on the relationship thus contributing to practice and industry.

The contribution to research will be of great impact as the area is not heavily researched. This research will provide in-depth literature to other researchers, academia and policy making institutions such as central bank, treasury and other banking institutions. The focus of developing customer relationship is to reduce turnaround time, improve capacity, profitability, and accessibility, and provide complete and up to date information (Abu-Shanab & Anagreh, 2015).

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter reviews literature related to electronic customer relationship management and competitive advantage from both a theoretical and empirical perspective. It covers competitive advantage model by Michael Porter, firm performance, and electronic relation management empirical research studies done both locally and internationally. Most firms view E-CRM as important to their sustainable competitive advantage but very few understand how to effectively utilize it by integrating it into their extensive data base systems (Deshmukh *et al.,* 2013).

The success of E-CRM strategies depends on how well aligned the staff work force is in providing great customer experience that lead to customer loyalty, data security and privacy. Data collected is transformed into a complete enterprise resource planning system, without which information about customer want, complains, buying behavior, purchasing process and pattern cannot be established to create sustainable competitive advantages (Deshmukh *et al*., 2013).

2.2 Theoretical Foundation of Study

This study was anchored on the Resource Based Theory. The supporting theories were the contingency and stakeholders theories.

2.2.1 Resource Based Theory

Resource based view can be used to focus resource on strategic business unit activities. These activities are categorized as primary and support activities. Those in the primary include marketing sales and output of business firm while support activities are essential roles supporting the primary activities and coordination of other services such as human resource management. All these provide an effective way of diagnosing the position of the business against major competitors with the goal of maintaining profitability. Therefore, resource based view targets on a set conversion of transforming inputs into outputs that customers' value (Pearce & Robinson, 2013).

The resource based theory helps firms strategically examine and identify their unique bundle of resource, which can be exploited to gain competitive advantage. When a firm develops competencies from this resource well, these become the source of the competitive advantage. The resource-based view guidelines are based on the idea that resources are of a higher value when they are very important in meeting a customer's need better than other alternatives, for example, faster TAT on request, employee loyalty and customer service satisfaction can contribute to competitive advantage (Pearce & Robinson, 2013).

2.2.2 Contingency Theory

This theory traces its proponent to the work of Fielder (1964) landmark article entitled, 'A Contingency Model of Leadership Effectiveness.' The theory states that there is no better mechanism to manage a firm, leading firms or of making firm resolutions since

firms are dependent on their internal and external environment (Fielder, 1964). Despite criticisms, Lawrence and Lorsch (1967)'s work plays a vital role in developing the theory of organizations which takes account of change, variable interactions and uncertainties. This is the case because the organizational environment is not static and it must keep on changing and adapting to new changes for its survival. The theory promulgates the idea of a changing business environment, a challenge affecting many tier two and tier three commercial banks in Kenya and hence its study relevance. The theory is crucial for tier two and tier three banks to understand the importance of adopting new changes in order for them not to be declared laggards as far as strategic change is concerned (Hoy & Miskel, 2008). In an environment full of uncertainties, integration strategy can be achieved at lowered levels and mainly through personal interconnected relationships with just a moderate use of administrative methods. E-CRM is a way to cope with the changing business environment; it will enhance competitive advantage and therefore boosting financial performance.

2.2.3 Stakeholder Theory

The Stakeholder Theory was suggested by Freeman (1984) and expounded in his book "Strategic management: A stakeholder approach". The theory defines stakeholder as any individual or group of individuals who have interest in the firm's objectives. Managers in an organization should put forth associations with the suppliers, employees and business partners (Sundaram & Inkpen, 2004). Scholars observe that the theory is important; they hold that there should be accountability of the organization externally and internally as business entity activities impacts the external environment. This theory is condemned on

the basis of assuming a single-valued objective i.e. gains that accrues to a firm's constituencies (Jensen, 2001). Jensen (2001) states that there are other measures to measure how a firm has performed besides by benefits got by stakeholders. These measures include information flow from senior management to subordinate staff, working organization environment and interpersonal relations within the organization.

Stakeholder theory is important to this study because it is aimed at ensuring that the diverse needs of all the stakeholders are well represented. This is achieved through establishing a network of relationships with the stakeholders of the firm, which will mainly include the customers through electronic customer relationship management. This is part of the corporate goals of the firm. In this study, the banks' management aspire to successfully implement strategic plans. To achieve this goal; they should engage the customer who is the end-user of these services.

2.3 Electronic Customer Relationship Management and Firm Performance

Customer relationship management is comprehensive approach focused on customer retention and relationship development. It can also be defined as an automated business process involving front office staff via multiple interconnected delivery channels. It is a process of obtaining, maintaining and partnering with chosen customers resulting in high quality value for bank and customers. Financial technologies brought about cost savings and convenience to the customer by improving access, turnaround time and providing support service. Tracking and measuring the dimension of how a bank relates with its customers helps identify the bank strengths and weaknesses in the relationship

management program and how to continually improve it on basis of continuous feedback from customers (Sheth & Parvatiyar, 2001).

Khasawneh and Aba-Shanab (2012) define e-CRM as an electronic application that sends alerts, enable online transaction, online reminders, update bank accounts on a real time basis whenever transaction are done hence ensuring customers are up to date and in touch with the system 24/7 whenever in need of services. Electronic customer relationship management systems provide customers with convenience to operate in any environment and time. Customer feels valued, recognized and part of the company or firm as stakeholders. This is done by the creation of a data base for all customer records and provision of a portal on each employee's computer system allowing timely access to customer information by all members of the organization. Electronic customer relationship management enables one to discover information on customer products and performance results using real time information across the business (Sheth & Parvatiyar, 2001). A strategic and successful customer relationship mainly deals with accommodating the needs and desires of the customers and then correlating them with the organization's strategy, people, technology and business processes (Goel & Mousavidin, 2007).

A Ghanaian study reported that the bank staff members had knowledge of CRM strategies. They also indicated that introducing CRM strategies had bettered the bank's relationship with customers, reduced loses to fraud and enhanced the bank's reputation. The treatment from bank staff was reported as positive by 78% of the customers. Fifty-

four percent (54%) respondents reported that they knew of the opportunity to complain with 78% of them satisfied with the complaints handling. Only 32% respondents had received customer care calls from the bank. Respondents also reported the bank was not doing well in the area of consulting customers when new products were being introduced. The study reported that understanding the needs of customers would ensure good customer relationship management (Edusah, 2011).

Lombardo (2003) states that at least 60-80% of e-CRM projects fail because of poor implementation, integration woes, lack of guidance, lack of employee support, no accountability, many customer information systems have limited scope, complex technology that are costly to maintain and have unimportant information on data mining and missing integrated capabilities. Most customer information systems have moved the focus to ad hoc reporting and simply querying capabilities instead of being an infrastructure resulting in efficient customer equity management.

Wanjau (2013) study sought to investigate the effects of customer relationship management on customer retention in commercial banks in a case study of KCB Kenya Limited Nairobi region. The finding of the study was customer recognition was not used in customer retention efforts but brand awareness, utilization of technology and customer loyalty programs and promotion where the most used. Further research across tier 1 and tier two banks was recommended. A knowledge gap on the effect of technology on customer retention in banking or other service industries was identified.

2.4 Electronic Customer Relationship Management, Competitive advantage, and Firm Performance

Evolution of customer relationship begun in 1990s as new concept that challenged prevailing business landscape by globalization and internet bringing down barriers of entry resulting in intense competition in the market environment. Traditional banking was challenged by online or virtual banks for customers. Customer service became a strategic sustainable advantage that identified customer as king and determinant to survival in a rapidly changing and competitive environment (Sheth & Parvatiyar, 2001). An essential part of customer experience is their perception and therefore if a customer thinks that a company truly puts his needs first, they will keep using a company's services (Clausen, 2009).

A bank's customer touch points can consist of the following: the internet, automated machines, agents, email, sales, direct mail, telemarketing, operations, call centre, fax, mobile banking, point of sale terminal and virtual e-wallets. Electronic customer relationship management is a fairly recent trend that uses financial technologies that exploit the strength of the internet to create strong relationships with valued customers as a key to sustainable growth and competitive advantage (Sivaraks *et al.*, 2011).

Electronic customer relationship management is a web-based customer relationship tool that synchronizes customer interaction, business functions and customer need to deliver superior competitive advantage to a firm (Mishra & Padhi, 2013). E-CRM involves operational and analytical systems that involve electronic channel, information system and internet in order to co-ordinate non personal customer interaction (Solanki, 2011). It

recognizes three levels of service: the foundation service that includes the least necessary services, customer centric service and valuable addition services (Bhatnager & Saxena, 2013).

The three main types of e-CRM are operational, analytical and collaborative. Operational e-CRM involves all customer direct contact points, while analytical e-CRM deals with using information system to process and interpret to understand of great amounts of customer data. To gain sustainable competitive advantage will require a shift by banks from product centric model to customer centric model. Such a shift will result in the following benefit to the bank: delivery of correct products and services and at the right time via correct channels, value addition at all customer interaction point, provision of appropriate feedback for more personalized and customized product and services and development of trust in customer relationship management system. Collaborative e-CRM involves combining customer data from across all facets of the bank, for example, regular queries, customer complaints and feedback in centralized system instead of various departments collecting their own customer data thus making decisions based on an entire customer experience. Customer relationship management is based on social networks and strong relationships (Beckett-Camarata *et al.*, 1998).

Electronic customer relationship management is focused on retaining customers and relationship development (Sheth & Parvatiyar, 2001). Empirical studies on e-CRM show various competitive advantages, for example, enhanced integrated customer profitability, reduced response time and a better turnaround time to customer enquiries (Abu-Shanab &

Anagreh, 2015). Organization shifts from a human-capital concentration perspective to another that emphasizes various electronic contact points for example, fax, phone, e-mail and the Web. It results in a dramatic increase in being able to develop, manage, and measure customer relationships (Sivaraks *et al*, 2011).

Developing a close association between customers and a company may lead to an added opportunity for competitive advantage (Recklies, 2006). Therefore, according to Ul Haq *et al.*, (2010), the greater achievement of the organization relies on great customer experience which is gained by managing customer relations. Relationship quality can be defined as a customer's experience of how well their expectations, predictions, wishes and aims concerning the entire relationship are fulfilled. The frequent parts of relationship outcomes found in past studies are how customers are royal, their retention and how willing they are to recommend (Sivaraks *et al.*, 2011).

Table 2.1: Summary of Empirical Studies and Knowledge Gaps

Study	Methodology	Major findings	Knowledge gaps	Focus of current study
E-CRM effect on customer–bank relationship quality and outcomes in Thailand (Sivaraks *et al.*, 2011)	Literature review, interviews, and field surveys	E-CRM implementation showed a significant relationship with customer-based service attributes, quality and outcome of customer–bank relationships and an indirect effect on relationship quality and outcome through customer-based service attributes.	Study looked at two groups of implemented e-CRM via those that did not and not by level.	Measurements of electronic customer relation with a focus on customers and how it affects customers and overall financial banking performance
Improving customer relationship management in the banking industry in Ghana (Edusah B., 2011)	Descriptive cross sectional design and personal interviews	Customers' excitement on some CRM strategies being put in place. From the research, a necessary factor that would lead to a favorable customer relationship management is, understanding	Focus on CRM in general and not on the electronic.	Measurements of ecr with a focus on customers and how it affects customers and overall financial banking performance

		customers' needs		
How branchless banking strategy affects financial performance of commercial banks in Kenya (Dzombo *et al.*, 2017)	An exploratory research design	When agency and electronic banking channels were combined as a multichannel strategy, there was a significant positive effect on bank's financial performance	Need of studies to identify effect bank innovations on customer experience, loyalty and effect of electronic banking on the cost efficiency of commercial banks in Kenya	Measurements of electronic customer relation with a focus on customers and how it affects customers and overall financial banking performance
E-CRM strategy and organizational performance of	A case study research design utilizing an interview guide	An increase of performance of firm's operations, sales and marketing due to customer	Focused on e-CRM of Associated Motors Ltd, a non-	Measurements of electronic customer relation with a focus on

associated motors limited, Kenya (Ng'ang'a M W., 2017)		acquisition, customer retention, efficiency, improved employee behavior and cost reduction measures	banking business sector.	customers and how it affects customers and overall financial banking performance
Customer relationship management capabilities influence on performance of Commercial Banks in Kenya. (Githinji L. S., 2017)	A descriptive and correlational research design was used.	Most dominant customer relationship management capability commercial banks used was the human resource capability with building of relationships with customers emphasized. IT and human resource capabilities showed a positively significant outcome on organizational performance.	The study focused on a quantitative method (cross sectional study)	Measurements of electronic customer relation with a focus on customers and how it affects customers and overall financial banking performance

2.5 Conceptual Framework

Provided below is a graphical illustration depicting the conceptual framework used by the researcher in studying the phenomenon of the effect of electronic customer relationship management on financial performance and the moderating effect of competitive advantage on the relationship. Electronic customer relationship management served as the main independent variable and conversely, financial performance was the dependent variable. The moderating variable was competitive advantage.

Electronic customer relationship management is hypothesized to have a positive relationship with firm performance. Dzombo *et al*., 2017 opined that when agency and electronic banking channels were combined as a multichannel strategy, there was a significant positive effect on bank's financial performance. To gain sustainable competitive advantage will require a shift by banks from product centric model to customer centric model. Such a shift will result in the following benefit to the bank: delivery of correct products and services and at the right time via correct channels, value addition at all customer interaction point, provision of appropriate feedback for more personalized and customized product and services and development of trust in customer relationship management system (Beckett-Camarata *et al*., 1998).

Figure 2.1: Conceptual Model

Electronic Customer Relationship Management
- Email Services
- Social Media
- Tele-Banking
- Online Services

→

Competitive Advantage
- Cost Leadership
- Differentiation
- Focus

→

Firm Performance
1. Financial
- Profitability
- Market Share
- Revenue

2. Non-Financial
- Innovation
- Customer Satisfaction
- Employee Satisfaction
- Internal Business Processes
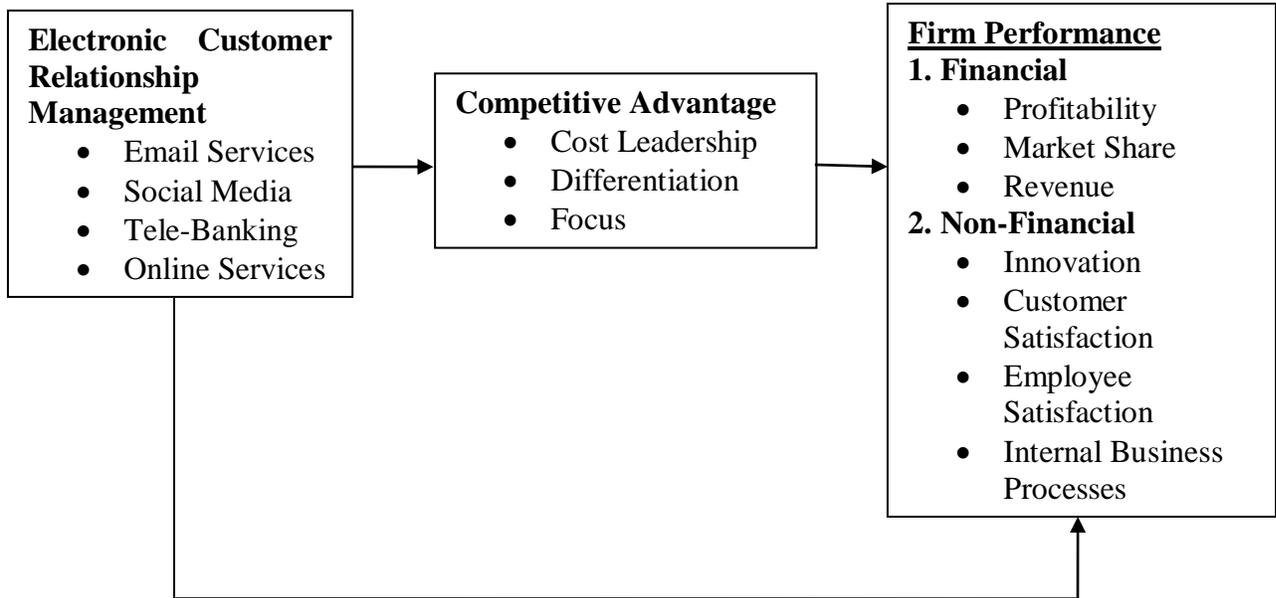
CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on the research method that was used for this study. It addresses the research design, how the data was collected and how the data analysis was conducted. The cross sectional survey design gathered information on electronic customer relationship management from the customer care consultants and managers of commercial banks in Nairobi, Kenya and its environs. Stratified sampling was used to select the subjects that represented the population. The target population was employees of commercial banks of Kenya in Nairobi and its environs. A structured questionnaire was used to collect data on electronic customer relationship management on competitive advantage. Descriptive statistics was applied to give central tendency measures such as mean scores and measures of dispersion such as standard deviation and variance. The analyzed quantitative data is presented in tables.

3.2 Research Design

This research study adopted a cross sectional survey approach on the influence of electronic customer relationship management on competitive advantage. The research was based on commercial banks in Kenya. The cross sectional design best illustrates the relationship and analyses of factors that support the subject matter being researched on. According to Kothari (2009), a cross sectional study is interested with discovery of the what, where and how of an issue. Cross sectional research design is selected because it empowers the researcher to generalize the findings to a larger population.

According to Mugenda and Mugenda (2008) it is paramount to use data where elements are observed in either natural environment without influencing them. It is best utilized when collecting information about people's perceptions. It is an effective method of gathering information needed to describe the perceptions and views of bank employees in customer care and information technology department on the influence of electronic customer relationship management on competitive advantage.

A cross sectional research design seeks to give a perfect profile of persons, events or situations by evaluation and analysis of ideas. Commercial banks within Nairobi were selected for the study because of their extensive branch network and their commitment to drive change through the adoption of technological electronic platform. Descriptive survey design allows for sampling thus reduce time used and cost of conducting a study targeting a huge population hence generalization of the finding (Mugenda & Mugenda, 2008).

3.3 Target Population

Refer to the actual population in research from which information is desired. According to Ngechu (2009), a population is holistic set of people, services, elements, events or group of subjects that are being investigated. Population studies are more holistic because all elements have a fair chance to be included in the end sample that is chosen according to Mugenda and Mugenda (2008). The target populations of the study were employees working in commercial banks within Nairobi and its environs.

The study focused on the different departments and particularly on employees who directly deal with customers since they are the ones conversant with the customers' needs and manage the customers' relationships. Mugenda and Mugenda, (2008), explains that the target population should have some identifiable characteristics, to which the researcher intends to generalize the results of the study. The definition assumes that the population sample is not homogeneous. The researcher investigated a sample of employees drawn from the population of 100 management and general staff working in commercial banks in Kenya. The population sample can be summarized in table below.

Table 3.1: Categorization of Commercial Banks

Category	Percentage	Sample size
Large banks (Tier one)	65.98	66
Medium banks (Tier two)	26.10	26
Small banks (Tier three)	7.92	8
Total	100	100

Source: CBK Bank Supervision Annual Report (2017)

3.4 Sampling Design

According to Harper (1991), a sampling frame is the source material or device whereby a sample is drawn from. A sampling frame is a list of all respondents within a population who can be sampled, and may include households, individuals or institutions. As defined by Daniel (1992), a sampling frame is a collection of elements from which a sample is drawn. Sampling frame provides ways for selecting of particular members of the target population that are to be interviewed in the survey. The sampling frame of this study was staff working at commercial banks in Nairobi City County and its environs.

In this study stratified sampling was used to identify the subjects that represented the population. The sampling method is all inclusive of all members of the population involved in the study. A random sample is preferred because it is free from bias and therefore each unit has a possibility to be included in the sample.

This research is a cross sectional study and therefore the researcher studied all commercial banks in Kenya from the possible 100 target population. The staff and management are deemed suitable for the study as they have better knowledge and awareness on the issue at stake and provide specific information from a management, customer and staff perspective (Kothari, 2008). This study used cross sectional study formula to calculate the sample as shown below:

$$n = \frac{Z^2 * p * (1-p)}{d^2}$$

$$n = \frac{1.96^2 * 0.93 * 0.07}{0.05^2}$$

Z = 1.96 (at 95% confidence level)

d= 5% (level of precision)

p= 93% (level of e-CRM usage)

Sample size (n) = 100 respondents

Stratified sampling was used to select the respondents. The strata included the three tiers in Table 3.1 and within each tier according to the CBK Bank Supervision Annual Report (2017) in appendix III.

3.5 Data Collection

Daniel (1992) believes that questionnaires are effective because they are efficient in terms of time utilization, energy consumption and economic value for money. Use of questions allows for generalization, simplicity and accuracy. The major disadvantage of the instrument for data collection include; lack of interest, different level of knowledge gaps, biases, misinterpretation, fatigue, boredom, incomplete questionnaire form are some of the negative responses affecting use of questionnaires according to Uma. In order to overcome the problems identified above, the research used both structured and semi structured questionnaires.

The closed ended questionnaire elements were included in order to increase accuracy to the questionnaire objectives, and open-ended questionnaires were designed to enhance inclusivity of the responses during the interviews. According to (Bailey *et al.,* 2008), questionnaires make generalization of responses easy and provide efficient way of collecting responses from a large sample prior to the quantitative analysis. Accordingly, in applying cross sectional design, secondary and primary data will be important for purposes of comparison.

The researcher used email and printed questionnaire to administer the research instrument individually to a sample of 100 staff working at commercial banks in Nairobi and its environs. The customer care consultants and managers provided key information on electronic customer relationship management. The researcher exercised care and control to ensure all questionnaires were issued to the respondents and to achieve this, the

researcher maintained a register of questionnaires which were administered and those which were returned.

3.6 Data Analysis

Quantitative data collected using questionnaires was analyzed by the use of descriptive statistics using Statistical Package for Social Sciences (SPSS) version 20.0. Descriptive statistics was applied to give central tendency measures such as mean scores and measures of dispersion such as standard deviation and variance. Descriptive statistics provided categorizations of valid and replicable findings from data collected to answer objectives of the research study according to Kirk and Miller (2009).

The study used level of significance to analyze the degree of association between the variables. Quantitative analysis generated quantitative reports through percentages, tabulations and central tendency measures. Quantitative data was presented using statistical techniques such as frequency counts and percentages to make inferences. Inferential statistics which included correlation and regression analysis were used.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

4.1 Introduction

This chapter entails of the data analysis, interpretation and the discussions of the outcomes. The section hence is fragmented to four sub sections which entail: the origin of study, socio-demographic characteristics of the participants, descriptive statistics, inferential statistics, and interpretation and discussion of findings. Precisely this chapter summarizes, the platform for data presentations, analysis and interpretations.

4.2 Socio-Demographic Characteristics of Participants

The research set out to determine the background and respondent characteristics of the entire sample of respondents picked from each bank tier. Highlighted are the background and firm characteristics derived from the Part A of this study's questionnaire which included: gender, marital status, age, educational level, area of specialization, management level and work experience.

4.2.1 Gender

The target respondents were requested to specify their gender. This was to determine if gender has any bearing on perception of electronic customer relationship management.

Table 4.1: Gender

	Frequency	Percent
Male	53	53
Female	47	47
Total	100	100

Source: Research Data (2019)

Table 4.1 exhibits that the majority of the participants were males (53%) while proportion of the female gender was 47%. The even spread of the gender is an indication of lack of bias in the data collected because the respondents were randomly distributed. The male gender is known to be more receptive to technology than the female gender.

4.2.2 Marital Status

The target respondents were requested to specify their marital status. This was to determine if marital status has any bearing on perception of electronic customer relationship management.

Table 4.2: Marital Status

	Frequency	Percent
Single	44	44.4
Married	53	53.5
Other	2	2.0
Total	99	100

Source: Research Data (2019)

Table 4.2 displays that more than fifty percent of the respondents were married who constituted 53% of the total respondents, followed closely by those single whose proportion stood at 44.4%. Respondents who had other marital status were 2%. The uneven spread of the marital status maybe an indication of bias although the respondents were randomly distributed.

4.2.3 Age

The target respondents were requested to specify their age. This was to ascertain if age has any bearing on perception of electronic customer relationship management.

Table 4.3: Age

	Frequency	Percent
18-25 Years	17	17
26-33 Years	54	54
34-41 Years	23	23
42-49 Years	5	5
≥ 50 Years	1	1
Total	100	100

Source: Research Data (2019)

Table 4.3 displays that the highest proportion of the respondents that constitutes 54% are of the ages between 26 - 33. This was followed by respondents whose ages range from 34 to 41 at 23%. The least proportion of the respondents (1%) were aged 50 years and above. Younger individuals are known to be more receptive to technology than aged individuals.

4.2.4 Education Level

The target respondents were requested to specify their education level. This was to ascertain if education level has any bearing on perception of electronic customer relationship management.

Table 4.4: Education Level

	Frequency	Percent
Certificate	0	0
Diploma	7	7
Degree	68	68
Masters	25	25
Doctor/Prof	0	0
Total	100	100

Source: Research Data (2019)

Table 4.4 showcases that those respondents with a degree level of education constituted the highest proportion of 68%. Respondents with masters and diploma qualification constituted 25% and 7% respectively. No respondent had a doctorate qualification. It is expected that individuals with higher educational qualifications have higher exposure to technology.

4.2.5 Area of Specialization

The target respondents were requested to specify their area of specialization. This was to establish if area of specialization has any bearing on perception of electronic customer relationship management.

Table 4.5: Area of Specialization

	Frequency	Percent
Sales & Marketing	24	24
Credit	14	14
IT	7	7
HR	6	6
Customer care	22	22
Finance	17	17
Operations	10	10
Total	100	100

Source: Research Data (2019)

Table 4.5 exhibits that the most common area of specialization of the respondents was sales and marketing (24%) and customer care (22%). Those who worked in the finance, credit, and operations department constituted 17%, 14%, and 10% respectively. The least proportion of respondents were those whose area of specialization included IT and human resources and they constituted 7% and 6% respectively. The even spread of area of specialization is an indication of lack of bias in the data collected because the respondents were randomly distributed. It is also expected that individuals who work in the customer care department are more knowledgeable on matters pertaining to electronic customer relationship management.

4.2.6 Management Level

The target respondents were requested to specify their management levels in their respective organizations. This was to establish if management level has any bearing on perception of electronic customer relationship management.

Table 4.6: Management Level

	Frequency	Percent
Top level	2	2.0
Middle level	17	17.2
Low level	25	25.3
Non-Management	55	55.6
Total	99	100

Source: Research Data (2019)

Table 4.6 shows that most of the respondents (55.6%) were at the non-management level in their respective banks followed by 25.3% and 17.2% of the respondents were in the low and middle management levels. The least proportion of the respondents (2%) were in the top management level. The uneven spread of management level maybe an indication of bias although the respondents were randomly distributed. It is also expected that individuals in higher management levels are more conversant with electronic customer relationship management because they are part of formulating and implementing the strategy.

4.2.7 Employment Duration

The target respondents were requested to specify their duration of employment in the banking sector. This was to establish if work experience has any bearing on perception of electronic customer relationship management.

Table 4.7: Employment Duration

	Frequency	Percent
Less than 1 year	4	4.0
1- 4 years	58	58.6
>4 – <10 years	31	31.3
≥10 years	6	6.1
Total	99	100

Source: Research Data (2019)

Tale 4.7 exhibits that the employment duration of between 1-4 years was the most common among the respondents (58.6%). Those who had employment experience of between 4 to 10 years and over 10 years constituted 31% and 6% respectively. Those who had work experience of less than one year constituted the least proportion of 4%. The even spread of employment duration is an indication of lack of bias in the data collected because the respondents were randomly distributed. It is expected the more an individual works in an organization the more that individual is conversant with the organizations operations and strategies. Thus it is expected in this study that individuals with greater work experience are more conversant with electronic customer relationship management.

4.3 Descriptive Statistics

The study settled on descriptive cross-sectional research design since it allows findings generalization, analysis and variables relation. Among the variables used were electronic customer relationship management and competitive advantage, which were the predictor variables, while organizational performance was the response variable.

4.3.1 Electronic Customer Relationship Management

The respondents were asked to state their most preferred mode of correspondence with the bank as shown in Table 4.8 below.

Table 4.8: Mode of Correspondence with the Bank

		Frequency	Percent	Valid Percent
	Email	3	3.0	3.1
	Social media	16	16.0	16.3
	Tele banking	10	10.0	10.2
Valid	Online service	1	1.0	1.0
	Customer service	2	2.0	2.0
	All the above	66	66.0	67.3
	Total	98	98.0	100.0
Missing	System	2	2.0	
Total		100	100.0	

Source: Research Data (2019)

Table 4.8 displays that a majority of the participants (67.3%) preferred to correspond with their banks through all the available communication modes as is displayed in Table 4.8. These were email services, social media, tele-banking, online services and customer services. Respondents who preferred a specific single communication mode were 32.7%.

42

The respondents were asked to rate their respective banks response rate when using the electronic system. They gave their ratings as shown in Table 4.9 below.

Table 4.9: Rating of Bank Response Rate using the Electronic System

		Frequency	Percent	Valid Percent
Valid	Poor	8	8.0	8.2
	Average	83	83.0	84.7
	Excellent	7	7.0	7.1
	Total	98	98.0	100.0
Missing	System	2	2.0	
Total		100	100.0	

Source: Research Data (2019)

Table 4.9 showcases that the banks response to general enquiries was rated by the majority of the respondents as average (84.7%). Of the respondents, 8.2%, rated it as poor while the least proportion of the respondents (7.1%) rated it as excellent.

The respondents were asked to indicate if the customers are in receipt of regular account updates (Table 4.10).

Table 4.10: Receipt of Regular Account Updates

		Frequency	Percent	Valid Percent
Valid	Yes	70	70.0	70.0
	No	30	30.0	30.0
	Total	100	100.0	100.0

Source: Research Data (2019)

Table 4.10 exhibits that more than two-thirds of the respondents (70%) reported receiving constant updates on their account status. Conversely, 30% of the respondents indicated not receiving regular updates on their account status.

The respondents were also asked to indicate what attribute they valued most in an electronic banking system (Table 4.11).

Table 4.11: Attribute valued most in an Electronic Banking System

		Frequency	Percent	Valid Percent
	Safety	4	4.0	4.0
	Convenience	5	5.0	5.0
Valid	Speed	1	1.0	1.0
	Reliability	5	5.0	5.0
	All the above	85	85.0	85.0
	Total	100	100.0	100.0

Source: Research Data (2019)

Table 4.11 exhibits that most of the participants (85%) valued safety, convenience, speed and reliability when using e-banking systems as shown in Table 4.11. The rest of the respondents valued only one of the attributes.

The respondents were asked to state the issues customers mainly raised complaints about. Findings are indicated in Table 4.12.

Table 4.12: Most Common Customer Complaints

		Frequency	Percent	Valid Percent
Valid	System delays	58	58.0	58.6
	Forgetting passwords	38	38.0	38.4
	Fraud	1	1.0	1.0
	Security features	1	1.0	1.0
	High charges	1	1.0	1.0
	Total	99	99.0	100.0
Missing	System	1	1.0	
Total		100	100.0	

Source: Research Data (2019)

The data in Table 4.12 shows that customers mainly raised complaints on system delays with a proportion of 58.6% while 38.4% of the respondents indicated that the customers raised complaints on forgetting passwords. The proportion of respondents that cited fraud, security features, and high charges constituted 1% each.

The respondents were asked to state the quickest mode of communication to solve customers' electronic banking issues. Findings are indicated in Table 4.13.

Table 4.13: Quickest Mode of Communication to Solve Customers' Electronic Banking Issues

		Frequency	Percent	Valid Percent
Valid	SMS	2	2.0	2.0
	Mobile/Phone	58	58.0	59.2
	Social media	38	38.0	38.8
	Total	98	98.0	100.0
Missing	System	2	2.0	
Total		100	100.0	

Source: Research Data (2013)

The findings in Table 4.13 indicate 59.2% of the respondents indicate that the quickest mode of communication to solve customers' electronic banking issues is through mobile phone communication. Social media and SMS were cited at 38.8% and 2% respectively.

The respondents were requested to rate the attributes of electronic customer relationship management present in their respective organizations. Consequently, electronic customer relationship management descriptive statistics were derived and the outcomes exhibited in Table 4.14.

The attribute with the highest mean is "bank offers regular E-CRM training", which has a mean of 2.75 and a standard deviation of 0.936. The attribute with the lowest mean is "mobile banking is efficient, effective convenient, fast and reliable with friends/family" which has a mean of 1.22 and a standard deviation of 0.440. The attributes have an overall mean of 1.77 and a standard deviation of 0.688, which implies that E-CRM is exhibited to a small extent in Kenyan banks.

Table 4.14: Electronic Customer Relationship Management Descriptive Statistics

	N	Mean	Std. Deviation
Enjoy using e-banking system	100	1.38	.528
Able to get complete customer info from bank	99	1.57	.538
Satisfied with e-services bank offers	100	2.18	.947
Branch staff welcoming and knowledgeable on e-banking system enquiries	100	1.62	.616
Complaints to bank handled satisfactorily	100	1.57	.555
Security when using e-banking systems taken care off	100	1.41	.552
Recommend internet bank to friends/family	99	1.65	.747
Mobile banking efficient, effective, convenient, fast, reliable with friends/family	100	1.22	.440
POP e-machines effective and safe to use debit and credit cards	100	2.28	.683
e-money transfer efficient locally and internationally	100	1.27	.529
e-money wallets transactions safe	100	2.29	.729
Agency banking e-banking services access good	100	2.28	.780
Cost influences e-transactions	100	1.62	1.108
Bank offers regular ECRM training	100	2.75	.936
ECRM training effective	99	1.94	.740
Effective ECRM an advantage	100	1.49	.595
Appreciate consultation on new e-banking programs	100	1.58	.669
Overall Mean		1.77	.688
Valid N (listwise)	97		

Source: Research Data (2019)

47

4.3.2 Competitive Advantage

The respondents were requested to rate the attributes of competitive advantage present in their respective organizations. Consequently, competitive advantage descriptive statistics were derived and the outcomes exhibited in Table 4.15.

Table 4.15: Competitive Advantage Descriptive Statistics

	N	Mean	Std. Deviation
Electronic customer relationship management leads to significantly more efficient use of resources in the bank.	100	4.2100	1.01797
Electronic customer relationship management leads to significant growth opportunities for the bank.	100	4.3000	.91563
Electronic customer relationship management has led the bank to develop new sustainable products and services.	100	4.1500	.91425
Electronic customer relationship management has led to innovation and creativity within the bank.	100	4.2500	.79614
Electronic customer relationship management has boosted customer loyalty within the bank.	100	4.1400	.96421
Electronic customer relationship management has led the bank to develop unique and differentiated products and services.	99	4.1313	.89951
Overall Mean		4.1968	.91795
Valid N (listwise)	99		

Source: Research Data (2019)

Table 4.15 displays that the attribute with the highest mean is "there is significant growth opportunities for the bank" which has a mean of 4.3000 and a standard deviation of

48

0.91563. The attribute with the lowest mean is "the bank to develop unique and differentiated products and services" which has a mean of 4.1313 and a standard deviation of 0.89951. Overall, the attributes have a mean of 4.1968 and a standard deviation of .91795, which implies that competitive advantage is exhibited to a great extent in Kenyan banks.

4.3.3 Organizational Performance

The respondents were requested to rate the attributes of organizational performance present in their respective organizations. Consequently, organizational performance descriptive statistics were derived and the outcomes exhibited in Table 4.16.

Table 4.16 exhibits that the attribute with the highest mean is "there is the employees have a positive attitude and deliver excellent customer service" which has a mean of 4.2700 and a standard deviation of 0.83913. The attribute with the lowest mean is "the bank has been releasing innovative and differentiated products" which has a mean of 3.8889 and a standard deviation of 1.21125. The attributes have an overall mean of 4.1248 and a standard deviation of 1.03652, which implies that organizational performance is exhibited to a great extent in Kenyan banks.

Table 4.16: Organizational Performance Descriptive Statistics

	N	Mean	Std. Deviation
The profits of the bank have increased substantially over the implementation of electronic customer relationship management.	99	4.0000	1.04978
The market share of the bank has increased substantially over the implementation of electronic customer relationship management.	100	4.1300	1.09779
The sales of the bank have increased substantially over the implementation of electronic customer relationship management.	100	4.2000	1.08246
The bank has been releasing innovative and differentiated products over the implementation of electronic customer relationship management.	99	3.8889	1.21125
The employees have a positive attitude and deliver excellent customer service.	100	4.2700	.83913
There is personal and career growth and development of employees in the bank since the implementation of electronic customer relationship management.	100	4.2600	.93873
Overall Mean		4.1248	1.03652
Valid N (listwise)	98		

Source: Research Data (2019)

4.4 Inferential Statistics

Inferential statistics are used in determining the direction, relationship, and strength of the relationship between the predictor variables and the response variable. The section entails the inferential statistics employed in the study, which included correlation and regression

50

analysis. The attributes constituting the various variables were summarized to create a whole variable. This was achieved by estimating the median value of all the attributes.

4.4.1 Correlation Analysis

Correlation analysis establishes whether there exists an association among two variables. The association falls between a perfect positive and a strong negative correlation. The study used Pearson Correlation. This study employed a Confidence Interval of 95% and a two tail test.

Table 4.17: Correlation Analysis

		Org_Perf	ECRM	Comp_Adv
Org_Perf	Pearson Correlation	1	-.119	.681**
	Sig. (2-tailed)		.238	.000
	N	100	100	100
ECRM	Pearson Correlation	-.119	1	.063
	Sig. (2-tailed)	.238		.532
	N	100	100	100
Comp_Adv	Pearson Correlation	.681**	.063	1
	Sig. (2-tailed)	.000	.532	
	N	100	100	100

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

Source: Research Data (2019)

Table 4.17 displays that only competitive advantage is significantly correlated at the 5% significance level to organizational performance. Competitive advantage has a positive association with organizational performance.

4.4.2 Regression Analysis

The variables of the study were analyzed using the linear regression model. The regression analysis was assumed at 5% significance level. The significance critical value exhibited from the Analysis of Variance and Model Coefficients were compared with the values obtained in the analysis. The main predictor variable, electronic customer relationship management was run against organizational performance, then the moderating variable competitive advantage was introduced. When electronic customer relationship management was solely run against organizational performance, the findings are presented.

Table 4.18: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.119ª	.014	.004	.84027
2	.700ᵇ	.490	.480	.60728

a. Predictors: (Constant), ECRM
b. Predictors: (Constant), Competitive Advantage, ECRM

Source: Research Data (2019)

Table 4.18 showcases that the R square, in other words, the coefficient of determination, shows deviations in the response variable as a consequence of variations in predictor variables. From Table 4.18, the R square value is 0.014, a discovery that 1.4% of the deviations in organizational performance are caused by electronic customer relationship management. Other factors not incorporated in the model justify for 98.6% of the variations in organizational performance.

When the moderating variable, competitive advantage, was introduced into the analysis, the coefficient of determination, R Square, increases to 49%. Thus, competitive advantage increases the explanatory power of the model.

Table 4.19: Analysis of Variance

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	.993	1	.993	1.407	.238[b]
1	Residual	69.194	98	.706		
	Total	70.187	99			
	Regression	34.414	2	17.207	46.658	.000[c]
2	Residual	35.773	97	.369		
	Total	70.187	99			

a. Dependent Variable: Organisation Performance
b. Predictors: (Constant), ECRM
c. Predictors: (Constant), Competitive Advantage, ECRM
Source: Research Data (2019)

Table 4.19 elucidates the significance of the entire model to predict firm performance. The significance value obtained in the study is more than critical value of 0.05, thus the electronic customer relationship management does not significantly affect organizational performance. Electronic customer relationship management cannot significantly predict organizational performance.

When the moderating variable, competitive advantage, was introduced into the analysis, the model is now significant to predict organizational performance after introduction of the competitive advantage variable. Thus, competitive advantage increases the predictive power of the model.

Table 4.20: Model Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	4.613	.338		13.647	.000	3.943	5.284
	ECRM	-.225	.189	-.119	-1.186	.238	-.600	.151
2	(Constant)	1.492	.409		3.648	.000	.680	2.303
	ECRM	-.307	.137	-.163	-2.240	.027	-.579	-.035
	Comp_Adv	.769	.081	.691	9.520	.000	.609	.929

a. Dependent Variable: Organisation Performance

Source: Research Data (2019)

Table 4.20 displays the significance of the effect of individual variables on firm performance. Electronic customer relationship management has a significance greater than the critical value of 0.05.

With the introduction of the competitive advantage variable, electronic customer relationship management variable now significantly impacts on organizational performance. Thus, competitive advantage has a moderating effect on the relationship between electronic customer relationship management and organizational performance. It has changed the magnitude of the relationship. The regression equation below was thus estimated:

$$Y_i = 1.492 - 0.307X_1 + 0.769X_2$$

Where;

Y$_i$= Organizational Performance

X$_1$ = Electronic Customer Relationship Management

X$_2$ = Competitive Advantage

4.5 Discussion of Results

The study's main objective was to ascertain the effect of electronic customer relationship management on performance of commercial banks in Nairobi City County, Kenya. Influence of each of the predictor variable on the response variable was analyzed in terms of strength and direction. Descriptive statistics indicate that the electronic customer relationship management is exhibited to a small extent in the Kenyan commercial banks but competitive advantage and performance is exhibited to a great extent. The correlation analysis findings showcased that electronic customer relationship management has no significant association with organizational performance. The regression analysis before introduction of the moderating variable showcase that electronic customer relationship management has no significant impact on organizational performance.

The rapid growth in electronic banking indicates a major move towards use of electronic money as opposed to the over-the-counter customer service. This leads to the need to analyze how E-CRM is working in order to harness how to use it to gain competitive advantage. Electronic customer relationship management has been used in KCB for some years and is beneficial to customers in spite of some challenges (KCB, 2018). Some of these challenges can be identified by interacting with those utilizing the electronic

channels (Dzombo *et al.*, 2017). However, according to this study, interaction with participants was rated as average and this offers an opportunity for improvement that may lead to the banks growth. This is especially so noting that the participants were willing to use all the means of communication that are available. Despite this openness, more than half of the participants identified phone calls as the quickest way to solve customers' e-banking problems. This shows the perception that dealing with a person one can talk to may lead to faster solutions. Social media was second and this shows that customers are becoming more tech savvy though there is still the problem of forgetting passwords or pin numbers.

This study had participants from both primary and support activities. Those in the primary include sales and marketing while support activities are essential roles supporting the primary activities such as human resource. With more than fifty percent of the participants working in non-management positions, they are more likely to interact directly with customers. All these provide an effective way of weighing the position of the banks against major competitors with the aim of sustaining a competitive advantage (Pearce & Robinson, 2013). Githaiga (2013) study had a majority of the staff aged 30-49 years and mostly men similar to this study, however, more participants were 26-33 years. These are the youth who are expected to be technology savvy and therefore more likely to quickly adapt to E-CRM. The education level was significant showing the tendency of banks to work with degree level individuals.

A bank's customer touch points can consist of the internet, automated machines, agents, email, sales, direct mail, telemarketing, operations, call center, fax, mobile banking, point of sale terminal and virtual e-wallets (Sivaraks *et al*., 2011). In this study, the preferred touch points were email, social media, telebanking, online banking service and customer service showing that participants were open to using majority of the available systems to interact with the banks. In spite of this, systems delays may inconvenience the user and it was the most mentioned complaint during use of e-banking. Banks may improve the time taken to access and use the electronic systems which may increase its usage and therefore give them a competitive advantage. Empirical studies on E-CRM show various competitive advantages, for example, reduced response time and a better turnaround time to customer enquiries (Abu-Shanab & Anagreh, 2015). This was shown by participants reporting they valued safety, convenience, speed and reliability when using electronic banking systems. As a result of improving what the participants' value, there may be an increase in the number of customers using e-banking. The end result may be more business and more profits.

The study's secondary objective was to determine the influence of competitive strategies on the relationship between electronic customer relationship management and performance of commercial banks in Nairobi City County, Kenya. After the introduction of the moderating variable, it has a significant negative relationship with organizational performance. The regression analysis also exhibited that electronic customer relationship management and competitive advantage can be used to predict organizational performance. The coefficient of -0.307 obtained for electronic customer

relationship management in the study implies that a unit increase in electronic customer relationship management would cause a 0.307 units decrease in organizational performance. The coefficient of 0.769 obtained for competitive advantage in the study implies that a unit increase in competitive advantage would cause a 0.376 units increase in organizational performance.

The relationship between e-CRM and competitive advantage is underpinned by the acknowledgment that it is more expensive to acquire a new customer than to keep one (Salmen & Muir, 2013). Customers are searching for various benefits from banks including better services, lower transaction fees and access to the bank from different convenient channels. Therefore it is important to look at the relationships with a customer in terms of quality and outcome. As shown in this study, branch staff were perceived as welcoming, knowledgeable and handled complaints satisfactorily by the participants. A knowledge gap on the effect of technology on customer retention in banking or other service industries was identified by Wanjau (2013) study on the effects of customer relationship management on customer retention in commercial banks in a case study of KCB Kenya Limited Nairobi region. This was also addressed in this study. Observation of customer challenges of using a company product or service can present unexpressed needs that often translate to business growth opportunities (Pearce & Robinson, 2013). In this study, some challenges reported were an average rating of banks response to general enquiries to the electronic system, perception on security issues on some e-banking services, cost of transactions influencing the mode of e-banking system used to transact and system delays. By working on this short falls, the banks can make E-CRM more

efficient and effective and thus gain competitive advantage over banks that fail to do so. This is especially noting that if a customer is satisfied with a service, they may recommend it to friends and family.

In Edusah (2011) study, the treatment from bank staff was reported as positive by 78% of the customers. Fifty-four percent (54%) respondents reported that they knew of the opportunity to complain with 78% of them satisfied with the complaints handling. This study reported a similar high level on handling of complaints. Respondents in Edusah (2011) study also reported the bank was not doing well in the area of consulting customers when new products were being introduced which may be the reason most of the participants in this study wanted to be involved or informed on new programs or services.

Riugu (2017) study recommendation was that KCB considers improving its electronic products to operate as promised and shift to a knowledge-based economy. This study sought to provide some of that knowledge by researching on electronic services perceptions, for example, agency, mobile and electronic banking that have resulted in a significant access to banking services (Dzombo *et al.*, 2017). This has brought about an increase in business, but also some issues as shown in this study that need to be addressed and if that is done, it may lead to competitive advantage. As shown in this study security and fraud were not major issues, however participants were not sure if point of purchase e-machines were effective and safe to make payments using debit and credit cards. A similar trend was reported with regards to e-money wallets though a lower level of

uncertainty was reported on agency banking. Addressing these worries can provide a way for banks to gain competitive advantage. These new technologies are utilized by banks to achieve customer intimacy, drive their preferences to deliver stronger relationship and coordination of customer retention and acquisition (KCB, 2018). For example, though some participants agreed that mobile banking was a positive way to transact business with family and friends, not all of them were willing to recommend internet banking to friends or family. This could be improved by addressing some of the challenges such as security and cost of transactions.

A study by Ng'ang'a (2017) reported that most of the staff had the relevant skills required for operation and use of e-CRM strategy within the firm such as online management and practices. The study showed a wide range of perceptions on whether banks offer regular training on global E-CRM with about half not sure or disagreeing. Another Kenyan study showed that information technology and human resource capabilities showed a positive effect on organizational performance that was significant (Githinji, 2017). In this study, many participants agreed that E-CRM training was effective with a majority reporting that they would appreciate being involved or informed before introduction of new programs or online services in electronic banking. Therefore, involving staff may lead to them having more information on the system which may translate into more effective and efficient services to the satisfaction of customers. In Githaiga (2013) study, the use of CRM programs as a strategy to achieve competitive advantage in the banking industry using KCB Kenya Ltd listed CRM benefits that included better organization performance, enhanced market productivity, market

effectiveness and organization learning similar to this study where participants reported that e-CRM training can be effective and that it offers competitive advantage for the bank that utilizes it effectively to the satisfaction of customers.

Competitive advantage via customer value can be analyzed by looking at customer wants, company services and competitor services carefully to clearly state what the firm's competitive advantage is and how it is different from those of the competitors as discussed above. This can be by improving the response levels on enquiries on the electronic systems. It can also be by understanding what those using the system value, for example, participants in this study valued convenience, reliability, speed and safety. The fact that system delays was the most common complaint is a clear sign that this is an opportunity for improvement resulting in an advantage to the bank that reduces system delays. By analyzing what customers of their service value most and why and also how well the company is delivering its services can result in identifying how to create a competitive advantage (Pearce & Robinson, 2013). This has been analyzed in this study with a focus on perceptions and needs which can be used to enhance organization performance by promoting effective and efficient management of customer relationship that benefits both the bank and its customers (Ng'ang'a, 2017). This will result in the banks increasing their capacity in a competitive market, increasing profit rates, reducing costs and increasing marketing knowledge (Abu-Shanab & Anagreh, 2015). Therefore developing a close association between customers and a bank may lead to an added opportunity for competitive advantage (Recklies, 2006).

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The chapter presents summary of the study finding, conclusions of the study and recommendation for policy and practice. It also includes the limitation of study and areas of further research on electronic customer relationship and competitive advantage in commercial banks in Kenya.

5.2 Summary of the study

The objective of the study was to determine the relationship electronic customer relationship management has on performance and competitiveness of commercial banks in Kenya. The study used cross sectional survey research design. The targeted population was the commercial banks' employees in Kenya. The sample size of the study was 100 respondents. The research instrument used was a structured and semi structured questionnaire. The rapid growth in electronic banking indicates a major move towards use of electronic money as opposed to the over-the-counter customer service.

This leads to the need to analyze how E-CRM is working in order to harness how to use it to gain competitive advantage. Electronic customer relationship management has been used in commercial banks for some years and is beneficial to customers in spite of some challenges. Some of these challenges can be identified by interacting with those utilizing the electronic channels. However, according to this study, interaction with participants was rated as average and this offers an opportunity for improvement that may lead to the banks growth. This is especially so noting that the participants were willing to use all the

means of communication that are available. Despite this openness, more than half of the participants identified phone calls as the quickest way to solve customers' e-banking problems. This shows the perception that dealing with a person one can talk to may lead to faster solutions. Social media was second and this shows that customers are becoming more tech savvy though there is still the problem of forgetting passwords or pin numbers. In this study, the preferred touch points were email, social media, telebanking, online banking service and customer service showing that participants were open to using majority of the available systems to interact with the banks. In spite of this, systems delays may inconvenience the user and it was the most mentioned complaint during use of e-banking. Banks may improve the time taken to access and use the electronic systems which may increase its usage and therefore give them a competitive advantage.

The E-CRM attribute with the highest mean is bank offers regular ECRM training. In competitive advantage, having significant growth opportunities had the highest mean. The attribute with the highest mean in organizational performance was that employees had a positive attitude and delivered excellent customer service. Competitive advantage had a positive association with organizational performance. It also had a moderating effect on the relationship between electronic customer relationship management and organizational performance increasing the explanatory power of the model.

5.3 Conclusion of the study

Demographic characteristic of the population under study reveal that over seventy percent are youth aged between 18-33 years. The target population is in general single or

young couples in non- management job level, but highly educated and technology survey. Electronic customer relationship through social media and telebanking were most preferred regular means of communication. Banks hence have great potential of resource that is not fully exploited that can give them competitive advantage.

Descriptive statistics indicated that E-CRM had a low exhibition in Kenyan commercial banks but competitive advantage and performance had a higher exhibition. The correlation analysis findings showed that E-CRM has no significant association with organizational performance. Regression analysis before introduction of the moderating variable indicated that electronic customer relationship management had no significant impact on organizational performance. The regression analysis also exhibited that electronic customer relationship management and competitive advantage can be used to predict organizational performance. The coefficient for electronic customer relationship management in the study implies that a unit increase in electronic customer relationship management would cause a 0.307 units decrease in organizational performance while the competitive advantage coefficient implies that a unit increase in competitive advantage would cause a 0.376 units increase in organizational performance.

The cost of transacting using electronic banking system is generally influenced by mode of electronic banking used. Human resource training on E-CRM was viewed as effective given the quality of service received by customer, but not as regular as required. Banks that continuously leverage on innovation and technology will be able to sustain competitive advantage over those who are slow or do not adapt to change.

5.4 Limitation of the Study

Time limitation of research study would not have allowed the collection of data for all 43 registered commercial banks and financial institutions country wide. Limited financial access led to the narrowing of the scope of research population.

5.5 Implications of the Study

The Central Bank of Kenya needs to regularly evaluate the challenges facing usage of electronic banking system to improve on electronic customer relationships between commercial banks and customers to improve on security, access and adaption. Areas of password, pins, fraud and system delays should be addressed to improve on turnaround time.

The findings of the study indicate that electronic customer relationship management has an insignificant impact on commercial bank performance but introduction of competitive advantage enhances the relationship between the two variables. This will contribute to theory and knowledge in the area of relationship development and outcome of such relationship in regards to firm performance. Banks should adopt electronic customer relationship management to gain competitive advantage in order to increase their profitability.

5.6 Recommendations of the Study

a) Commercial Banks need to invest in human capital and technology to remain competitive and profitable in the global market. Customer care training was identified as

key in developing, maintaining and expanding commercial bank customer base. Data collected from electronic banking system will be a value resource for gaining competitive advantage.

b) Customer complaints on electronic banking systems delays, blocked pins, forgotten password, fraud and usage features that hinder the usage or adaption of electronic customer relationships should be critically investigated to come up with lasting solution that will improve usage and reduce complaints.

c) Many of the respondents agreed that they should be involved when new products and services on electronic banking system are being designed or implemented to improve on adaption and business relationship thus increase knowledge or benefit awareness.

5.7 Areas Suggested for Further Research

The customer of today is highly multibank and aware of current changes in business trends. Reduced need for face to face interaction with banks to carry out business transactions necessitates the need to develop customer relationship outside banking environment to retain customers and maintain competitive advantage.

Similar studies on electronic customer relationship can be done for savings and credit co-operative society or other industries to improve on customer retention and competitive advantage to improve on organization performance.

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APPENDICES

Appendix I: Letter to Respondent

Dear Respondent,

REF: INFLUENCE OF ELECTRONIC CUSTOMER RELATIONSHIP MANAGEMENT, COMPETITIVE ADVANTAGE AND PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY

My name is Bedan Mbatia. I am a master's student at School of Business, University of Nairobi, carrying out a research project titled 'Influence of electronic customer relationship management, competitive advantage and performance of commercial banks in Nairobi City County'. Your bank is among those included in the study.

I am inviting you to take part in the study. The information you give will be treated with confidentiality. No personal identifiers will be used. Kindly fill in the questionnaire to help in carrying out the study. Your involvement is highly appreciated.

Yours truly,
Bedan Mbatia.

Appendix II: Questionnaire

Participant Number: _____

Bank: _____

Interview date: _____

I will begin with a few general questions about yourself.

SECTION A: GENERAL INFORMATION

1. Gender:

Male   [   ]   Female   [   ]

2. Marital status:

Single   [   ]   Married   [   ]   Others   [   ]

3. Age

18-25 Years   [   ]   26-33 Years   [   ]   34-41 Years   [   ]

42-49 Years   [   ]   50 Years and above   [   ]

4. Level of education:

Certificate   [   ] Diploma   [   ] Degree   [   ]

Masters   [   ] Doctorate   [   ]

5. Professional background (Area of specialization) ……………………………………

6. Position in Organization:

Top level management [   ]   Middle level management   [   ]

Low level management [   ]   Non-Management   [   ]

7. Duration of Employment in current Organization:

Less than 1 year   [   ]   1- 4 years   [   ]

Over 4 – Less than 10 years   [   ] 10 years and above   [   ]

SECTION B: ELECTRONIC CUSTOMER RELATIONSHIP MANAGEMENT

8. What method of communication do you prefer to use in correspondence with bank:

Email services   [   ] Social media   [   ] Tele banking   [   ]

Online service   [   ] Customer service [   ] All of the above   [   ]

Others -kindly specify _____

9. How would you rate the banks response rate on answering general enquires on electronic system?

Poor   [   ]   Average   [   ] Excellent   [   ]

10. Do you receive regular account update on account status?

Yes   [   ] No   [   ]

11. What do you value most when using electronic banking systems?

Safety   [   ] Convenience   [   ]   Speed   [   ]

Reliability   [   ]   All the above   [   ]

12. What is the most common customer complaint in accessing electronic banking systems?

_____

13. Which is the quickest mode of communication to solve customers' problems related to electronic banking systems?

_____

14. Kindly tick the box that corresponds with the comment on the bank which you believe to be correct

Strongly agree = 5, Agree = 4, Not sure = 3, Disagree = 2, Strongly disagree = 1

Comment	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Enjoy using electronic banking system					
Able to get complete customer information from the bank					
Satisfied with the electronic services offered by bank					
Branch staff welcoming and knowledgeable when responding to enquiries on electronic banking systems					
Complaints to bank handled satisfactorily					
Security taken care off when using electronic banking systems					
Would you recommend internet banking to your friend or family					
Mobile banking is efficient, effective, convenient, fast reliable way of transacting business with friends and family					
Point of purchase electronic machines an effective and safe way of making payments using debit and credit cards					
Electronic money transfer is an efficient way of transferring money to friend and family locally and internationally					
Electronic money wallets are safe means for carrying cash or transacting online					

Agency banking an effective, safe and reliable channel of accessing electronic banking services					
Cost of doing transaction does influence the mode of electronic banking system used to transact					
The bank offer regular training on global changes in electronic customer relationship management.					
Are training on electronic customer relationship management effective given the service quality you receive in terms of banking services.					
E-CRM does offer competitive advantage for bank that utilizes it effectively to the satisfaction of customers.					
Would appreciate being consulted on design or informed before introduction of new programs or online service in electronic banking.					

SECTION C: COMPETITIVE ADVANTAGE

15. Kindly tick the box that corresponds with the comment on the bank which you

believe to be correct

Strongly agree = 5, Agree = 4, Not sure = 3, Disagree = 2, Strongly disagree = 1

Comment	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
Electronic customer relationship management leads to significantly more efficient use of resources in the bank					
Electronic customer relationship management leads to significant growth opportunities for the bank					
Electronic customer relationship management has led the bank to develop new sustainable products and services					
Electronic customer relationship management has led to innovation and creativity within the bank					
Electronic customer relationship management has boosted customer loyalty within the bank					
Electronic customer relationship management has led the bank to develop unique and differentiated products and services					

SECTION D: ORGANIZATIONAL PERFORMANCE

16. Kindly tick the box that corresponds with the comment on the bank which you believe to be correct

Strongly agree = 5, Agree = 4, Not sure = 3, Disagree = 2, Strongly disagree = 1

Comment	Strongly agree	Agree	Not sure	Disagree	Strongly disagree
The profits of the bank have increased substantially over the implementation of electronic customer relationship management					
The market share of the bank has increased substantially over the implementation of electronic customer relationship management					
The sales of the bank have increased substantially over the implementation of electronic customer relationship management					
The bank has been releasing innovative and differentiated products over the implementation of electronic customer relationship management					
The employees have a positive attitude and deliver excellent customer service.					
There is personal and career growth and development of employees in the bank since the implementation of electronic customer relationship management					

THANK YOU FOR TAKING TIME TO ANSWER THE QUESTIONS

Appendix III: Banking Sector Market Share

BANKING SECTOR MARKET SHARE –DECEMBER 2017		Market Size Index	Total Net Assets	% of the Market	Total Deposits	% of the Market	Total Share-holders' funds	% of the Market	Total number Deposit accounts	% of the Market	Number loan ac-counts	% of the Market
	Weighting		0.33		0.33		0.33		0.005		0.005	
	large >5%											
1	KCB Bank Kenya Ltd	14.14%	555,630	13.9%	445,398	14.7%	88,991	13.8%	5.586	12.00%	1.263	17.7%
2	Co - operative Bank of Kenya Ltd	9.93%	406,402	10.2%	298,703	9.9%	61,906	9.6%	10.142	21.79%	0.620	8.7%
3	Equity Bank Kenya Ltd	9.85%	382,830	9.6%	285,990	9.4%	68,227	10.6%	3.222	6.92%	0.670	9.4%
4	Standard Chartered Bank (K) Ltd	7.11%	285,125	7.1%	226,051	7.5%	44,584	6.9%	0.205	0.44%	0.050	0.7%
5	Diamond Trust Bank (K) Ltd	6.72%	270,082	6.7%	209,254	6.9%	43,004	6.7%	0.844	1.81%	0.015	0.2%
6	Barclays Bank of Kenya Ltd	6.57%	271,682	6.8%	189,305	6.3%	43,559	6.8%	1.531	3.29%	0.222	3.1%
7	Commercial Bank of Africa Ltd	6.05%	229,525	5.7%	186,444	6.2%	31,571	4.9%	21.487	46.16%	3.920	54.8%
8	Stanbic Bank Kenya Ltd	5.62%	239,408	6.0%	178,696	5.9%	33,051	5.1%	0.159	0.34%	0.032	0.4%
	Sub-Total	65.99%	2,640,684	66.0%	2,019,840	66.7%	414,894	64.4%	43.176	92.76%	6.792	94.9%
	Medium Peer Group (1-5%)											
1	I & M Bank Ltd	4.78%	183,953	4.6%	134,247	4.4%	35,024	5.4%	0.132	0.28%	0.015	0.2%
2	NIC Bank Kenya PLC	4.62%	192,817	4.8%	142,006	4.7%	28,938	4.5%	0.116	0.25%	0.037	0.5%
3	Bank of Baroda (K) Ltd	2.56%	96,132	2.4%	77,694	2.6%	17,900	2.8%	0.047	0.10%	0.003	0.0%
4	Citibank N.A. Kenya	2.56%	98,232	2.5%	65,461	2.2%	20,177	3.1%	0.002	0.00%	0.001	0.0%
5	National Bank of Kenya Ltd	2.37%	109,942	2.7%	100,165	3.3%	7,048	1.1%	0.598	1.28%	0.046	0.6%
6	Prime Bank Ltd	2.01%	76,438	1.9%	58,951	1.9%	14,338	2.2%	0.030	0.07%	0.005	0.1%
7	Family Bank Ltd.	1.71%	69,051	1.7%	47,627	1.6%	11,608	1.8%	2.113	4.54%	0.087	1.2%
8	Bank of India	1.55%	56,631	1.4%	44,825	1.5%	11,625	1.8%	0.016	0.03%	0.001	0.0%
9	HFC Ltd	1.43%	62,127	1.6%	36,981	1.2%	9,963	1.5%	0.086	0.18%	0.009	0.1%
10	Ecobank Kenya Ltd	1.27%	53,456	1.3%	45,856	1.5%	6,439	1.0%	0.054	0.12%	0.007	0.1%
11	Bank of Africa (K) Ltd	1.25%	54,191	1.4%	33,335	1.1%	8,468	1.3%	0.120	0.26%	0.015	0.2%
	Sub-Total	26.10%	1,052,969	26.31%	787,147	26.01%	171,527	26.63%	3.313	7.12%	0.226	3.15%
	Small Peer Group<1%											
1	Guaranty Trust Bank (Kenya) Ltd	0.85%	27,628	0.7%	16,601	0.5%	8,609	1.3%	0.009	0.02%	0.044	0.6%
2	Gulf African Bank Ltd	0.77%	31,316	0.8%	26,105	0.9%	4,419	0.7%	0.004	0.01%	0.010	0.1%
3	Victoria Commercial Bank Ltd	0.71%	25,985	0.6%	18,886	0.6%	5,612	0.9%	0.006	0.01%	0.001	0.0%
4	African Banking Corpora-tion Ltd	0.59%	24,804	0.6%	20,104	0.7%	3,160	0.5%	0.003	0.01%	0.001	0.0%
5	Sidian Bank Ltd	0.49%	19,302	0.5%	14,140	0.5%	3,447	0.5%	0.003	0.01%	0.017	0.2%
6	Habib Bank A.G. Zurich	0.45%	18,708	0.5%	13,808	0.5%	2,842	0.4%	0.003	0.01%	0.000	0.0%
7	Guardian Bank Ltd	0.40%	15,803	0.4%	13,120	0.4%	2,375	0.4%	0.002	0.01%	0.001	0.0%
8	First Community Bank Ltd	0.39%	17,360	0.4%	14,783	0.5%	1,709	0.3%	0.002	0.00%	0.002	0.0%
9	Credit Bank Ltd	0.38%	14,465	0.4%	11,485	0.4%	2,665	0.4%	0.003	0.01%	0.002	0.0%
10	Development Bank of Kenya Ltd	0.37%	16,320	0.4%	7,665	0.3%	2,930	0.5%	0.003	0.01%	0.001	0.0%
11	Jamii Bora Bank Ltd	0.35%	12,851	0.3%	5,612	0.2%	3,454	0.5%	0.003	0.01%	0.025	0.4%
12	M - Oriental Commercial Bank Ltd	0.32%	10,577	0.3%	7,463	0.2%	3,028	0.5%	0.003	0.01%	0.001	0.0%
13	Transnational Bank Ltd	0.28%	10,295	0.3%	7,950	0.3%	2,132	0.3%	0.002	0.00%	0.013	0.2%
14	Consolidated Bank of Kenya Ltd	0.26%	13,456	0.3%	8,855	0.3%	1,068	0.2%	0.001	0.00%	0.004	0.1%
15	SBM Bank (Kenya) Ltd	0.25%	11,745	0.3%	6,842	0.2%	1,607	0.2%	0.002	0.00%	0.001	0.0%
16	Paramount Bank Ltd	0.25%	9,541	0.2%	7,729	0.3%	1,760	0.3%	0.002	0.00%	0.003	0.0%
17	Spire Bank Limited	0.23%	11,148	0.3%	6,822	0.2%	1,188	0.2%	0.001	0.00%	0.008	0.1%
18	UBA Kenya Bank Ltd	0.21%	6,505	0.2%	4,194	0.1%	2,162	0.3%	0.002	0.00%	0.001	0.0%
19	Middle East Bank (K) Ltd	0.14%	5,121	0.1%	3,908	0.1%	1,162	0.2%	0.001	0.00%	0.000	0.0%
20	Mayfair Bank Ltd	0.11%	3,548	0.1%	2,080	0.1%	1,169	0.2%	0.001	0.00%	0.000	0.0%
21	DIB Bank Kenya Ltd	0.10%	2,610	0.1%	1,285	0.0%	1,269	0.2%	0.001	0.00%	0.000	0.0%
22	Chase Bank Kenya Ltd**	-	-	-	-	-	-	-	-	-	-	-
23	Charterhouse Bank Ltd*	-	-	-	-	-	-	-	-	-	-	-
24	Imperial Bank Ltd**	-	-	-	-	-	-	-	-	-	-	-
	Sub-Total	7.91%	309,088	7.72%	219,438	7.25%	57,768	8.97%	0.058	0.12%	0.138	1.93%
	Total	100.0%	4,002,741	100%	3,026,425	100.0%	644,188	100.0%	46.55	100.00%	7.155	100.0%

*Banks under statutory management
**Banks in receivership

Source: CBK Bank Supervision Annual Report (2017)

Appendix IV-Research Map
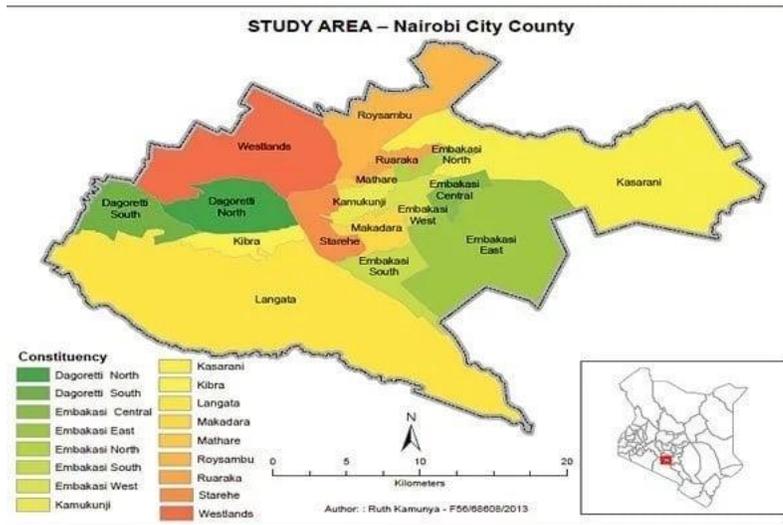
Source: www.tuko.co.ke

Appendix V: Introduction letter

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TO WHOM IT MAY CONCERN

The bearer of this letter BEDAN JAMES KAMAU MBATIA of Registration Number D61/85721/2016 is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report
We would, therefore, appreciate if you assist him/her by allowing him/her to collect data within your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organization on request.

Thank you.
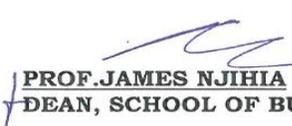
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