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CUSTOMER RETENTION STRATEGIES AND PERFORMANCE OF COMMERCIAL BANKS IN NAIROBI CITY COUNTY, KENYA

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ABSTRACT

Customer retention has increased value to goods and service providing companies. Although there exists extensive research on the concept of customer retention, research on strategies used by commercial banks to retain their customers is limited. With the increased access to financial institutions, there is a frequent switching of customers from one bank to another due to varying competitive advantages. The study sought to establish how customer retention strategies adopted by a bank influence the financial performance of commercial banks in Nairobi City County. The study was guided by a general objective and four specific objectives. The main focus of the study was to establish how customer retention strategies influence the performance of commercial banks in Nairobi City County, Kenya. The specific objectives of the study included to determine the influence of service quality management, corporate image management, on performance of commercial banks in Nairobi City County. The study adopted a descriptive research design. The target population of the study was the customer relationship managers of all the 39 commercial banks in Kenya. Data was collected using questionnaires which was administered through a drop and pick method and online modes. Data was analysed using descriptive statistics, and inferential statistics such as regression and correlation analysis to establish the relationship between the variables. SPSS version 26 was used for data analysis.10% of the sample size was used for the pilot study to test for reliability and validity of the study. Cronbach Alpha value was above 0.7 and the Validity factor loadings were above 0.4.The descriptive results showed that the customer retention strategies like corporate image management and service quality management have a positive and significant influence on the performance of commercial banks in Kenya. The results imply that an increase in one unit of the variables leads to an increase in the performance levels of commercial banks in Kenya. The study recommends that improving customer retention strategies significantly increases the performance levels of commercial banks in Kenya.

Key Words: Customer Retention Strategies, Performance of Commercial Banks, Service Quality Management, Corporate Image Management

Background of the Study

The performance of banks is very essential in the economy since they act as economic growth engines in every country. Banks serve as financial intermediaries as they form a crucial link which facilitates transactions and other banking services for their customers. Israel (2022) alludes that the changing operating environment, social trends, rivalry and globalization have caused the banking sector to undergo persistent changes which affect their performance. Increased cost of operations has greatly impacted the commercial banks overall performance (Kanwal & Yousaf, 2019). Kuswanto, Sundari, Harmadi and Hariyanti (2019) indicated that being profit oriented, banks formulate, implement and execute strategies that are aimed at enhancing their performance. According to Karkowska (2019), firms have adopted various retention strategies depending on the type of business and the environment they find themselves in. Some opt for quality service, some switching barriers while others try to venture into customer retention programmes.

According to Munyoro and Nyereyemhuka (2019) a strategy is a large scale, future-oriented plans for interacting with the competitive environment to optimize achievement of organizational objectives. Strategy is the direction and scope of an organization over the long term which achieves advantage for the organization through its configuration of resources within a changing environment to meet the needs of markets and fulfil stakeholder expectations (Githui, 2019). To financial institutions, strategy is viewed as the organizational approach which provides scope and direction over a long period of time to achieve advantages for a given organization through configuration of resources within a challenging environment, to meet the needs of markets and to fulfil stakeholder expectations. Rantyanti and Halim (2020) averred that global banking crisis over the recent past have shown that there is need for effective strategies in order to gain the sustainable competitive advantage in the marketplace.

Salamah, Hassan, Aljaafreh, Zabadi, AlQudah, Hayat, Al Mamun and Kanesan (2022) opined that customers are critical for any organization's success and without customers, organizations would have no resources, no profits and therefore no market niches that can enable them compete in the global arena. Buttle (2018) defined customer retention as the number of customers undertaking business with a firm at the end of a financial year expressed as a percentage of customers that were active at the beginning of the year (Israel, 2022). Based on this definition, it can be deduced that customer retention is centred on maintaining long-term relationship to create a re-purchase behaviour.

Mugwe and Maina (2022) reiterated that due to increased competition, banks have put various infrastructures in place to ensure their sustainability. These infrastructures include, setting up Customer Service departments and Call Centres to address the needs of the customers. It is not clear if such measures amongst others have helped to improve satisfaction of the bank customer and their retention rates with the respective banks. Saturated markets and high levels of competition within industries have necessitated the practice of customer retention strategies among firms. Customer retention is significant to organizations because the cost of acquiring a new customer is far greater than the cost of maintaining the existing customer (Kipchilat & Omodi, 2021). According to Haripersad and Sookdeo (2018), acquiring new customers can cost five times more than the costs involved in satisfying and retaining the current customers and the customer profit rate tends to grow over the life of the retained customer. Retaining customers is crucial in having a competitive advantage in the banking industry.

Israel (2022) reiterated that banking institutions identify strategies to increase customer retention. Management takes cognizance of the importance of Customer retention in a competitive market or slow increase of new customers. Customer retention advocates argue that retaining customers increases profitability, largely by reducing the costs sustained in acquiring new customers (John, 2019). Customer retention enables the organization to withstand the intense competition, as well as appreciate significant savings from retaining existing customers. According to Hawkins, and Hoon (2019), organizations can increase profits by 25 to 95 percent with a mere increase of 5 percent in customer retention rates. A small increase in customer retention rate will further accelerate the organization's profits (Óskarsdóttir, Baesens & Vanthienen, 2018). According to Salamah *et. al.,* (2022) attracting and keeping customers has become a great challenge for many organizations following an upsurge in competition arising from increased globalization and internationalization of firms.

As the competitive environment increasingly becomes fierce, the most important issue companies face is no longer to provide excellent, good quality products or services, but also to keep loyal customers who will contribute long-term profit to organization. Kuswanto *et. al.,* (2019) recapped that for any organization to be successful in the future, it is important that it maintains a high rate of customer retention because it costs more to acquire a new customer as compared to the cost of maintaining an already existing customer. The are many strategies that an organization could use to retain its customers. Hawkins and Hoon (2019) identified customer retention strategies such as loyalty, change of channels of distribution creative filtering of quality customers, rewarding the sales force, paying for continuity, and designing special programs that attract and hold the most valuable customers. Alkitbi *et. al.,* (2020) argue that offering quality customer service is one of the guaranteed strategies of retaining customers.

Statement of the Problem

Chowdhury (2018) reiterated that the heightened competition in the banking industry in the recent past has been associated with fluctuations in overall performance among the players. Hanoon, Khalid, Rapani, Aljajawy and Al-Waeli (2021) reported that the banking industry contributes enormously to socio-economic developments of regions and countries across the globe. The Kenyan banking industry has been facing challenges in customer retention in the face of increasing competition. Customers are hopping from one bank to another in the hope of finding the one that fits their needs. Mbai, Nyamute, Ochieng and Muthoni (2022) reported that there has been a gradual decline in the ROE of the banks from 26.6% in 2014 to 25.2% in 2015, 24.5% in 2016 and 21.8% in 2019 before substantially falling to 13.9% in 2020. A fluctuating trend was reported on ROA which decreased from 3.2 % in 2016, to 2.60 % in 2017, before increasing to 2.76% in 2018, then decreasing to 2.6% in 2019 and further drastic decrease 1.7% in 2020.

The income growth in the commercial banks remained subdued in 2020, as banks increased provisioning levels by 48.0 % to cover potential bad loans. Given the increased provisioning levels, the sector recorded a 19.2 percent decrease in Profit Before Tax (PBT) to Kshs 23.6 billion, down from Kshs 29.2 billion in quarter 3 of 2020 (CBK, 2022). The sector's Return on Assets (ROA) fell by 0.2% points to 1.6% from 1.8% in quarter 3 of 2020, while the Return on Equity (ROE) fell by 1.3% points to 13.8% from 15.1% in quarter 3 of 2020. This resulted in a decrease in total profitability for listed banks in 2020 compared to 2019. In terms of revenue diversification, Non-Funded Income increased by 6.4% weighted average in the financial year 2020, compared to 17.4% in financial year 2019. The banking sector's Non-Funded Income to Operating Income ratio also fell, falling to 35.4% in 2020 from 37.4 % in 2019, contributing to weaker earnings growth throughout the sector (CBK, 2022).

Local studies have been done on customer retention. Wachira (2019), did a study on customer retention strategies adopted by mobile telecom companies in Kenya. Simiyu (2019) did a study on factors affecting customer retention in oil industry case study Total Kenya Ltd. Kavita, Wamitu and Nzomoi (2022) studied the relationship between bank customer retention strategies and customer satisfaction in commercial banks in Machakos Town, Gitahi and Misango (2020) sought to establish the influence of customer retention strategies on the organization performance of commercial banks in Thika Town. From the foregoing, there is little attempt to discuss the influence of customer retention strategies the performance of commercial banks in Nairobi City County, Kenya. This study was a modest attempt to fill the contextual, conceptual and methodological gaps by studying the influence of customer retention strategies the performance of commercial banks in Nairobi City County, Kenya

General Objective

The main focus of this study was to establish influence of customer retention strategies the performance of commercial banks in Nairobi City County, Kenya.

Specific Objectives

The study was guided by the following specific objectives;

i. To determine the influence of quality service on performance of the commercial banks in Nairobi City County, Kenya

ii. To assess the influence of corporate image management on performance of the commercial banks in Nairobi City County, Kenya.

LITERATURE REVIEW

Theoretical Review

Organizational Image Management Theory

Organizational image management is a theoretically-driven process model, which postulates that organizations must create, maintain, and in many cases regain a legitimate image of themselves in the eyes of their stakeholders (Massey, 2016). According to Meyer and Allen cited by Hoang (2012), organization commitment has three attitudinal components; affective, continuance and normative commitment. They represent three psychological states of employees with regard to an organization that influence their decision to maintain membership with it. Affective commitment refers to the emotional attachment of with the organization. Continuance commitment is employees' awareness of perceived cost of leaving the organization.

Normative commitment is described as the obligatory feeling to remain with the organization. In summary, employees may remain with the organization because they want to (affective commitment), need to (continuance commitment) or ought to (normative commitment). A person's total commitment would reflect the net sum of the three psychological states. Employees have personal reasons for engaging in in organization. However, the organizations ability to identify and provide required necessities to the employees places the organization in a better place where the employee commit to the work given wholly, to the organizations mission and vision and works towards achieving them. Committed employees are valued assets to the organizations. They provide all to the organization and market it too. This eventually leads to high performance in the organization. According to the theory, an employee's sense of loyalty and attachment defines the level of commitment in an organization. Commitment of employees in an organization is portrayed through existence of congruence between their personal goals and that of the organization.

When the match exists, employees develop a sense of exerting efforts when executing their assigned duties in a bid to help the organization attain its set goals and at the same time cementing their connection with the organization. The theory further asserts that employees' level of commitment serves as a perquisite of emergence of various behaviours and attitudes related to turnover and performance. Literature on advancement of the theory reveals that organizations with higher levels of employees' commitment attains more from the employees in terms of performance and lower levels of lateness and absenteeism. The theory contributes to the study by informing of the need for employee commitment as an aspect of diversity management that enhances performance of the firm. According to the theory, committed employees execute their assigned duties beyond the expectations which enhance the general performance of the firm. This theory helps to assess how corporate image management influences the performance of the commercial banks.

Product Life Cycle Theory

Product Life cycle is a major component in customer retention for commercial banks. Vernon (2001), focused on the product (rather than the country and the technology of its manufacture), not its factor proportions. He noted that products have a life cycle and hence there is need to understand this cycle for the purpose of designing a product and putting it in the market. Introduction- This is the time for high investment and show uptake. Growth - If it takes off with resultant volumes bringing costs down so fuelling more growth. Maturity- The product success brings in competitors to share the spoils during which the sales curve again flattens, and revenue is generated predominantly by sales to existing customers rather than to new customers. Saturation-Too many players lead to crowding. Decline- Suppliers lose interest and the product declines towards death.

The knowledge of the above cycle serves to enable the commercial banks to comparative use, advisory use, and the dynamic use. Hence there is need to understand the major stages that product is undergoing in order to determine where it has reached, (Kinnear, 2000). Commercial banks need to offer a wide range of products to deal with the different customers' requirement. In order to do this there is need to understand how different customers behave or make decision to buy a product or an offering, (Byrne, 2003). In addition, Forrester (2007), indicates that the typical customer life cycle of a financial services includes opportunities to improve the customer experience at every stage. Therefore, the best practices for each stage in the customer experience life cycle are: target the right customers with the right value proposition, start a positive relationship through acquisition, incorporate customer advocacy into day-to-day service and develop relationships to increase stickiness.

According to this theory, consumers are regarded as rational processors of the information who seek out reasons to explain why a purchase outcome, for example, dissatisfaction, has occurred. These reasons may include the product itself, the service, the price, and even the person who sold the product. In this context, the attribution theory helps to establish how product and service quality management influence performance of commercial banks in Kenya. The theory informs the study by allowing analysis of how new products innovation play a role in contributing towards improved performance of the commercial banks This theory is used in this study because commercial banks customer responds to bank product and service failures make them develop certain attitudes and behaviour towards certain banks and then form a basis for theirs switching from one bank to another which definitely affects customer retention in the affected banks.

Conceptual Framework

The conceptual framework outlines the relationship between the dependent and independent variables. Independent variables explain the elements that when varied, they result in variations of the other variable. On the other hand, the dependent variable is the element whose outcomes vary due to variance of other variables in an experiment. The independent variables are the main aspects of customer retention strategies which include service quality management, corporate image management. The corresponding dependent variable was performance.

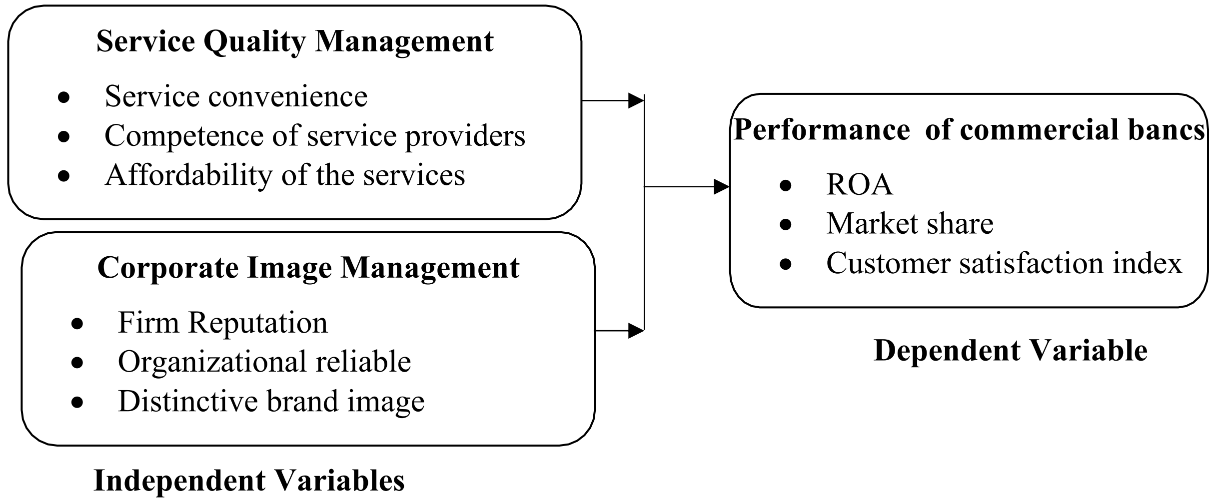

Figure 2.1: Conceptual Framework

Source: Author, 2024

Service Quality Management

Service quality is a form of attitude, related but not equivalent to satisfaction, and results from a comparison of expectations with perceptions of performance (Supriyanto, Wiyono, Burhanuddin & Olan, 2021). Service quality management refers to an approach shaped by an enduring overall assessment of a firm's performance. Service quality management is considered to be an important and scorching topic in the present competitive business world. According to Yum and Yoo (2023), Quality of service plays a crucial role in the success of the organization in creating competitive advantage and increase competitive power. Service quality management in the financial service providers sector takes into account customer expectations of service as well as perceptions of service. The dimensions of service quality focus on tangibles, reliability, responsiveness, assurance, and empathy. Outstanding service quality management can lead to favourable behavioural intentions, which may result in improved customer retention. In this study service quality management was measured in terms of service convenience, competence of service providers and affordability of the services.

Corporate Image Management

Corporate's image is defined as a summary of perceptions that external stakeholder hold. According to Ismail, Halim and EL-Deeb (2023), corporate image primarily refers to the way any given company is presenting itself to the community and the other stakeholders at large. Corporate image management strategies are the approaches and guidelines that enhance corporate reputation and corporate identity of an organization. Corporate image management is a primary role played by the corporate communications department. Corporate image management widely covers the need of the company to do and conduct itself as expected. Dokmaipum, Khantanapha and Piriyakul (2019) pointed out that the company's corporate image, defines what the company is to the public and this determines its missions, professionalism, employee competence and its role in the market environment as well as the company's role in the country's political landscape.

De Nicola, Arrigo and Anees (2023) added that a core emphasis is placed on clients so that the image is defined by not what the firm believes, but what clients feel concerning from their observations and experiences. Yum and Yoo (2023) reiterated that corporate image tends to reflect the firm's commitment to its staffs, clients and rivals its partners and the general public.

Corporate image can provide extraneous informative cues for potential buyers but does not affect loyalty. Corporate image is the most important component to support and maintain a company's position on the market map (Eze, Orga & Nwokeukwu, 2022). Corporate image is also influenced by service quality, customer satisfaction, and perceived service value. Corporate image has a role, and a good customer retention decision becomes the consequence. In this study, corporate image management is quantified in terms of firm reputation, organizational reliable and distinctive brand image.

Performance of Commercial Banks

Performance refers to the outcomes of a firm as compared to the expected outputs (Ghosh & Ansari, 2018). According to Conţu (2020), organizational performance is defined as the extent to which a corporation can meet the needs of its owners and stakeholders in order to stay afloat. Organizational performance is considered as the essence of an industrial enterprises' existence. As a result, performance can be defined as an entity's ability to generate results in a predetermined dimension in respect to an objective. In this study, performance of commercial banks included the effectiveness and efficiency of the organisation to help it achieve the desired outputs as a result of strategic controls. Performance was measured in terms of profitability (ROA), market share and customer satisfaction index.

Empirical Review

Service Quality Management and Performance

Supriyanto, Wiyono, Burhanuddin and Olan (2021) investigated the effects of service quality and customer satisfaction on loyalty of bank customers. The study sought to examine how service quality influenced customer loyalty; how customers' satisfaction influenced their loyalty to the bank; and examine simultaneous effects of service quality and customer satisfaction on customer loyalty. The study used a survey research design, and respondents were selected purposively from a population of Bank organization in Indonesia. The data gathered was analyzed employing path analysis and One-Way Analysis of Variance. The study results indicated that service quality did not have significant effects on customer loyalty, but it provided significant effects on customer satisfaction followed by influencing customer loyalty. The study found that service quality had indirect effects on customer loyalty through customer satisfaction.

Yum and Yoo (2023) studied the relationship between service quality, customer satisfaction, and customer loyalty in mobile social media. The study examined the role of customer satisfaction as a mediator. The research model consisted of four dimensions of mobile service quality (usefulness, convenience, design, and security/privacy) as well as customer satisfaction and customer loyalty. The survey used the self-administrated method. A total of 256 responses were used in the data analysis. We estimated the hypothesized relationships of the research model using a structural equation modeling technique. The results were as follows: first, usefulness, convenience, design, and security/privacy significantly and positively affect customer satisfaction. Second, customer satisfaction has a significant and positive impact on customer loyalty. Third, customer satisfaction mediates the relationship between service quality and customer loyalty; in particular, convenience, design, and security/privacy are completely mediated while usefulness is partially mediated.

Sun and Pan (2023) conducted research aimed at establishing the factors and mechanisms affecting loyalty in fitness service enterprises in China. Specifically, it addressed how service quality, convenience, and customer satisfaction influence Word-of-Mouth intentions and re-patronage intentions while examining the differences in these relationships under service methods with staff and without staff. Employing PLS-SEM, an empirical analysis of 552 customer questionnaires from four self-service fitness centers in China's top-tier cities was conducted. The results underscored positive correlations among the constructs in the structural model, emphasizing the significance of enhancing service quality and reducing customer efforts in loyalty management. Notably, service convenience emerged as a crucial driver of service quality. This convenience, mediated by service quality and satisfaction, significantly promotes Word-of-Mouth intentions and repatronage intentions. Additionally, marked differences were observed in these relationships based on the presence or absence of staff.

Ojo (2021) examined the role of service quality on organisational performance among telecommunication employees. A survey research design was used to conduct the study with a sample of 123 employees selected using a two-stage sampling technique in Lagos (62 participants and Oyo state (61 participants). Data collection was through a self-reported questionnaire that measured service quality and organisational performance. The results indicated that there exists a significant positive relationship between service quality and organizational productivity of the Nokia telephone company ($r = .34$; $P<.01$).service quality had significant joint influence on organizational productivity [$R = .54$; $R^2 = .29$; $F (1, 121) = 13.21$; $P<.01$]. The study concluded that service quality predicts organisational performance.

Elrahman, El-Borsaly and Hassan (2020) empirically investigated the relationship between service quality (SQ) and organizational performance (OP) within the Egyptian mobile telecommunications setting. the research tool used to collect needed data to test the research hypotheses is a questionnaire, which is designed to collect data related to the hypotheses variables and dimensions. The questionnaire is directed to the employees of the Egyptian mobile telecommunications companies (Vodafone, Orange and Etisalat) and consists of three parts. A valid research instrument was utilized to conduct a survey of 384 top- middle- and supervisory level managers from 3 Egyptian mobile telecommunications companies. The results indicate that SQ has a significant positive impact on OP. the results also show that Egyptian mobile telecommunications companies have mostly emphasized the responsiveness, reliability and convenience of their services to boost their OP. The findings reveal that SQ is a true driver of OP in an intensive knowledge-based industry as telecommunication.

Mutinda (2020) sought to establish the influence of service quality on customer satisfaction among four star and five-star hotels in Nairobi County. The anchoring theory of this study is Expectation Disconfirmation Theory (EDP). This study used a descriptive research design specifically cross-sectional survey with the sample size of 385 customers of the four star and five-star hotels in Nairobi County. The non-probability sampling technique specifically convenience sampling was adopted in the selection of the study sample. The study collected primary data using semi structured questionnaires. Quantitative data collected was analysed by use of descriptive statistics, Pearson R correlation was used to measure strength and the direction of the linear relationships between variables. Multiple regression models at 5% level of significance was used to establish the relationship between service quality dimensions and customer satisfaction. The study found that tangibility positively and significantly influences customer satisfaction among hotels in Nairobi County; reliability has a positive significant influence on customer satisfaction; responsiveness has positive significant influence on customer satisfaction in Nairobi County; assurance has a positive significant influence on customer satisfaction among hotels in Nairobi County; and empathy has a positive significant influence on customer satisfaction among hotels in Nairobi County.

Corporate Image Management and Performance

De Nicola, Arrigo and Anees (2023) sought to study the direct effect of CR on three different dimensions of CCB; and to examine the moderating effects of personality differences (extroversion and neuroticism) and gender in relation to the respective relationships. This investigation employs structural equation modelling using a sample of 278 consumers of retail fashion in Italy. The results show that CR positively affects the three considered dimensions of CCB. Even though no significant moderating effect of the considered personality traits was found, the connection between CR and helping others appears to be significantly moderated by gender, suggesting that females are more willing to help others than males. As such, corporate reputation can support a business from different perspectives, significantly affecting its key outcome.

Dokmaipum, Khantanapha and Piriyakul (2019) investigated the frameworks that help create the remarkable image of the retail stores in terms of environment, shop management and product as well as the ability of the staff to operate the convenience stores. The samples were ten convenience stores. The composition and characteristics of each retail store were observed in terms of their external and internal environments, the atmosphere, products, and staff in order to perform a qualitative analysis of their symbolic and functional images and a quantitative analysis by scoring on each component. Data were then analyzed by descriptive statistics. Using the K-Mean method, these stores were divided into two groups, i.e. good stores and improvement-needed stores. The exploratory factor analysis found that the corporate image management of retail business (Downstream) can be classified into two factors: storefront management and product and customer management.

Osman, Khan, Samad and Alwi (2022) evaluated the direct relationship between organizational culture and corporate image with business performance, as well as the direct relationship between organizational culture and corporate image with employee loyalty. This study also evaluates the effect of mediating employee loyalty on the relationship between organizational culture and business performance as well as the effect of mediating employee loyalty on the relationship between corporate image and business performance. This study uses a quantitative approach by using primary data for analysis. Adopted and adapted survey questionnaires from previous studies were used to collect data. A total of 329 clean data were used in data analysis using Structural Equation Modelling (SEM) techniques. This study used Smartpls3 software to analyze multivariate data and proposed hypotheses. Furthermore, by using Smartpls3, model measurement and structural model assessment procedures were also carried out. Evaluation of construct validity and reliability was performed to confirm the presence of convergent validity and reliability. Subsequently, the discriminant validity was assessed through cross- loadings and Hetrotrait-Monotrait (HTMT) ratios., Then the structural model assessment was assessed, and from the hypotheses testing results, it was found that both organizational culture and corporate image have a positive and significant relationship with business performance and employee loyalty. Mediating effect analysis revealed that employee loyalty significantly mediated the relationships between organization culture and corporate image with business performance. The findings showed that organizational culture and corporate image were important factors to be considered in strengthening employee loyalty which will eventually lead to better organizational business performance.

Eze, Orga and Nwokeukwu (2022) undertook research to examine the relationship between corporate image management strategy and organizational performance of First Bank Nigeria Limited. The specific objectives of the study were to determine the relationship between corporate identity, corporate communication and corporate reputation management (CIM strategies) and organizational performance using customer retention rate as a measure of performance. The study employed survey research design. Primary and secondary data were collected for the study with questionnaire as research instrument. Data were analyzed using frequency distribution, simple percentages and chi-square statistical method. The results of the study indicated that First Bank Nigeria Limited adopts corporate image management strategies as a means of achieving competitive advantage over their competitors. The findings also showed that corporate identity communicated the company's promise to both internal and external audiences. It helped in the interaction of the customers and the company. Corporate communication ensured internal discussions and information flow without any issues. Corporate reputation determined the social standing of an organization. It influenced and determined the levels of credibility, trustworthiness, responsibility and reliability that a stakeholder has with the organization. The relationship between corporate identity, corporate communication and corporate reputation (CIM strategies) and customer retention was significantly strong (χ>0.05). The study concluded that corporate image management strategy had significant relationship with overall organizational performance of First Bank Nigeria Limited.

Ismail, Halim and EL-Deeb (2023) sought to investigate the impact of corporate reputation on investors and whether it influences company investment returns. While previous research has focused on specific components of reputation, neglected risks associated with the analyzed firms, and relied on accounting performance metrics, this study takes into account both return and risk factors to examine how they affect corporate reputation and investment decision-making. Data were collected from 300 active investors in the Egyptian exchange stock market, and the seven-paradigm RepTrak model was used to assess reputation structures and expected return and risk. Structural equation modeling was employed to confirm the theories. The findings highlight that investors demonstrate a primary focus on the financial performance of organizations when making stock market decisions, while also considering non-financial factors such as products, innovation, citizenship, governance, and emotional appeal. Their prioritization of investment returns and risks takes precedence over evaluating workplace practices.

Wanyama (2020) focused on the relationship between corporate image management strategy and performance of sugar companies in the Western Region of Kenya. The study used a purposive sampling method to draw a sample of 55 respondents from relevant departments in 11 sugar companies based in Western region of Kenya. A descriptive survey research design was used in this study. This assisted in collection of data from the members of the population in this case on Corporate Image Management in Sugar Companies in western region of Kenya. The field data was analyzed using the aid of SPSS software, frequencies and measures of central tendency and dispersion of the mean and standard deviation was used to summarize the characteristics of variables in the study. Multiple regression analysis was used to test the hypothesis. The findings also assisted the company management to figure out the strengths and weaknesses of their companies or organizations, create positive and assertive images with their regional and global images towards their clients. The study concluded that the functional component strategy of corporate image management among the firms was to a moderate extent applied through company identity and CSR. It was concluded that emotional component strategy of corporate image management as customer service, feedback, service charter and feedback mechanism to an average extent was applied and hence influenced performance of sugar companies in Western region of Kenya. The study further concluded that to a significantly moderate extent, the sugar companies embraced attitude and beliefs component strategy of corporate image management which contributed to positive performance of the sugar processing factories in western Kenya

RESEARCH METHODOLOGY

Since main goal of this research is to describe the data and characteristics about what is being studied, this study adopted a descriptive research design. Descriptive research design has the ability to cast more light on relationships through a method of data collection that enables them to describe the characteristics of the sample more accurately (Cooper & Schindler, 2018). For the purpose of the study, the target population of the study comprised the 39 accredited commercial banks in Kenya as at December 2013 with a presence in Nairobi County.

Accordingly, the units of analysis is the 39 commercial banks. The target respondents compose of the management staffs currently employed at the 39 commercial banks in Nairobi County, Kenya. This respondents of the study involves the top level, middle level and low level managers working in the head offices of the commercial banks in Nairobi County Kenya.

The distribution of the target population is as summarized in Table 1. The average main departments in Kenyan commercial banks are 7 from the 39 commercial banks. Each department had three respondents giving a total sample frame of 819

Table 3.1: Sample Frame

Departments	**Target Population**	**Sample size**
Banking Section	117	38
Sales and marketing	117	41
Credit section	117	38
Risk and compliance	117	38
HR and Admin	117	38
Procurement	117	38
Operations	117	38
	819	269

The study adopted a stratified sampling technique. According to CBK, Commercial Banks can be stratified into large, medium, and small on the basis of the size of their market share. Stratified random sampling technique was used since population of interest is not homogeneous and could be subdivided into groups or strata to obtain a representative sample. From the above population of 819, Taro Yamane formula was applied to determine the sample size. Therefore, the sample size required for a target population of 819 respondents assuming a margin of error of 0.05, is approximately 269 respondents.

The study used both primary and secondary data. A Questionnaire was used for collecting primary data and it comprised of open and closed ended questions. Sources of secondary data was annual financial reports of the banks obtained from their website and CBK. The questions were designed to collect qualitative and quantitative data. The questionnaire was administered through drop and pick method to the managers of the customer service departments in each bank. The researcher used assistants to distribute by hand the questionnaires to be completed by the selected respondents.

Data analysis is a process used to make findings on the data collected. Data analysis involved preparation of the data collected data - coding, editing and cleaning of data so that it may be processed using Statistical Package for Social Sciences (SPSS) which was used to analyze the quantitative data. SPSS version 25 was used to analyse the data. Quantitative data collected was analysed using descriptive statistics techniques. Before the data is analysed, it was first coded, cleaned, and grouped as per the variables. Pearson R correlation was used to measure strength and the direction of linear relationship between variables. Multiple linear regression models was fitted to the data in order to determine how the independent variables affect the dependent variable. To determine any causal relationship, multiple linear regression analysis was conducted.

RESEARCH FINDINGS AND DISCUSSIONS

For the final research, the study administered 243 questionnaires for the purpose of collecting data. From that, 186 were dully filled and returned giving a response rate of 77%. Mugenda and Mugenda (2018) suggested that 50% response rate is adequate to give viable results,60% is good while 70% and above is very good response rate therefore 77% was excellent for analysis and giving reliable results for the study.

Descriptive Statistics

To explain the distribution of measures of questions addressing each variable, the researcher utilized descriptive statistics in the study. The study's descriptive statistics were means and standard deviations. The researcher first formulated the items addressing each variable in the questionnaire and requested that respondents rate the statements on a scale of 1 to 5, denoting a range of Strongly Disagree (SD) to Strongly Agree (SA).The researcher then calculated each statement's mean response and standard deviation. The overall level of agreement with all variables was calculated by averaging the averages and standard deviations.

Service Quality management

The first objective of the study was to establish the influence of Quality service management on the performance of commercial banks in Nairobi County, Kenya. The respondents were presented with 5 items. A Likert scale was used where the responses were coded as follows: 1=Strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree.

Item	N	Mean	
The bank takes time to handle customer complaints	186	2.10	0.103
The bank is fully involved with giving customers the best service	186	4.78	0.976
Strategies are put in place ahead of trends in order to satisfy the customers	186	4.66	0.884
The Banks have targets to enable them to retain customers	186	4.08	0.026
Strategic plans are in place to enable the sustainability of the existing customers (retention)	186	3.90	0.952
Average		**3.90**	**0.588**

The results of service quality management outlined in the table above show that respondents agreed with the statements that the bank takes time to handle customer complaints (Mean= 2.10; SD 0.103), that the bank is fully involved with giving customers the best service, (Mean= 4.78; SD 0.976) that Strategies are put in place ahead of trends to satisfy the customers(Mean= 4.66; SD 0.884), that the Banks have targets to enable it to retain customers(Mean= 4.08; SD 0.026), Strategic plans are in place to enable the sustainability of the existing customers (retention)(Mean= 3.90; SD 0.952). The average response mean of 3.90 and a standard deviation of 0.588 meant that the responses were closely spread towards the mean and that the majority of the respondents had consistent and similar responses. This is supported by a smaller standard deviation.

The findings concur with Supriyanto et al,(2021) who found that service quality did not have significant effects on customer loyalty, but it provided significant effects on customer satisfaction followed by influencing customer loyalty. The study found that service quality had indirect effects on customer loyalty through customer satisfaction. Similarly, Mutinda (2020) found that tangibility responsiveness, and reliability, positively and significantly influence customer satisfaction among hotels in Nairobi.

Corporate Image management

The study's second objective was to establish the influence of corporate image management on the performance of commercial banks in Nairobi County, Kenya. The respondents were presented with 5 items. A Likert scale was used where the responses were coded as follows: 1

strongly Disagree, 2= Disagree, 3= Neutral, 4= Agree, 5 = Strongly Agree.

Statement	N	Mean	SD
The bank has personnel who assist new customers in bank processes	186	3.90	1.064
The bank has created a room for customers where they can complain	186	2.12	1.104
The bank has a clear environment where the customers can communicate with the management effectively The bank	186	2.23	1.110
offers fair interest rates to its customers	186	2.22	1.198
The bank sells products to its existing customers at a fair price	186	2.10	1.205
Average		**2.74**	**1.109**

The results of corporate image management outlined in the table above show that respondents were in agreement with the statements that The bank has personnel who assist new customers in bank processes (Mean=3.90; SD 1.064), that The bank has created a room for customers where they can complain (Mean=2.12; SD 1.104), that the bank has a clear environment where the customers can communicate with the management effectively (Mean=2.23; SD 1.110), that the bank offers fair interest rates to its customers (Mean=2.22; SD 1.198), that The bank sells products to its existing customers at a fair price (Mean=2.10;SD 1.205). The average response mean of 2.74 and a standard deviation of 1.109 meant that the responses were closely spread towards the mean and that the majority of the respondents had consistent and similar responses. A smaller standard deviation supports this.

The findings agreed with Eze, Orga, and Nwokeukwu (2022) who said that corporate identity communicated the company's promise to both internal and external audiences. It helped in the interaction of the customers and the company. Corporate communication ensured internal discussions and information flow without any issues. Corporate reputation determines the social standing of an organization. It influenced and determined the levels of credibility, trustworthiness, responsibility, and reliability that a stakeholder has with the organization.

Table 4 Correlation analysis

	Correlations		
	Y	X_1	X_2
Pearson Correlation	1		
Sig. (2-tailed)			
Pearson Correlation	.753**	1	
Sig. (2-tailed)	.000		
Pearson Correlation	.843**	.598**	1
Sig. (2-tailed)	.000	.000	
Pearson Correlation	.789**	.780**	.804**

The results indicate that the association between each of the independent variables and the dependent variables were significant at 95% confidence level. The relationship was found to be statistically significant at 5%level

The results show positive, significant correlation between performance of commercial banks and service quality management (r=0.753), Corporate image management (r=0.863), This indicates that customer retention is positively correlated with performance of commercial banks, indicating that improved customer retention services mayor promote performance of commercial banks.

Regression Analysis

Table 5 Regression Coefficients

	Unstandardized *Coefficients*		Standardized	t	Sig.
	B	Std. Error	Beta		
(Constant)	1.197	1.119		1.09	0.029
SQM	0.913	.186	.895	4.806	0.000
CIM	0.628	.268	.591	2.343	0.003

$Y= 1.197+ 0.193X1 + 0.628X2$

The equation established that considering all other independent variables constant at zero, performance of commercial banks in Nairobi County will be at an index of 1.197. Also taking all other independent variables at Zero, a unit increase in service quality management leads to a 0.193 increase in the performance of commercial banks in Nairobi County, similarly, a unit increase in corporate image management leads to a 0.628 increase in the performance of commercial banks in Nairobi County.

Conclusions

The study findings found that service quality management has a favorable and significant impact on the performance of commercial banks in Nairobi. The findings demonstrated that service quality management practices are crucial for customer retention and performance. Strategies such as giving customers the best service, satisfying customers, giving targets, and having strategic plans to enable the sustainability of existing customers. All these retention strategies help in improving the performance of commercial banks in Nairobi Kenya.

The study's findings demonstrated that Corporate Image management is a critical component of the performance of commercial banks in Nairobi where strategies such as feedback mechanisms, new customer assistance and customer care, effective communication, fair interest rates, and fair pricing are types of practices that ensure that a competitive corporate image management and in turn customer retention.

Recommendations for the Study

The study therefore recommends that bank managers invest more in continuous quality service offerings to their customers to ensure retention. The banks should ensure that the customers are satisfied, targets are met, and continuous sustainability strategies so as not to lose existing customers.

On Corporate Image management, the study recommends that Bank managers should emphasize departmental collaborations from the banks to ensure that there is an efficient system to onboard new clients, that the feedback mechanism is effective, and that clients have a way of knowing that their feedback was utilized

Areas for further research

Further research can be carried out to determine other types of customer retention practices that are more appropriate for commercial banks in Kenya. Further research can be done to establish the challenges faced by leaders during strategy implementation and how they can be addressed. A study can also be done in different service-providing sectors to determine if the strategies have a positive effect in different sectors.

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