

RELATIONSHIP MARKETING AND CUSTOMER RETENTION AMONG DEPOSITS TAKING SAVINGS AND CREDIT COOPERATIVE SOCIETIES IN EMBAKASI, NAIROBI CITY COUNTY, KENYA

Halle Abdullahi Mohamed.

Master of Science in Marketing Management, Kenyatta University, Kenya.

Dr Jane W. Njuguna (PhD).

School of Business, Kenyatta University, Kenya.

Chrispen Maende.

School of Business, Kenyatta University, Kenya.

©2022

International Academic Journal of Human Resource and Business Administration

(IAJHRBA) | ISSN 2518-2374

Received: 22nd April 2022

Published: 27th April 2022

Full Length Research

Available Online at: https://iajournals.org/articles/iajhrba_v3_i11_20_68.pdf

Citation: Mohamed, H. A., Njuguna, J. W., Maende, C. (2022). Relationship marketing and customer retention among deposits taking savings and credit cooperative societies in Embakasi, Nairobi City County, Kenya. *International Academic Journal of Human Resource and Business Administration*, 3(11), 20-68.

ABSTRACT

SACCOs just like any other financial institutions need to have a noble comprehension of their client's tastes and preferences so that suitable marketing approaches directed towards relationship construction and customer retention can be established. However, customer retention in Sacco's has been a challenge due to stiff competition and higher customer expectations. This study therefore aimed at determining the effect of relationship marketing on consumer retention among DT-Saccos in Nairobi City County, Kenya. Specifically, the study focused on assessing effect of service delivery, trust, communication effectiveness and financial products diversification on customer retention by DT Sacco's in Nairobi City County, Kenya. Customer's age, education level and financial status was used as the moderating variable. This study was anchored on social exchange theory, servqual model and relationship commitment model. The study adopted descriptive research design and targeted five DT Sacco's in Embakasi. Random sampling was employed in generating a 396 respondents sample size from a total population of 40,342 DT Sacco members obtained from five Sacco's in Embakasi area which formed the strata. Primary data was gathered using questionnaires which were semi structured in nature. Questionnaires were piloted which ensured questionnaire reliability in data collection. The respondents were DT Sacco members. The five DT-Saccos whose members formed the target population of the study were from; Airports Sacco, Kenpipe Sacco, Wanandeg

Sacco, Nafaka Sacco and Jamii Sacco. Cronbach alpha was utilized in evaluating reliability. Quantitative data was analyzed by descriptive statistics (standard deviation and mean). Inferential statistics involving regression and correlation analysis was also used to establish the effect of independent variables on dependent variable. At significance level of $p < 0.05$, it was found that service delivery positively and significantly affected customer retention ($\beta = 0.419$, $p = 0.00001$), trust positively and significantly affected customer retention ($\beta = 0.209$, $p = 0.00001$). The study also revealed that communication effectiveness positively and significantly affected customer retention ($\beta = 0.509$, $p = 0.0001$) while financial products diversification positively and significantly affected on customer retention ($\beta = 0.197$, $p = 0.00001$) at a $p < 0.05$ significance level. Customer characteristics (income, education and age) had a significant moderating influence on relationship marketing - customer retention relationship. Basing on the results, the study's conclusion was that relationship marketing do have a significant effect on customer retention as shown by the F-value of 28.140, which had a p-value of 0.000. Key recommendations from this study is that Saccos should recruit qualified and competent staff who are well informed about the products and services that are on offer and the plans set for the benefit of members. The study further recommends that New changes, products and services done should be effectively communicated and with clarity. All Saccos should aim at improving their financial services and terms of products to the members.

INTRODUCTION

Background of the Study

Globally, customer retention has been a big challenge as the dynamics of business environment keeps on changing. According to Agbolade (2011), the current business environments where financial institutions operate are characterized by a complex and competitive climate. For instance, in most developed countries, globalization and the diversification of technology have greatly transformed the face of banking sector.

The global recession and the advancement of technology through online channels of money transactions (E-banking, E-commerce, M-banking) have mutually steered in the awakening of new customer autonomy which gives customers the powers to find, compare and evaluate purchases just by the click of the button (Aliyu, 2012). Financial institutions therefore need to revolutionize their strategies as customers have now become very fragile and can easily be enticed by the assurance of more savings by paying less. This therefore necessitates the need to be more proactive and innovative when developing products and relating with customers for retention.

Forbes Magazine (2015), on “the future of customer retention marketing” elucidates that global business indicator shows that businesses are not giving much emphasize on customer retention. According to the article, as recent as the year 2012 marketers placed more emphasize on increasing sales as compared to building and maintaining customer relationships.

Due to stiff competition and the dynamic changes in the external operating environment, businesses have now been bound to adopt strategies that are primarily intended at forming long term associations with customers. Karr (2012) supports the above statement by explaining that financial institutions globally are implementing strategies that are primarily aimed at improving their market performance by retaining their customers. According to Sagwa (2016) one strategic focus that Sacco’s can implement to endure the stiff competition in the financial market would be focusing on service quality to gain customer retention.

Locally in Kenya the financial industry where Sacco’s operate is highly competitive since Sacco’s compete not only with each other, but with other preponderant foreign banks and local financial institutions (Wanyama, 2009). A study conducted by Zikalala (2016) revealed that the key challenge facing Sacco’s today is customer retention. Sacco’s have continuously faced persistent flow of competitors from other financial institutions who are more than eager to grasp a share of the market revenue within and outside the industry.

Businesses need to go over and above provision of basic customer’s desires and expectations for the purpose of achieving customer retention. The need to sustain the already existing customers is indispensable for Sacco marketing managers to put into practice relationship marketing

(Weinstein, 2012). Ajemunigbohun (2013) believes that retention of customer is important for businesses to remain competitive in business and that it is an objective to maintain long lasting associations with clients. Thus, one planned effort that Saccos can implement to stay economical would be to focus on customer retention. This study aimed at establishing relationship marketing effects on client retention among deposits taking saccos in Embakasi sub county, Nairobi City County, Kenya.

Relationship Marketing

Relationship marketing is a marketing strategy which primarily is aimed at nurturing and handling lasting and reliable associations with clients, traders and all other stakeholders in the market (Gilaninia, Almani, Pournaserani & Mousavian, 2011). Such trustworthy understanding helps in better management of business-customer relationship which eventually leads to achieving customer loyalty. The concept of relationship marketing enhances consumer centricity by fulfilling customers' needs and wants. Hougaard and Bjerre (2009) demonstrated relationship marketing as a marketing tactic that a company practices with an intention of creating, preserving and advancing competitive and consumer link to the benefits of both parties. From the above definitions, relationship marketing can be comprehended as a strategic orientation that focuses on creating a lasting association that is advantageous to the customer and the business entity in the long run.

Service delivery to the consumers is whereby the needs of clients are catered for through ensuring that the services are available and are professional, useful and of high quality. Also, support is given in the course of ensuring that all the needs of customers have been attained (Oyeniyi & Abiodun, 2013). In the economical world, issuing high quality service is a key aspect to meet customer satisfaction which is followed by organizations. Kumar, Scheer and Steenkamp (2010) indicate that delivering quality service is also an important aspect of business as it tends to have a great impact on how customers are retained in businesses. Therefore, it can be argued that for organizations to accomplish a longer long-term business performance it must create a better-quality customer value.

According to Rouse and Rouse (2012) efficient or proper communication depicts that the material is received precisely concerning the content and denotation as projected by the disseminator. Rensburg and Cant (2013) observe that communication is understood to openly influence the development of lasting associations with the shareholders of a business. As such, it is essential to recognize the function of communication in developing connections between the numerous events in the firm and between the business and its shareholders. Therefore, communicating effectively with customer's results to enhanced customer relationship which consequently save time and money, improves decision making as well as improving dispute resolution if any case disputes arise.

Trust is the anticipation of the parties in a contract with any business during service familiarity. It is also interrelated to the perils allied with supposing and acting on such outlooks by the present business (Gounaris, 2011). Swaen and Chumpitaz (2014) depicted that, there are three key facets of consumer trust. They entail perceived integrity benevolence. Therefore, developing consumer assurance and offering quality service results in the organization improving consumer confidence. In the end, this results to enhancement of the rate of customer retention.

Organizations are confronted with numerous difficulties in today's company setting that affect their goals of survival and development. Different business models need to be adopted to mitigate difficulties, and a plan for diversification of economic products marketing is one that a company can adopt in order to generate value (Palepu, 2012). Jones and Swanson (2015) argue that by diversifying its products marketing, entering associated or unrelated companies and/or pursuing global markets, a company can be diversified. Once a company has diversified marketing, it cannot be concerned with its company unit approach alone that is, how to generate a sustainable competitive advantage within its selected marketplace, but must pursue diversification-related operations when faced with increased competitive pressures.

Customer Retention

This has broadly been demonstrated as the capability of businesses to patronize repurchase from its existing customers (Ginn, Stone & Ekinici, 2010). According to Safa and Ismail (2013) customer retention is the approach taken by businesses to put more effort on its existing clients with the objective of continuing to do businesses with them repeatedly. Similarly, Kotler (2011) described customer retention as all activities that a firm conducts in order to reduce client defection. From the above definitions, customer retention can be understood as essential marketing plans that are aimed at retaining all existing and potential new clients by developing long-lasting relationships that strengthens the joint connection between a buyer and a seller.

Musyoka (2016) indicated that customer retention is referred to as a wide-ranging aspect of approval that the link has contented its difficulties or augmented their revenues. The supposed consumer confidence enhances customer retention. Sin, Tse, Yau, Chow and Lee (2012) depict that if commercial banks want to capitalize on their continuing performance in elements like client retention, it's expected to construct, preserve and enrich lasting and equally favorable connections with its directed consumers. These authors further indicate that one of the foremost results of robust affiliation between buyer and seller is customer retention. Cost saving and increasing profitability has importance for all companies and customer retention can be deliberated as a crucial constituent to accomplish these objectives. According to Gummesson (2014) organizations opt to retain customers because prevailing consumers are relatively easier and cheaper to preserve than to develop a different stream of consumers and it consumes less marketing effort and financial input levels to please old clients.

Customer Demographics Characteristics

According to Tarsi and Tuff (2012), demography is the scientific study of human populations. Demographic information delivers statistics concerning research participants' race, age, sex, ethnicity, gender, education; income level and marital status of research participants. In research, understanding demographics is very important as it forms the foundation of the research respondents and how to breakdown the overall research response data into meaningful groups of respondents (Petit & Charbit, 2012). Demographic information offers statistics concerning investigation partakers and is essential for determining if the individuals in a specific study characterize the target populace sample for overview reasons.

In Kenya a person is eligible to become a Sacco member upon attainment of 18 years of age and can continue being a member as long as he or she is capable of contributing monthly deposits. Education influences customer purchase decisions as is shown by differences in opinion between customers with a different education level. Individuals who are well educated are believed to be more rational in decision making. Revenue is the most imperative element of customer segmentation in the current commerce world. Income influences the purchasing power of typical consumer where those with more income tend to purchase more frequently than those with limited income. With regards to demographic variable, respondents were grouped into different income levels for the purpose of obtaining feedback from each category. For the purpose of this research, age group, education level and financial status was selected as moderating variables to determine its effect on customer retention of Nairobi City County Sacco.

Savings and Credit Society Limited in Kenya

The definition of a co-operative based on Co-operative Societies Act, Cap 490, 1965 is that it is an independent relationship of people who have united to satisfy their communal desires and objectives through a cooperatively owned initiative. The main objective of a co-operative society is to support members to develop a saving culture, in that way facilitate accumulation of capital which is then lent out at an affordable interest rate.

According to Ipaat (2014), people form cooperatives with an intention of not only enjoying a wide range of social services offered but also to improve their standards of living. Co-operatives are administered by the following seven cooperative doctrines (cooperation among cooperatives and concern for the society, education preparation and evidence, independence, member's commercial partaking, member's economic control, democratic member control and open and voluntary membership) which have been have been commonly acknowledged and approved by International Cooperative Alliance (ICA).

Mokua (2015) found that some countries in Africa like South Africa, Kenya and Rwanda experienced unprecedented growth of Saccos enhancing substantial economies growth since they focus on providing financial services for startups benefit. Sacco's are applauded for availing not

only savings alternatives but also investment by issuing affordable and cheap loans to its members. From the above, it can therefore be deduced that Sacco's indeed plays a fundamental role in economic prosperity by instilling the culture of savings and borrowing for economic growth, start-ups, and business development.

Sacco's in Kenya are governed by SASRA which is a semi-independent administration agency. Its main responsibility is to license and supervise Sacco's in Kenya. According to the approximation made by SASRA (2013), 1 billion people are affiliated with Sacco's globally as reflected in the ICA composition. It is reported that most developed nations of the world rely on their Sacco's that features widespread vibrancy and dynamism as vehicles for achieving their economic development agendas (Olweny & Shipho, 2011).

SASRA (2015), indicate that Sacco's have by large magnitude contributed to creation of employment in Kenya therefore contributing to the government efforts of achieving one of its visions 2030. Additionally, the vision 2030 economic blue-print blue print recognizes Sacco's as a vital sector in the Kenyan economy through their role of deepening financial access by mobilizing reserves for investments in initiatives and individual progress. SASRA (2015) supports the above sentiments by reporting that as at August 2015, Sacco's in Kenya have accumulated almost 35% of the country's national savings.

Deposit Taking Sacco's in Nairobi City County, Kenya

Deposits taking Sacco's (DT-Sacco's) are those that take demand deposits and consequently give withdrawable savings accounts amenities comparable to those presented by banking associations SASRA (2008). On the other hand, the non-DT-Sacco's segments are those that organize savings (deposits) from their members; which payments are firmly used as security for credit services issued to members. SASRA (2017) indicates that Nairobi City County records the utmost physical concentration of deposit taking Sacco's with forty (40) head offices in Nairobi City County as compared to one hundred and sixty-four (164) Sacco's registered Country wide as shown in Appendix 1. SASRA (2015) indicates that membership base remains a key parameter of monitoring trends in performance of Sacco's. The decline is associated with the limitation of services on offer to the members, who then check for alternatives of the services they need.

Unfortunately, the market share of Saccos in Kenya has been declining at an alarming rate in spite of members' geographic region compared to other financial providers Nyaga (2013). Kiragu (2015) established that the decrease has been from a high of 13.5% in the year 2009 to 9.1% in the year 2013. During this period, the market share for commercial banks grew from as low as 13.5% in the year 2006 to 29.2% in the year 2013 Ibid (2013). Sacco membership in Nairobi City County has been fluctuating annually according to annual SASRA report published

from the year 2010 to 2018. Appendix VI elaborates membership base of Nairobi City County DT-Saccos from the year 2010 to 2017.

While statistics from SASRA indicates an overall annual increase in membership in Nairobi City County from the year 2010 to 2017, Sacco's in Nairobi are still struggling to retain or increase its membership base due to so many factors. SASRA (2014) claims that this trend in the diminishing customer base is as a result of competition from other financial institutions that offers diversified financial products and improved Information Communication Technology (ICT) in financial service delivery. The research hence seeks to establish impacts of relationship marketing on consumer retention among Nairobi City County DT Saccos.

Statement of the Problem

Customer retention is vital for the prosperity of any institution and particularly that of Saccos whose capital is solely financed by members' (ACAL, 2012). The introduction of similar products among Saccos has created situations that have encouraged more movement of customers between Saccos and other financial institutions. As such, customers no longer express the sort of loyalty that was experienced by Saccos in the last 5 years. Mamouni, Watson, Mazzarol and Soutar (2012) observed that the financial sector is extremely competitive with Saccos competing with other local and international financial institutions like banks and non-banking financial institutions. To be competitive, Saccos need to be proactive in developing a more customer-centric approach by availing quality services and affordable prices which strengthens leads to customer retention. The success of any organization greatly depends on its ability to convince and transform customers who are indifferent into loyal once and establish a long-term relationship with clients (Bhardwaj, 2016).

Customers' behavior of establishing relationships with people rather than goods has also pushed for customer relationship marketing to meet the customer needs. This meant that an overhaul from the purely systems processes to operations processes was important and viable for the retention of customers. The need to keep hold of the already available customers led to managers in Saccos looking for relationship marketing, an item that kept customers to Saccos. Mamouni, Watson, Mazzarol and Soutar (2012) showed that relationship marketing had helped banks to hold on to their available customers and keep up with profitability.

Rahman and Masoom (2015) investigated the impact of relationship marketing on competitive advantage and client retention emphasized the need for organizations is relating customer relationship marketing to entice and preserve consumers, and to accomplish competitive advantage. However, the study context was Grameen Phone Ltd. The emphasis of the present study was on Sacco's industry. Wagoki and Okello (2015) studied how client retention is influenced by relationship marketing in Nakuru town commercial banks and found that conviction is strategic in relationship marketing now that cultivating it improves retention of

customer. However, a cross-sectional research design was employed which is subject to sample biasness. The current study used descriptive survey research design. Chuani (2017) study focused only customer retentions factors among the Kenyan commercial banks. The current study have specifically assessed how relationship marketing impacts customer retention in DT-Saccos. Hettiarachchy and Samarasinghe (2016) study focused on the impact of association marketing on client retention in Banking Industry in Sri Lanka. However, the study was done in Sri Lanka which have a different economic situation from Kenya. There exists a tangible gap from past studies in as far as the relationship marketing effects on client retention in DT-Sacco in Kenya is concerned. This study' main aim was to determine relationship marketing effect on customer retention among Deposits Taking Saccos in Embakasi Sub County, Nairobi City County, Kenya.

Objectives of the Study

General objective

The main objective of this study was to determine effect of service delivery on customer retention.

Specific Objectives

- i. To assess effect of service delivery on customer retention among DT-Saccos in Embakasi Sub-County, Nairobi County, Kenya.
- ii. To determine effect of trust on customer retention among DT-Saccos in Embakasi Sub-County, Nairobi County.
- iii. To assess how communication effectiveness affects customer retention among DT-Saccos in Embakasi Sub-County, Nairobi County, Kenya.
- iv. To establish how financial products diversification affects customer retention among DT-Saccos in Embakasi Sub-County, Nairobi County.
- v. To evaluate the customer characteristics' moderating effect on relationship marketing and customer retention relationship among DT-Saccos in Embakasi Sub-County, Nairobi County.

Research Hypotheses

- H₀₁ Service delivery has no significant effect on customer retention among DT-Saccos in Embakasi Sub-County, Nairobi City County.
- H₀₂ Trust has no significant effect on retention of customer among DT-Saccos in Embakasi Sub-County, Nairobi City County, Kenya.
- H₀₃ Communication effectiveness has no significant effect on customer retention among DT-Saccos in Embakasi Sub-County, Nairobi City County.
- H₀₄ Financial product diversification has no significant effect on customer retention among DT- Saccos in Embakasi Sub-County.
- H₀₅ Customer relationship has no significant moderating effect on the customer retention and marketing relationship among DT-Saccos in Embakasi Sub-County.

Significance of the Study

Findings indicated that relationship marketing and customer retention positively related. It was found that effective service delivery improves customer retention. As such, the management of DT-Saccos can create new strategies based on this finding. For instance, the management can prioritize the need to train staff on customer care especially those at the front desk as they are always the first point of contact with clients. The management on prioritizing the relationship cultivation of members and clients is a key to retention of members in the cooperatives. Retention and increase in the membership is crucial to the running and progress of the cooperatives since the customers are the key to financial and economic sustainability of the cooperatives.

The policy makers such as SASRA can use findings from this study to make informed decisions on DT-Sacco operations in regard to relationship marketing. For instance, on financial product diversification, they can create an enabling environment for the DT-Saccos to offer diverse loans to members that caters for their financial needs and the need for Sacco managers to re-engineer their products depending with customer's needs.

Additionally, academicians stand to benefit from the study regarding how relationship marketing affected customer retention among DT-Saccos. The study provides a research foundation to conduct future researches and expound the findings of this study in other fields of the study in examining effects of relationship marketing and retention of customers. Further, scholars can identify methodological or contextual gaps which can be foundation for future studies.

Study Scope

The focus was on how service delivery, trust, communication effectiveness, financial product diversification and consumer characteristics affects customer retention. The unit of analysis was five chosen deposit taking Saccos in Embakasi Sub-County, Nairobi City County.

Limitations of the study

Given the nature of confidentiality of data on this research, most Sacco members were not volunteering to share information for fear of being victimized by Sacco management. To address the problem, the researcher guaranteed the participants that evidence was not shared to another person or institution apart from the intention of this research. The respondents were also given a room for not disclosing their identity to make them feel comfortable when filling in the questionnaires.

Study Organization

The thesis is structured in five chapters. First section presents the study background followed by the variables namely relationship marketing and customer retention, a detailed description of Sacco's in Nairobi City County and Kenya, customer demographic features, problem statement,

study objectives, research hypotheses, study limitations and significance. The second chapter presents literature review. Chapter three discusses the research methodology used in the study focusing on research design, research philosophy, target population, empirical model, sampling and sampling procedure, study variables operationalization, mode of data collection, diagnostic tests reliability, validity, analysis and presentation of data and ethical considerations. Chapter four presents the research findings, interpretation and discussions while chapter five provides the summary of the findings, conclusions, the study recommendations.

LITERATURE REVIEW

Introduction

The section discusses the theoretical foundation and empirical literature review and gives a research gaps summary. The chapter also provided a conceptual framework depicting the study variables' relationship.

Theoretical Literature Review

The study was anchored on social exchange theory (SET), servqual model and relationship commitment model. The section that follows reviewed these theories and models.

Social Exchange Theory

Social Exchange Theory cuts across social psychology and social perspective and it gives a deeper explanation of social dynamics and process of negotiating exchanges between parties. The proponents of this theory are Thiabaut and Kelley (1959). The theory postulates that before individuals agree to enter into any form of relationship, they must first analyze this on how much cost they will incur and the benefits they will achieve and the comparison of alternatives. This means that people always weigh the potential risks and benefits in any social relationship. If the reward is substantial, the relationship will be maintained but when the potential risk outweighs the rewards, the relationship is quickly terminated.

According to the theory, cost are things that have seen as negative connotation to an individual and these include putting more money, time and effort into the relationship. On the other hand, benefits are things that an individual gain from the relationship and these include increased customer retention, increased market share, profitability from an organization's perspective whilst on the customer's part improved service delivery, delivery of promises, reasonable pricing and specialized products and services that meets and exceeds their expectations. When benefits are more than the cost, the relationship will be maintained but if the cost outweighs the perceived benefits, people choose to quit the relationship.

Micevski (2014) study on marketing and sales interface flexibility perspective established that SET's core principles; rewards, analysis of costs and reciprocity of actions obtained through the exchange, as crucial dimensions of developing business relationships with customers. Similarly,

Nunkoo (2015) who used SET to study resident's attitude to tourism explained the significant contribution of embracing trust and power to the concept of SET. Incorporating trust and power offers investigators with a better hypothetical comprehension of why occupants in that research are or are not positively inclined toward tourism development Nunkoo (2015). Karimi (2014) study on relationship marketing activities on client retention in Kenya's insurance business found out that relationships marketing had an effect on customer retention.

This theory was vital to the current study as it seeks to bring out fundamental principles which are vital in forming a lasting relationship between two or more parties and the resultant effect on customer retention. For instance, a business that fails to deliver its consumers with benefits that were implicitly negotiated upon for instance, standard of quality, will find that consumers will slowly terminate their relationship and instead form a new relationship with the competitor business who offers better benefits and less costs. For this reason, businesses need to look at ways that establish and maintains long-term relationships with customers.

SERVQUAL Model

Parasuraman *et al.*, (1985) developed the model. The model epitomizes quality service as the difference between a client's prospects of service offering and the consumer's views of the service established, (Parasuraman 1985). If what is offered is below anticipation, the customer reviews the quality as low. However, if the expectations of the alleged are met, then it is considered to be of high quality by the client.

The model comprises of five scopes and these are; empathy, assurance, responsiveness, reliability and tangibility (Parasuraman *et al.* 1985). Whereas; tangibles are things that can be seen and touched by customers that influences their service quality perception. These include the physical amenities, equipment and look of personnel. Reliability denotes the capability of the business to execute the assured services consistently and precisely. Assurance denotes the competence, politeness, credibility and integrity of workers and their capability to awaken customers' self-assurance. Responsiveness is the enthusiasm to assist clients and deliver swift service. Lastly, empathy refers to the kindness and modified consideration that the organization affords to its clients.

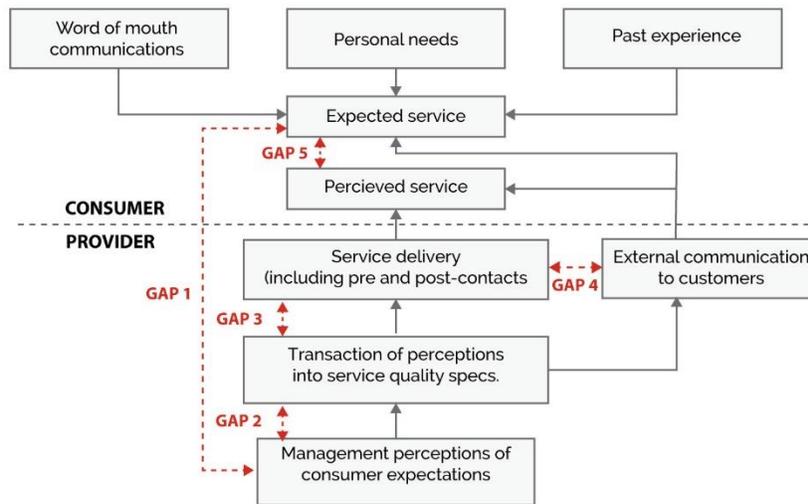


Figure 2.1 SERVQUAL model
 Source: (Parasuraman, 1991)

A study conducted by Otieno (2013) to determine how service quality, company appearance and consumer satisfaction among Kenyan university learners were related disclosed the existence of substantial connection between offering quality service and consumer satisfaction. Another study conducted by Moraa (2009) on service quality magnitudes and client fulfillment in Barclays bank in Kenya found that consumer satisfaction levels are positively linked to service delivery but not proportionately. Buttle (1996) also established that service quality the significant contribution of service quality on rate, viability, client satisfaction, customer retention and constructive referrals and is therefore deliberated as a key motivator to business promotion and monetary performance.

This model was useful to the present study as it demonstrates the contribution of service delivery dimensions as the most powerful gears for achieving customer retention and a tool overcoming competition and achieving success in the existing competitive business environment. The ideal brings out the beneficial dimensions of service delivery which partakes a crucial role in customer retention. Although customer retention is a subject to many other influences, it always begins with service quality and delivery.

Relationship Commitment Model

Sharma and Patterson (1999) established the Relationship Commitment model that shows the contributing factors of relationship obligation. The three key determinants of relationship commitment according to this model include; communication efficiency, technical and functional qualities and confidence.

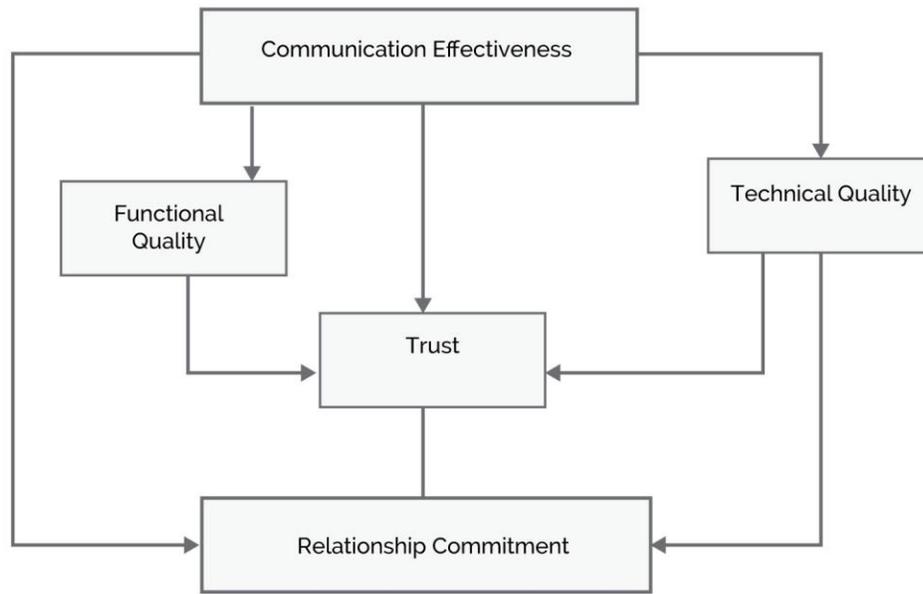


Figure 2: 2_Conceptual model of the factors of relationship assurance
Source: Sharma and Patterson, 1999

Trust is the reliance on service provider's promise to act in a manner that the purchaser's long-standing interest are aided (Sharma & Patterson, 1999). Trust has a noteworthy function in influencing perception of customers regarding the effectiveness of shared knowledge. Similarly, trust boosts the long-term engagement with customers as it reduces the perceived risk of inadequate performance by a partner. Communication effectiveness involves the correct sharing of valuable and prompt information between partners. This aims at keeping customers aware of their investment options thus boosting customer's confidence in their ability evaluate possible risks and outcomes. According to Sharman and Patterson (1999), practical and service qualities are the two components of Service quality. Technical quality is the reliance on the professionals' ability and competence to attain the greatest return on investment for their client while functional quality involves customers' perception of service delivery which is mainly influenced by the collaboration between the service provider and receiver respectively. Strong relationship commitment is influenced by the perception of quality (Sharma & Patterson 1999).

An empirical study by Taleghani (2011) on the function of affiliation marketing in client positioning procedure in the Iranian banking industry found that trust, communication effectiveness and commitment to service ethics strongly affects customer retention by these banks. Additionally, Ismail (2015) study on effects of marketing strategy on client retention established that trust, communications, preferential treatment and personalization significantly affects customer loyalty. Both studies support the role of trust and communication in customer retention in business.

The theory was significant to the present research as it clearly elaborates components that form relationships. The theory brings out specific elements of trust, quality and communications and the critical role they play customer retention.

Empirical Literature Review

The empirical literature section reviews the existing studies conducted by other scholars on effects of relationship marketing: service delivery, trust, communication effectiveness, and financial product diversification on customer retention of selected Nairobi County DT-Saccos.

Service Delivery and Customer Retention

Preko, Agbanu and Fegno (2014) did a research on service delivery, customer pleasure and client satisfaction in real estate business in Accra. It was established that service delivery strongly affects customer contentment and customer pleasure. The study targeted customers who have bought land and estate with Elite Kingdom Investment and Consultant. Questioners were employed to gather statistics from a sample of 248 people using simple random sampling. Findings from the study found that the connection between delivering services and client satisfaction showed affirmative correlation. Service delivery was also found to be antecedent to customer delight which is a substantial element in customer retention and loyalty.

Preko *et al.*, (2014) study was based on real estate settings whereas the current study was conducted on Sacco settings unlike. Sacco's have different services and products that are offered to its members which are different from that offered by real estate business and therefore although the two researches focuses on how service delivery affects customer retention, the responses from these two group of customers might yield different results. There is also a gap on research methodology employed by the two researches; the current study utilized stratified random sampling to choose samples from the target population whereas the above study utilized simple random sampling. Also, the current study was conducted in Kenya in the year 2019 which might yield different results because of differences in time and geographical setting.

The key service delivery dimensions- reliability, assurance, tangibility, empathy and receptiveness were the leading customer retention factors in Ghanaian's Banks in a study undertaken by Nsiah and Richard (2014) discovered the impact of quality service on consumer retention in Ghana's banking with precise position to Askore rural bank Limited. Findings in the study was from data collected through administering questionnaires among 120 respondents and assessed using multiple regression and correlation exploration. Findings from the regression test disclosed that client retention is positively affected by the level of service quality.

Further, the study found that empathy and responsiveness as the utmost vital dimensions of service delivery that affects customer retention, these are then backed up by tangibility, guarantee and lastly the bank consistency. Where the study seeks to institute service quality

impact on retention of customer, the current study seeks to determine impacts of relationship marketing as a whole; service delivery, trust, communication effectiveness and financial product diversification on customer retention. The current study utilized stratified random sampling to obtain 396 respondents. (Nsiah *et al.*, 2014) employed convenient sampling procedure to obtain 120 respondents which might bring the gap in the research methodology used by the two studies. According to research conducted by Chuani (2017) on aspects influencing customer retention in Kenyan Commercial Banks, service delivery attributes were found to be; low number of complaints and resolution of complaints, provision of customer demand and needs, responsive products and services, the utilization of technology in service delivery and friendly and effective employees in the bank. Analysis of data from 138 respondents collected using stratified random sampling and analyzed using descriptive statistics indicated that the utilization of technology in conveyance of banking products and services significantly enhances customer retention rates. These technologies include the use of telephony, internet banking, ATM and point of sale machines (POS).

Trust and Customer Retention

A study conducted by Manduku (2013) on determinant of customer loyalty established that trust is a foremost cause for attainment of client loyalty. The study involved forty-three (43) commercial banks in Nairobi used convenient sampling in gathering information from a sample of ninety-six (96) respondents. The study utilized descriptive statistics to analyze data collected using questionnaires. Males were 67% while the females were 33%, which could be attributed to the fact that men are more aggressive than women. The research also showed that customers who trusted their banks showed repeated purchase and believed that their bank's action were in the customer's best interest.

According to the study, trust is built when the banks' actions are likely to yield positive outcomes to customers or when the banks operate in the paramount interest of clients. Capability to convey on assurances, having high credibility and integrity also were dimensions that portrayed trust in a bank. The study also revealed that trust is built around customer's confidence in using the services of a bank repeatedly and the belief that banks actions on customers' transactions yields positive outcome.

However, the current study covered a broader dimension of relationship marketing; service delivery, trust, communication effectiveness and return on invest and how it not only affects customer loyalty, but also how it goes beyond loyalty to retention. Additionally, the two studies might yield differing results given that how customers of these two institutions (Sacco's and banks) perceive the various product and service offered. This is because, although banks and Sacco's offer almost similar services, their operations and regulations are different; while banks are primarily into business for profits; Sacco's are more into members' welfare. These affect customers' perception of these two institutions. Also, the two studies employed different

research methodology. The current study employed the utilization of stratified random sampling and a model size of 396 respondents.

High level of integrity, confidentiality of personal and financial information greatly influences the level of customer's trust in a bank. These were finding by Kiniu (2009) on factors that affect customer devotion in Kenya's banking division. A stratified random sampling was utilized to choose a sample of 360 people who used banks in Nairobi. Questionnaires which were administered as personal interviews were utilized as a tool for gathering data. Regarding customer's trust on the bank services, the study found that 29% of the customers' loyalty was attributed to trust. The study revealed that integrity, openness, accuracy and security are the major components of building trust. That trust should be cultivated through clients personal information and financial confidentiality and integrity. Whereas Kinui (2009) study only focused on impacts of service quality and customers' trust on customer loyalty, the current study focuses on relationship marketing which discussed communications effectiveness and financial product diversification in addition to service quality and trust.

Kuria (2010) researched on relationship marketing activities among commercial banks, revealed the significance of trust in the development of a successful relationship. A cross-sectional survey was employed to acquire respondents the commercial banks in Kenya. Purposive random sampling was used to attain a sample magnitude of eighty-eight (88) respondents who were administered with the questionnaire. Findings from the study showed that promise and trust as the critical components of establishing and maintaining relationships. To achieve customer retention and long-term success, the association between a company and its consumer sought to be marinated and enhanced. Kuria's study only focused on application of relation marketing by Kenya's commercial banks, whereas the current study narrows down to determine how several identified indicators of relationship marketing affects customer retention in Sacco's. Findings from the current study expounded into details not only application of relationship marketing, but also how it affects customer retention in these institutions which is very important.

A similar study done by Alrubaiee and Al-Nazer, (2010) on relationship marketing positioning effects in the banking segment in Jordan exhibited that in banking, conviction is very important in relationship marketing. Structured questionnaires were distributed to bank consumers within the Amman zone. Questionnaires were administered to a sample three hundred and twenty (320) respondents selected by convenient sampling technique. It was found that customers' trust and commitment make a positive contribution to customer loyalty. While this study concentrates on relationship marketing orientation in banks, the current study seeks to determine effects of relationship marketing with an emphasis on; service delivery, trust, communication effectiveness and financial product diversification on selected Nairobi County DT- Saccos. The current research was done in Kenya which has a different geographical and political setting and it was conducted exactly a decade later which might yield differing findings.

Communication Effectiveness and Customer Retention

Wangodu (2008) conducted a study on client retention in British American Insurance Limited in Kenya was influenced by relationship management. A sample size of forty-four (44) respondents was picked from a target population of three hundred (300) employees of the company. Questionnaires were employed as research instruments during data collection. Data analysis were done by the use of statistical packages like (SPSS). The study established that proper implementation of communications supports in the identification, formation, preservation and improvement of the relationship between a firm and its consumers. That communication also aids to intensify the customer numbers, helps in customer-organization connection improvement and enhancement and support the value creation process and transfer of value between both parties. Feedback which is also an element of communication was found to influence customer retention in the company to a reasonable scope. The research also revealed that average transaction value, repeat purchase and customer lifetime value at the company are influenced by feedback management.

The above study focused on relationship management which includes the operational tasks that supports the relationship marketing strategy such as gathering data about a customer, then organizing and analyzing to create customer profile using computer systems and software. The current study pays attention to relationship marketing which concentrates on how long-term relationship can be achieved and maintained.

Neeru & Patterson (1999) study how communications efficiency and service quality on affects relationship obligation of consumer and proficient services in Australia identified five characteristics for effective communications as realistic, timely, educative, understandable and meaningful. A cross-sectional approach was utilized during data gathering to acquire data from a target population of nine hundred (900) respondents. Exploratory and descriptive research designs were utilized in the study. Their study found that external communication makes customers aware of the existence of a firm's products and services. Additionally, effective communications enhance a firm's reputation because it aids in resolving conflicts and encourages understandability. Continued communication shapes customers mindset and perception about the firm responsible for supporting client expectation. The study summarized by pointing out that external communications have impact on customer satisfaction by influencing and shaping customers expectation and perception of service.

A recent study conducted by Kibet (2015) study on consumer satisfaction in the Kenyan insurance industry revealed that communications is an essential element to customer satisfaction. A sample of one hundred and fifty (150) was obtained from 30 insurance companies in Kenya. Data analysis was by descriptive statistics and regression. The study used cross-sectional research design and data was gathered by utilization of questionnaires.

Kibet (2015) borrowed Neeru and Parreson (1999) five measures of effective communication; realistic, timely, educative, understandable and meaningful analysis. The current study focuses on relationship marketing which precedes customer satisfaction. Therefore, the current study expounded more details in relationship marketing which is an originator to customer fulfillment. Also given that Sacco's and insurance industry are governed by different policies and regulations,

Related study was undertaken by Vanathas *et al.*, (2016) on the connection between non-verbal communication and customer contentment in the banking business in Malaysia established that non-verbal communication such as facial expressions and face movements significantly influences client satisfaction. The research applied the utilization of a survey method to collect data from 150 respondents from five leading banks in Malaysia using questionnaires. The study revealed that taking into consideration customer's expectation and feedback gives an opportunity to understand customers' need and thereby providing solutions. This way, customers feel satisfied which strengthens the long-standing association between the bank and its clients. This study only looked at one aspect of communication (non-verbal communication), the current study focused on both the verbal and on-verbal dimensions of communication and its effects on customer retention.

Financial Product Diversification and Customer Retention

Naibei and Koskei (2017) study examined contributing factors of associate loyalty among Saccos: A review of nominated Saccos in Kericho County, Kenya. The purpose of this research was to scrutinize the elements of retention and continued access to Sacco products by members in Kenya by taking case research of Ndege, Chai and Imarisha Saccos in Kericho, Kenya. Descriptive research design was assumed with a populace of 441 members who were targeted of the two SACCOS using a sample of 209 member's chosen utilizing systematic sampling method. Self-administered questionnaires were employed to collect statistics from respondents' results analysis was by descriptive statistics. The study established that financial products diversity, mode of disbursement and interest rates are most vital financial aspects which impact Sacco member's loyalty.

Wanjiru (2016) study investigated the influence of product diversification approaches as a contributing factor of perceived performance of firms among Nairobi County's real estate firms. Explanatory research design was utilized. 231 respondents were the target population. In data collection, a structured questionnaire was used. Descriptive analysis was adopted. The research found out that although not statistically significant, firm performance was positively affected by concentric product diversification, firm performance was significantly affected by conglomerate product diversification, and firm performance was substantially impacted by vertical product diversification while there was on noteworthy influence by horizontal product diversification.

Wakwoma (2017) study examined a survey of product broadening approaches embraced by companies in Kenya's banking field. A descriptive design grounded the study; 44 Kenyan functioning commercial banks formed the population. Because of the few banks, a census study was undertaken. Semi-structured questionnaire helped in gathering information. The findings showed that to a great magnitude, commercial banks implement product broadening. They extensively followed correlated diversification with comparative distinction across banks. The major advantages mentioned for product modification approach was intensification in productivity, constancy of incomes and client loyalty while the foremost problems encountered was augmented rate of management among several innovative goods.

Customer Characteristics', Relationship Marketing and Customer Retention

Previous empirical research on the relationship between customer satisfaction and loyalty has largely neglected the issue of moderator variables. Homburg and Giering (2001) noted that in a consumer-durables context the authors analyze the moderating effect of selected personal characteristics on the satisfaction–loyalty link. The empirical findings, which are based on multiple-group causal analysis, show that the strength of the relationship between customer satisfaction and loyalty is strongly influenced by characteristics of the customer. Specifically, variety seeking, age, and income are found to be important moderators of the satisfaction–loyalty relationship. Extensive empirical research has largely ignored the moderating effects of customer characteristics. Wanjiru (2016) and Manduaku (2013) summarize and extend the literature by proposing that customer characteristics moderate the relationship relating to satisfaction and repurchase behavior. The company must strengthen the approach to sales that includes relationship marketing. Marketing models based on customer demand orientation can create sustaining competitive advantages and enhance customer retention in a company in an unfavorable environment.

Summary of Literature Review and Research Gaps

In the reviewed literature, several gaps were identified. For instance, the study by Preko *et al.*, (2014) was conducted in the real estate business in Accra, Ghana whereas the current study seeks to establish effects of relationship marketing in the DT-Saccos in Nairobi, Kenya. Based on the difference in geographic and cultural factors, the current study could reveal a different pattern of information in Kenya. Chuani (2017) study focused only on elements of customer retentions among the Kenyan commercial banks. The current study brought a wider perspective of the understanding of customer retention by bringing in an additional concept of relationship aspect of marketing. Additionally, the current study was conducted in the Sacco context which is different from the banking institutions.

Manduaku (2013) focused on drivers of retail banking customer loyalty. The research was conducted in a banking set-up which is mostly geared towards profit making using of convenient sampling. The current study was conducted in DT-Saccos which covers the contextual gaps

revealed in the previous research on customer retention. The reviewed studies did not explicitly link relationship marketing and customer retention particularly in DT-Saccos in Kenya. Table 2.1 gives an elaborate literature review summary and research gaps.

Table 2.1: Literature Review Summary and Research Gaps

Author and Year	Focus of the Study	Findings and Knowledge	Research Gap	Focus of the current Study
Wangodu (2008)	Outcome of client relationship management on consumer retention	The research found that management of feedback influences customer lifetime value, repeat purchase and average transaction value at the company.	<p>Focused on relationship management which encompasses operational tasks such as gathering data about a customer that supports the relationship marketing, then organizing and analyzing such information to create customer profile using computer systems and software.</p> <p>The sample size picked (forty-four respondents) was much smaller to represent insurance industry in Kenya.</p>	<p>The current study focused on relationship marketing which focuses on building a long-standing association that profits both the customer and the business.</p> <p>The current study collected samples from selected DT-Saccos in Nairobi which were much bigger.</p>
Kiniu (2009)	Factors that affect customer loyalty in Kenya's banking sector	The research found that integrity, openness, accuracy and security are the major components of building trust	The study only concentrated on service quality and customers' trust.	The current study focused on relationship marketing and extends on service quality and trust that affects customer retention.
Kuria (2010)	Relationship marketing activities among commercial banks in Kenya.	To achieve profitability, the connection between the company and its clients' must be	The research only focused on application of relationship marketing by commercial banks in Kenya	The current study narrowed down to determine effects of relationship marketing on consumer retention in DT-Sacco's.

		enhanced.		
Manduku (2013)	Drivers of retail banking customers' loyalty.	Trust was established to be a major determinant of customer loyalty.	The research only focused on drivers of customer loyalty in retail banking. The research was conducted in a banking set-up which is mostly geared towards profit making using of convenient sampling. 96 respondents participated for this study.	The current study covered a broader dimension of Relationship marketing; service delivery, trust, communication effectiveness and financial product diversification and how it not only affects customer loyalty, but also how it goes beyond loyalty to customer retention. The current research was constructed on selected DT-Sacco's set-up which is geared towards member's socio-economic welfare. This research used stratified random sampling method to obtain 396 respondents.
Nsiah and Richard (2014)	Service quality and client retention in banking industry.	Offering quality service has affirmative effect on general consumer retention.	The research only focused on service delivery which is only one dimension of relationship marketing. The research is based on the banking industry. Stratified random sampling utilized to obtain a model 120 respondents from Ghanaian banks.	The current study sought to find out effects of relationship marketing as a whole on consumer retention; service delivery, trust, communication effectiveness and financial product diversification on customer retention. The current study focused on DT-Saccos which have totally different regulation bodies, legal framework and operations. The study used 396 respondents.
Preko <i>et al.</i> , (2014)	Service delivery,	Service delivery and	The research was	The current study focused on

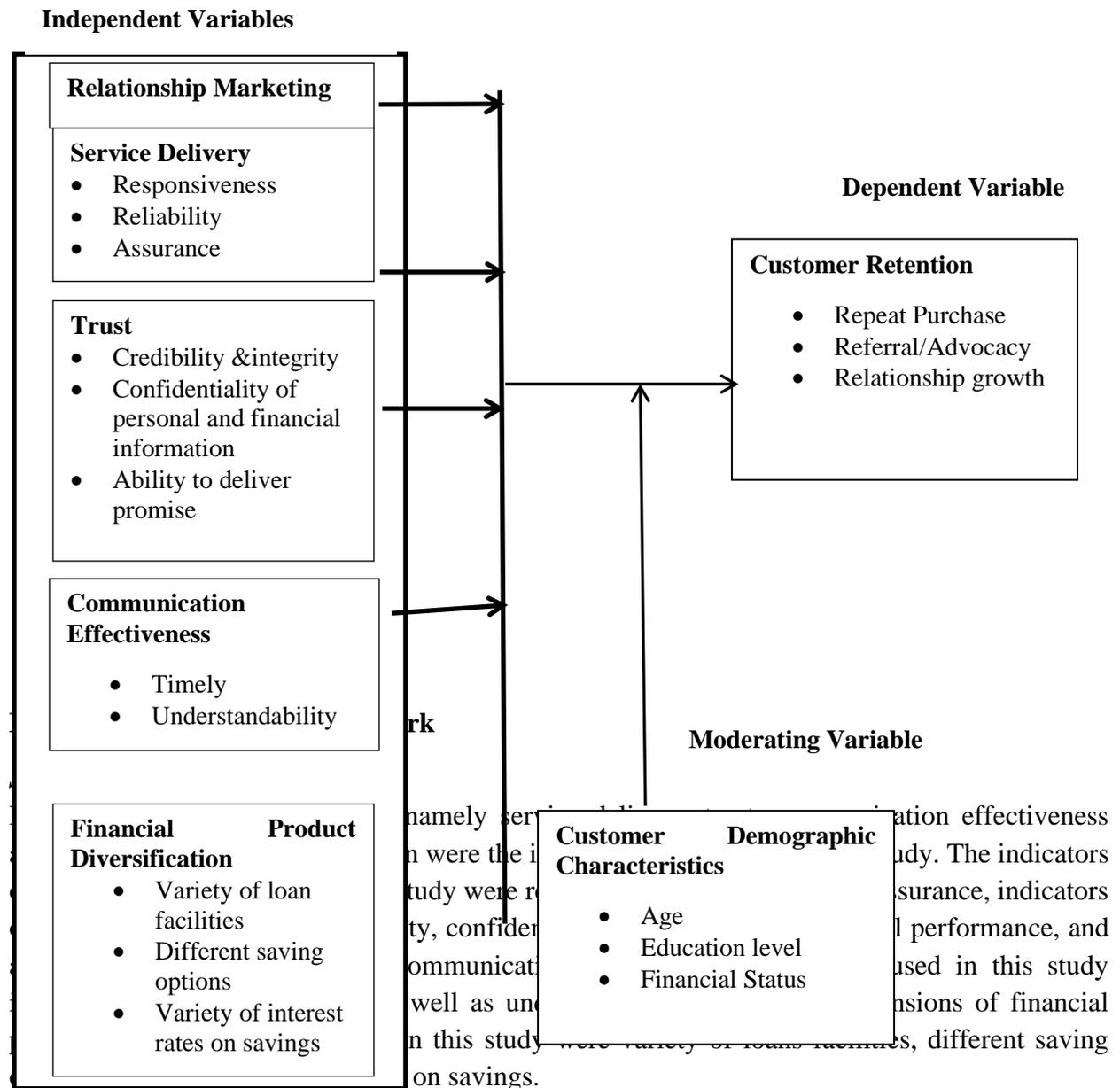
	customer pleasure and client satisfaction in real estate business in Accra.	customer satisfactions, and satisfaction and customer enjoyment positively correlated	conducted in real estate business in Accra, Ghana. The exploration used simple random sampling to choose samples from the target population	four dimensions of relationship marketing and how it affects retention of customer in selected DT- Saccos in Nairobi City County. The existing study used stratified random sampling to pick samples from the target population.
Wanjiru(2016)	Influence of product diversification approaches as a contributing factor of perceived performance of firms among Nairobi County's real estate firms.	Although not statistically significant, firm performance was positively affected by concentric product diversification	The study used exploratory design which does not provide conclusive findings	Descriptive research design was employed in the current study.
Chuani (2017)	Elements of customer retention in the Kenyan commercial banks	The research found other attributes of service delivery that affects customer retention as technology.	The study was conducted on Kenyan Commercial Banks with a sample of 138 respondents.	The current study was conducted in Sacco sector which have different regulations and operations than that of banking. Sacco's are regulated by SASRA whereas banks are controlled by Central Bank of Kenya (CBK). The current study collected data from a bigger sample of 396 respondents.

Naibei and Koskei (2017)	Factors of member loyalty among Saccos: A Survey of Selected Saccos in Kericho County, Kenya	Interest rates, mode of disbursement and diversity of financial goods are most vital financial aspects	The study used simple random sampling technique	The study used stratified sampling technique
Wakwoma (2017)	Product diversification approaches implemented by companies in the banking industry in Kenya	Commercial banks implement product diversification	Cross-sectional research design used which comprises a small sample size and findings cannot be conclusive	Descriptive research design was used and comprised of a large sample size and findings are conclusive

Source: Researcher (2019)

Conceptual Framework

According to Mugenda and Mugenda (2003) a conceptual framework is a conjectured model classifying the ideal under study and the affiliation between independent and dependent variables. The moderating variables include customer’s age, education level and financial income/status and the framework is shown in Figure 2.3.



In addition, the customer demographic characteristic moderates dependent and independent variable’s relationship. The dimension of customer demographic characteristics includes age,

education level and financial status. Customer retention is the dependent variable of the study and its indicators include repeat purchase, referral or advocacy and length of relationship.

RESEARCH METHODOLOGY

Introduction

This chapter presents the methodology that was employed to conduct the study. The sections covered the research philosophy, research design, empirical model, target population, sample size and sampling technique, validity and reliability, data collection procedure, data analysis and finally ethical consideration.

Research Philosophy

It is a system of certainty regarding the advancement of knowledge. It is important to bring out research philosophy when conducting research because it clearly gives direction on how data regarding a particular phenomenon should be given collected, analyzed and used (Crossan, 2013). The theoretical groundwork implemented by the study was positivism. As observed by Webb (2014) the fundamental evidence in the positivist viewpoint is that understanding is instituted on evidences. Thus, positivism contemplates invalid all thoughts or particular standing of individuals. Grounded on the above-mentioned account, positivism is instituted on the quantitative view point presenting numerals being employed to demonstrate objective actualities. The author further indicates that the numerical values integral in positivism are thought to have authority to illuminate and forecast conducts of occurrences. Integral in positivism establish measurement and examination with likelihood of duplication by other scholars.

Current study adopted positivism approach where the researcher was guided by objectivity. This paradigm was appropriate for the current study as it facilitates proper analysis of data, development of hypotheses and achieving results that can be proven empirically. Positivism approach also encouraged prediction of past results to explain future realities and their interrelations.

Research Design

Based on Orodho (2009), research design refers to the step-by-step processes of how the research objectives are accomplished. Research design helps to link the theoretical research difficulties to the appropriate experimental study. Descriptive research design was utilized in the current research. Descriptive design describes associations between variables-dependent and independent variables and present precise and binding representation of these variables that are applicable to the study questions. The research utilized descriptive research strategy to show how relationship marketing dimensions affects customer retention of Sacco's in Nairobi City County, Kenya. It is through descriptive research approach that associations between several features are established and their links defined.

Empirical Model

Multiple regression model was employed in testing the statistical connection between the dependent and independent variables. Multiple regression helps in the prediction of a variable grounded on the value of two or more other variables (Kothari, 2004). The model was appropriate since the study sought to test the null hypotheses and also to test for consumer characteristics’ moderating effect. The empirical regression model that guided the study is as show in equation 3.1.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \dots \dots \dots \text{Model 3.1}$$

Where:

Y=Consumer Retention

β₀=Constant Term

ε =Error term

β₁- β₄= Relationship marketing’s Beta Coefficient

X₁=Service delivery

X₂= Communication effectiveness

X₃= Trust

X₄= Financial product diversification

Test for Moderation

The study employed Baron and Kenny (1986) approach to evaluate the consumer demographic features’ moderating influence on the relationship between relationship marketing and customer retention among selected DT-Sacco members in Nairobi City County, Kenya. The moderation effect was checked using p value and by examining the changes in regression coefficients prior and after moderation and whether the coefficients are significant. Regression model 3.2 explained how moderating effect was achieved for this study. To check for the moderating effect, a composite index for the moderating variable was computed using relationship marketing variables and consumer demographic features. Regression model 3.2 shows the independent variable and dependent variable’s relationship after moderation.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X * CC + e \dots \dots \dots \text{Model 3.2}$$

Where:

Y= Customer Retention

β₀= Constant Term

β₁..... β₅= Beta Coefficient of independent and composite variable

X₁=Service delivery

X₂= Communication effectiveness

X₃= Trust

X₄= Financial product diversification

CC= Customer Characteristics

Table 3.1 shows the decision-making criterion on the moderating variables.

Table 3.1: Criteria for Decision-Making Moderation

Model 3.1	Model 3.2	Conclusion
B ₁ B ₄ is significant (P>0.05)	B ₁B ₅ is significant (P>0.05)	Moderating variable has a moderation effect
B ₁ B ₄ is significant (P>0.05)	B ₅B ₈ is not significant (P>0.05)	Moderating variable has no moderating effect

Source: Baron & Kenny (1986)

Study Variables Operationalization

The operationalization of the study variables have been shown as per Table 3.2

Table 3.2 presents study variables operationalization.

Category	Variables	Indicators	Operationalization	Measurement Scale
Dependent Variable	Customer Retention	<ul style="list-style-type: none"> Repeat purchase Referrals/Advocacy Length of relationship 	<ul style="list-style-type: none"> Frequency of purchase New customer joining Membership period-active 	A 5-point Likert scale
Independent Variables	Service delivery	<ul style="list-style-type: none"> Responsiveness Reliability Assurance 	<ul style="list-style-type: none"> Prompt service delivery. Accuracy of information. Ability to convey trust and confidence. 	Using a 5-point Likert scale
	Trust	<ul style="list-style-type: none"> Credibility & Integrity Confidentiality of information Ability to deliver promise 	<ul style="list-style-type: none"> Using honesty to instill belief in a person. Ease of giving out personal and financial information Fulfilling promised made to customers 	Using a 5-point Likert scale
	Communication effectiveness	<ul style="list-style-type: none"> Timely understandability 	<ul style="list-style-type: none"> Frequency of dissemination of relevant information Correct interpretation of information by customers 	Using a 5-point Likert scale
	Financial Product Diversification	<ul style="list-style-type: none"> Variety of loan facilities Availability of saving options Variety of interest rates on savings 	<ul style="list-style-type: none"> Different types of loans offered Saving options available 	Using a 5-point Likert scale
Moderating Variables	Customer characteristics	<ul style="list-style-type: none"> Age Education Financial income 	<ul style="list-style-type: none"> Age group Education level Monthly income 	Using multiple choice questions

Source: Author (2019)

Target Population

Ngeera (2014) defines target population as the totality of all people, objects, elements and events or households that conforms to a set of specifications established by the researcher. The five DT-Saccos within Embakasi area in Nairobi constituted the study’s target population. Embakasi area in Nairobi have a high membership of DT-Saccos and moreover, the researcher is based in Embakasi which is a basis of more knowledge in the operation of DT-Saccos. The DT-Saccos of Embakasi were considered since the researcher have resided in Embakasi for a long time and have the knowledge of operationalization of DT-Saccos in this area. The five DT-Saccos whose members formed the target population of the study were from; Airports Sacco, Kenpipe Sacco, Wanandegge Sacco, Nafaka Sacco and Jamii Sacco. These are Saccos within Embakasi that have been approved by SASRA to operate Front Office Service Activities (FOSA) to members hence referred to as deposit taking Saccos. The respondents of the study were 40,342 members registered with the listed Saccos as indicated below:

Table 3.3: Target Population

Sacco	Total Number of Members
Airports Sacco	1985
Wanandegge Sacco	6155
Nafaka Sacco	1498
Kenpipe Sacco	3558
Jamii Sacco	27146
TOTAL	40,342

Target population source: <http://www.sasra.go.ke>

Sample Size and Sampling Technique

The population’s sub-group that acts as a true illustrative is defined as a sample (Oso & Onen, 2009). The study purposively selected five DT-Saccos in Embakasi that are affiliated with government institutions. This was done because of the heterogeneity of the DT-Saccos since they operate in similar market conditions in Embakasi. The members join Saccos through working in the firms in Embakasi already in affiliation with the regional DT- Saccos. Further, the DT-Saccos are affiliated with government parastatals in Embakasi. The study selected all of them hence there was no sampling. A sample size was obtained from 40,342 using Yamane (1967) formula as illustrated by equation 3.1.

$$n = N/1 + Ne^2 \tag{3.1}$$

$$n = \frac{40342}{((1+40342*(0.05)^2))} \tag{3.2}$$

$$n = 396 \tag{3.3}$$

Where:

e= Margin of error, N=Population size, n=Sample size

The sample size was 396 respondents which represent 0.982 % of the target population. Proportionate random sampling was then conducted in selecting participants of the survey. The distribution of the target population and sample size is shown in Table 3.3.

Table 3.4: Sample Size

Sacco	Population	Sampling factor	Sample Size	Percentage
Airport	1985	0.00982	19	4.8
Wanandege	6155	0.00982	60	15.2
Nafaka	1498	0.00982	15	3.8
Kenpipe	3558	0.00982	35	8.8
Jamii	27146	0.00982	267	67.4
Total	40342	0.00982	396	100

Source: Researcher (2019)

Data Sources and Collection instruments

Primary data was considered to describe the current research situation in the DT-Saccos. Primary data was considered because it's reliable and collected from the original source. Primary data obtained using semi structured questionnaires as a tool for data collection was used. Questionnaire was selected since it takes less time for the respondents to fill the survey than the other methods.

Kothari (2004) posits that semi structured questionnaires are regarded as the most data collection form since standardizing them is easy and cover all the topic aspects. The questionnaire was organized into 6 parts starting from section A to section F. Section A collected data concerning the respondent's demographic information, section B covered statements on service delivery variable, section C covered constructs of trust variable, section D consisted of statements regarding communication effectiveness, section E consisted of statements on financial product diversification variable and section F collected data on customer retention. Likert scales were used in the questionnaire to show the ratings of various statements.

Research Instruments Validity and Reliability

Pilot Study

A pilot study was carried out involving 39 respondents who were picked randomly from each category of the DT-Saccos not involved in the research. The respondents who took part in the pilot study were singled out and did not to participate in the main study data collection. According to Kothari (2010), 10% of the sample size is adequate to conduct a pilot study. Pilot study was important in establishing research instrument reliability and validity. Pilot study was further used to design a research protocol efficient to be adopted.

Validity

Validity denotes the magnitude to which a test measures what it is intended to. Types of validity identified; construct, criterion and content (Kothari, 2004). Construct validity refers to how well a research mechanism is able to measure the construct that it was designed to measure (Coopers & Schindler, 2011). This is obtained by connecting outcomes from the instruments and results from similar instruments that were employed in other studies. This was done through KMO and Bartlett's test. Content validity on the other hand is the extent to a test is a representative of the entire domain the test is seeking to measure. Content validity was checked by a panel of members who judged and advised that the questions on the questionnaire were essential and relevant to measure the under research variables.

Criterion validity is an instrument's capability to foresee the current situation's outcome. Criterion validity was met using KMO and Bartlett's test.

Reliability

Reliability refers to the extent to which instruments yields constant outcomes on recurrent measures. For this study, reliability was evaluated using Cronbach Alpha which was calculated using the pilot data collected from 39 respondents. According to Cronbach and Hedge (2001), the value of Cronbach's alpha ranges from zero to one. They asserted that alpha coefficient of less than 0.5 is considered unreliable, while an alpha coefficient greater than 0.5 is considered reliable while an alpha coefficient of more than 0.7 is considered as reliable. The reliability results are illustrated in Table 3.5.

Table 3.5: Reliability Results

Variable	Alpha Coefficient	Remarks
Service delivery	0.802	Reliable
Trust	0.754	Reliable
Communication effectiveness	0.697	Reliable
Financial product diversification	0.874	Reliable
Customer retention	0.869	Reliable
Aggregate	0.799	Reliable

Source: Pilot study (2019)

Table 3.5 show the various Cronbach alpha statistics gotten from the reliability analysis. In this case, the values of Cronbach alpha were 0.802, 0.754, 0.697, 0.874 and 0.869 for service delivery, trust, communication effectiveness, customer retention and financial product diversification respectively. The Cronbach alpha aggregate score for the set of items used to measure the study variables was 0.799. Based on the recommendation of Field (2009) who

proposes that a 0.70 Cronbach's alpha coefficient as an appropriate, the research instrument was therefore suitable and reliable for use in this study.

Data Collection Procedure

A letter from Kenyatta University graduate school was first acquired by the researcher. Later, an approval permit to undertake the research from National Council of Science, Technology and Innovation (NACOSTI) was acquired to allow the researcher to gather data in Nairobi City County, Kenya. A research assistant was employed and trained on data collection procedures. The first step was to select the respondents randomly by the help of research assistant. A self-administered questionnaire was administered to 396 selected members of the DT Sacco in Embakasi. The questionnaires were collected after seven days and kept in safe place for data entry and management.

Data Analysis and Presentation

Collected data was evaluated for omission and incompleteness. The collected data was then entered into SPSS. The quantitative data analysis was by descriptive statistics and inferential statistics. Descriptive statistics involved the use of percentages, charts, mean scores and standard deviations.

Inferential analysis including regression and correlation analysis were conducted to establish the relationship and how dependent variable was influenced by independent variables as moderating factors. Pearson Correlation analysis was used in establishing the linear relationship between independent and dependent variables while regression analysis was conducted to estimate how dependent variable was impacted by independent variables. Additionally, multiple regression was also done to determine how dependent variable were jointly affected by independent variables. Multiple regressions allowed examination of regression coefficients and F-statistics prior and after moderation. Table 3.6 shows a summary of the analytical models and interpretation for each objective. Data was presented in tables and figures.

Table 3.6: Summary of Analytic Models and Interpretation

Objective	Hypothesis	Analysis Statistical Method	Threshold and Interpretation
To assess effects of service delivery on Sacco’s customer retention	H ₀₁ Service delivery has no significant effect on customer retention of selected DT-Saccos in Nairobi County	Regression Model 3.1 $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon$ Y= Customer Retention ε =Error term β ₀ =Constant term β ₁ =Beta Coefficient service delivery β ₂ =Beta Coefficient of trust	Adjusted R-squared Beta coefficient Correlation coefficient F-statistics t- statistics P values
To determine effects of trust on Sacco’s customer retention	H ₀₂ Trust does not have significant effect on customer retention of selected DT-Saccos in Nairobi City County, Kenya	β ₃ =Beta Coefficient of Communication effectiveness β ₄ =Beta Coefficient of financial product diversification X ₁ =Service delivery X ₂ =Trust	Adjusted R-squared Beta coefficient Correlation coefficient t- statistics F-statistics P values.

<p>To analyze effects of communication effectiveness on Sacco's customer retention</p>	<p>H₀₃Communication effectiveness does not have significant effect on customer retention of selected DT-Saccos in Nairobi County</p>	<p>X₃=Communication effectiveness X₄=Financial product diversification</p>	<p>Adjusted R-squared Beta coefficient Correlation coefficient t- statistics F-statistics P values</p>
<p>To determine the influence of financial products diversification retention of customers in selected DT-Saccos in Nairobi Count</p>	<p>H₀₄Financial product diversification has no significant influence on customer retention of selected DT-Saccos in Nairobi City County, Kenya</p>		<p>Adjusted R-squared Beta coefficient Correlation coefficient F-statistics t- statistics P values.</p>

<p>To analyze the moderating effect of customer characteristics (customer's education level, age and monetary status) on the affiliation between relationship marketing Sacco's customer retention.</p>	<p>Consumer characteristics have no significant effects on the controlling effects of the connection between relationship marketing and client retention of selected DT-Saccos in Nairobi City County, Kenya</p>	<p>Regression model 3.2. The moderating effect $Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X * CC + \epsilon$ $X * CC = \text{moderating index for the composite (relationship marketing; service delivery, trust, communication effectiveness, financial product diversification)}$ $CC = \text{Consumer Characteristics}$ $\beta_1 \text{ to } \beta_5 = \text{Interaction between customer characteristics and relationship marketing variables Beta coefficient}$ </p>	<p>Change in Adjusted R² Value Beta coefficients changes with Change in F value</p>
---	--	--	---

Source: Author (2019)

Quantitative data was tabulated and entered in SPSS which was used to analysis the data. Data was analyzed by calculating various percentages as possible. The findings were then presented in form tables, bar-graphs and pie-charts.

Diagnostic Tests

According to Gujarati (2008), regression helps to generate meaning out of the data, however, there are assumptions which should be met prior to running regression model to ensure that the model is Best Linear Unbiased Estimator (BLUE). These assumptions include assumption of normality, linearity, no multicollinearity and homoscedasticity. Diagnostic test ensures that these assumptions are not violated and therefore the model is BLUE and reliable for interpretation.

To test for normality, Kolmogorov-Smirnov (K-S) tests was adopted. Kolmogorov-Smirnov tests for normality at a significance level of P –value <0.05 . Where at a $p < 0.05$ level of significance, the data is not distributed normally.

Linearity test's aim is determining whether the relationship between the two variables (dependent and independent) is linear or not. The test was done using Breusch-Pagan and Koenker test statistics (Field, 2009). According to Keith (2006) violation of linearity means that all the regression estimates including statistical significance tests, standard errors and regression coefficients may be biased. The study employed ANOVA to test for linearity.

Homoscedasticity arises when all the values of the independent variables have the same error term. Levene test for variance was used to test for homoscedasticity. Significance level of P-value of 0.05 shows the presence of homogeneity of variance (Hair *et al.*, 2006).

Data was tested for multicollinearity by use Variance Inflation Factor (VIF). VIF measures the extent to which the estimated regression coefficient variance is overestimated as equated to when the predictor variables are not correlated linearly. In the interpretation of these results, a VIF of equal to 1 indicates that there is no correlation, a less than 3 VIF shows absence of multicollinearity where as a greater than 3 VIF shows the existence of collinearity. According to Field (2009), a more than 10 VIF indicates a serious problem of collinearity.

Ethical Consideration

The researcher got an approval letter from the University. Thereafter a research authorization permit from NACOSTI was obtained. The researcher obtained the Authority from the managing directors of the Saccos to administer questionnaires to ensure that the leadership of the Saccos are aware of the activity. The researcher informed the respondents on the study academic purpose and sought for their consent to take part in the research. The respondent's anonymity was assured and that their personal information regarding them were treated confidentially.

RESEARCH FINDINGS, INTERPRETATION AND DISCUSSIONS

Introduction

This section presents the findings of the study, interpretation of the results and discussion of research findings. The chapter covers response rate, demographic characteristics summary while descriptive and inferential analysis are done based on the study objectives.

Response Rate

A total of 396 questionnaires were given out which was equivalent to the sample size of the study. 339 questionnaires were properly filled and returned as illustrated in Table 4.1.

Table 4.1: Response Rate

Response Rate	Frequency	Percent
No of Questionnaires sent out	396	100%
Questionnaires returned	339	85.6%
Questionnaires not returned	57	14.4%

Source: Survey Data (2019)

Table 4.1 shows the duly filled and returned questionnaires were 339 out of the targeted 396 respondents which translate to 85.6% return rate. Rindfuss (2015) states that above 50% response rate is adequate for analysis of data. The rate of response was therefore deemed adequate.

Respondents Demographic Information

Demographic information relating to the respondent’s gender, level of education, length of membership in years, monthly income and Sacco’s net worth was collected and results presented in the following sections.

Respondents’ Gender

Gender of Sacco members of the selected five DT-Sacco under study was sought and findings were presented in Figure 4.1.

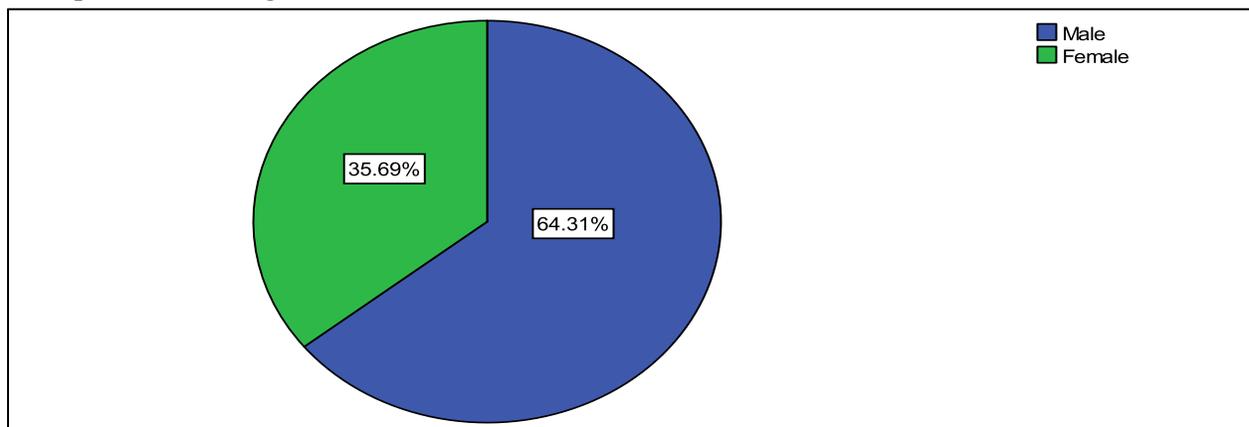


Figure 4.1: Respondents’ Gender
Source: Survey Data (2019)

As indicated in Figure 4.1, there were more male respondents at 64.31% as compared to female respondents at 35.69%. This implies that majority of members of the selected as DT-Saccos are male as opposed to their female counterparts. The government of Kenya has enacted the regulation on gender rule by approving laws on gender representation. For instance, article 27(8) of the Constitution requires that in implementing this principle, elective public bodies not more than two-thirds of the members shall be of similar gender, the State shall take legislative and other measures.

Education Level

Information on the education level of the respondents was also obtained and finding were presented in Table 4.2.

Table 4. 1 Respondents’ Level of Education

		Frequency	Percentage
Valid	Certificate	62	18.3
	Diploma	114	33.6
	Bachelor's Degree	110	32.4
	Master's Degree	53	15.6
	Total	339	100.0

Source: Survey Data (2019)

Table 4.1 shows that 33.6% of the sampled respondents had diploma, 32.4% bachelor’s degree and 15.6% master’s degree. This high level of education among members of DT-Saccos in Nairobi City, County was a plus in that they were more able to put in use their knowledge and education to influence Sacco’s strategies and orientation steering it to attain financial success.

Respondents’ Period of Membership

Period of membership of members of the selected DT-Saccos under study was categorized as follows: less than 5 years, 5 to 9 years, 10 to 15 years and 15 years and above. The findings are presented in figure 4.2.

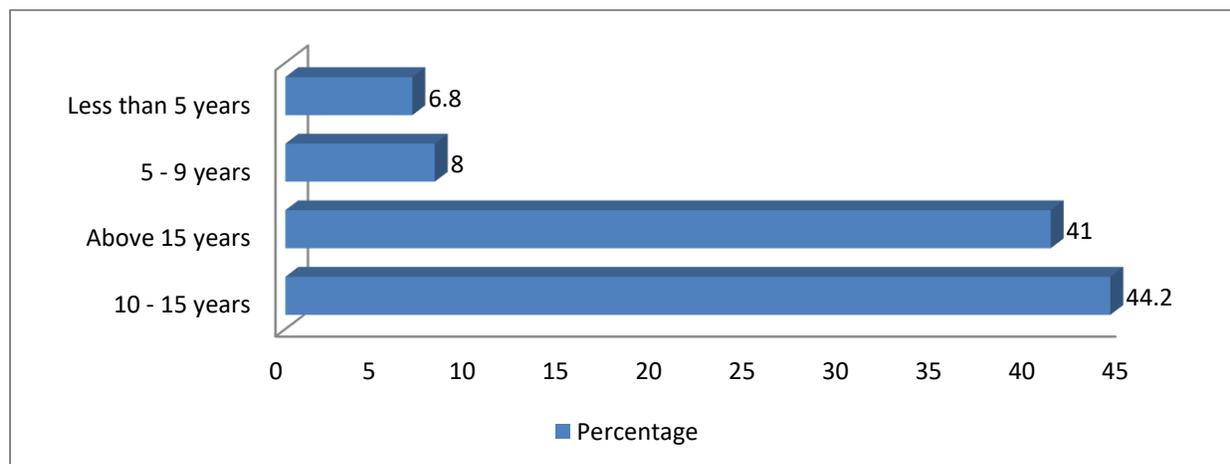


Figure 4.2 Respondents’ Membership Length Survey Data (2019)

Figure 4.2 reveals Majority of respondents have been members of their respective DT-Saccos for 10-15years and above 15 years as illustrated by 44.2% and 41% respectively. 8% of respondents have been members between 5-9 years and 6.8% of respondents below 5 years. This indicates that these members have enough confidence and loyalty to their Saccos and can freely contribute their ideas and suggestions on ways of improving Sacco operations and service delivery if they are not satisfied during member education day or annual general meetings.

Respondents’ Monthly Income

Respondents were requested to indicate their level of monthly earnings. Findings are shown in Table 4.2.

Table 4.2 Respondents’ Monthly Income

	Frequency	Percentage
Below 20, 000 Kshs	26	7.7
20,000 - 39, 000 Kshs	67	19.8
40, 000 - 59, 000 Kshs	241	71.1
60, 000 Kshs and above	5	1.5
Total	339	100.0

Source: Survey Data (2019)

Table 4.2 reveals 71.1% of respondents earn between Kshs 40,000 to Kshs 59,000 and only 7.7% represent those who earn below Kshs 20,000. This shows that majority of the DT-Sacco members under study have monthly income above Kshs 40000, this means that they can contribute steady monthly savings towards their Sacco. With adequate savings, Sacco can employ qualified personnel and procure better ICT that improves service delivery to customer’; a factor that might contribute to retention.

Respondents’ Satisfaction Levels of Sacco Services

Members’ service satisfaction levels were examined in two categories of yes and no. Findings were presented in Figure 4.3.

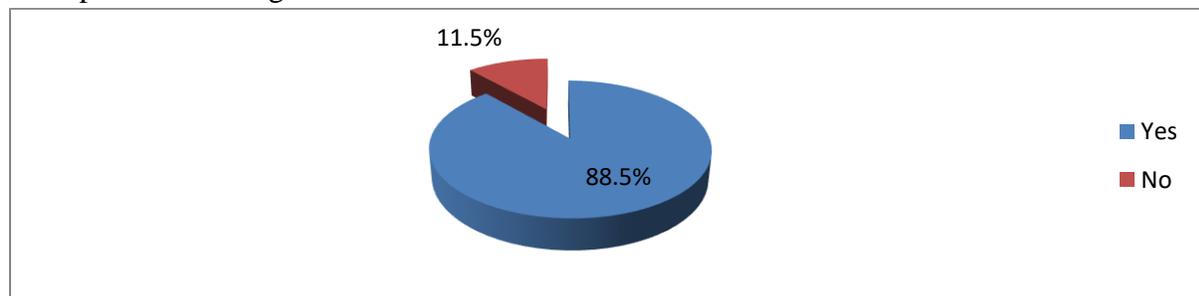


Figure 4.3 Respondents’ Satisfaction Levels of Sacco Services

Source: Survey Data (2019)

Figure 4.3 shows that 88.5% of the DT-Sacco members were satisfied while 11.5% were not satisfied by level of services offered by their DT Saccos. Satisfaction of members could be attributed to service delivery and service quality in the DT Saccos.

Descriptive Statistics

Service Delivery

Based on a Likert scale of 1-5, participants were required to choose their degree of agreement with the statements regarding DT-Sacco service delivery. The results were presented in Table 4.4

Table 4.4: Descriptive Statistics on Service Delivery

Statement	Mean	Std
The Sacco responds in a well-timed way to members' requests	4.33	1.05
Frontline workers of this Sacco are always keen to help members'	4.26	0.821
The response to members' criticisms are always addressed very rapidly	4.44	0.61
The Sacco is steady in providing good quality service	4.3	0.821
The Sacco offers modified services to meet members' needs	4.61	0.571
I can carry out transactions anytime I want without any inconvenience	4.6	0.605
The Sacco has an effective system to serve members 24/7	4.69	0.494
Staff are always courteous and polite when dealing with members'	4.09	1.773
Employees are adequately trained on Sacco's products and services	2.76	1.616
The Sacco has qualified staff to handle member's complaints	4.92	1.273
The promises made to members are consistently delivered by the Sacco	3.72	1.659
Aggregate mean score	4.07	1.027

Source: Survey Data (2019)

The extent of service delivery by the DT Saccos was established based on three indicators namely responsiveness, reliability and assurance as shown in Table 4.4. The main contributors to service delivery were shown to be effective system to serve members 24/7 as shown by a mean score of 4.69, qualified staff to handle member's complaints as indicated by the mean score of 4.92 and responsiveness, reliability & assurance statements as indicated by the mean score of 4.43. The average mean scores of 4.07 with a standard deviation of 1.027 indicates DT-Sacco's in Embakasi area offer high quality service delivery through attributes such as high responsiveness rate, assurance and reliability which are crucial for retaining the customers. This implies that service delivery factors have been applied in many of the DT-SACCOs. Likewise, Nsiah and Richard (2014), Preko, Agbanu and Fegno (2014), Preko *et al.*, (2014) and Chuani (2017) also found out that service quality enhances customer retention rates.

Trust

Based on a Likert scale of 1-5, participants were required to choose their degree of agreement with the statements regarding trust. Result presentation is done in Table 4.5

Table 4.5: Trust's Descriptive Statistics

Statement	Mean	Std
The policies of this Sacco are trustworthy	4.19	1.034
There are no corruption cases against this Sacco	4.78	0.891
Am satisfied with the professional standard of this Sacco	4.85	0.466
I get clear information regarding my transactions from the Sacco	4.87	0.34
The Sacco is concerned about the safety of my transactions	4.67	0.383

I feel safe and comfortable to share my financial information to the Sacco	4.55	1.096
The Sacco cannot share any information about my account to a third party without my permission	4.78	0.822
The Sacco has the ability to deliver adequately what they have promised to members'	4.28	1.522
I believe my Sacco has the capability to carry on to meet its responsibilities towards members into the foreseeable future	4.52	0.654
Aggregate mean score	4.53	0.801

Source: Survey Data (2019)

Indicators of trust were credibility and integrity, confidentiality of personal and financial information and ability to deliver promise and were established based on the nine items listed in Table 4.5. Findings from the study showed that the main contributors to trust were clear information regarding individual transactions from the Sacco as shown by a 4.87 mean, satisfaction with the professional standard of the Sacco as indicated by the mean score of 4.85 and that the Sacco cannot share any information about accounts to a third parties without personal permission as indicated by the mean score of 4.78. Trust is a concern to customers in regard to their financial accounts. The average 4.53 mean score with a 0.801sd indicates that DT Sacco’s in Embakasi area have built trust with their members through attributes such as credibility and integrity, confidentiality of personal and financial information and ability to deliver promise which are pertinent in enhancing customer retention. The results were in agreement with those of Manduku (2013), Kiniu (2009), Kuria (2010) and Alrubaiee and Al-Nazer, (2010) who also found that enhancing trust through delivery of promise, credibility and integrity, as well as confidentiality of personal and financial develops customer loyalty.

Communication Effectiveness

Based on a Likert scale of 1-5, participants were required to choose their degree of agreement with the statements regarding communication effectiveness and customer retention. Result are illustrated in Table 4.5

Table 4.6: Descriptive Statistics of Communication Effectiveness

Statement	Mean	Std.
The Sacco provides timely information to members’ whenever there are new products/services	4.06	0.65
When there is a change in the policy, the Sacco communicates to members on time	4.21	0.98
The Sacco put up-to-date information on all the products guide and social media platform	3.29	1.37
Information conveyed by Sacco to members is easy to understand	4.79	0.68
Members can call or walk-in to clarify any information received from Sacco	3.69	0.71
Aggregate mean score	4.01	0.88

Source: Survey Data (2019)

Indicators of communication effectiveness were the ability to communicate in timely manner, as well as ability to understand communication and were established based on the five items listed in Table 4.6. The main contributors to communication effectiveness were shown to be

information conveyed by Sacco to members is easily understood as shown by a mean score of 4.79, the case of a change in the policy, the Sacco communicates to members on time as shown by a 4.21 mean score and that the Sacco provides timely information to members' whenever there are new products/services as shown with a 4.06 mean score. The average mean scores of 4.01 and a 0.88 standard deviation indicates that DT Sacco's in Embakasi area have built their communication effectiveness on timely communication and easy to understand information, which are core practices of retaining customers. Similarly, Wangodu (2008), Neeru & Patterson (1999), Kibet (2015) and Vanathas *et al.*, (2016) also revealed that effective and timely communication contributes significantly to customer loyalty and retention.

Financial Product Diversification

Based on a Likert scale of 1-5, participants were required to choose their degree of agreement with the statements regarding financial product diversification and results were presented below

Table 4.7: Financial Product Diversification Descriptive Statistics

	Mean	Std.
The Sacco offers variety of loan facilities that are suitable for members' financial needs	4.26	0.821
Availability of different loan facilities allow members to have a wide variety of loan options to apply making it difficult to switch to competitors	4.6	0.605
The Sacco has sufficiently been able to adapt their products to meet customers' need	3.08	1.771
The Saccos has several saving options that benefits its members'	4.9	1.27
I can adjust my savings to any amount I feel comfortable saving with the Sacco	4.7	0.884
Members stand a chance to benefit from any type of Savings options applied	4.65	0.415
The Sacco charges very reasonable interest rates on loans	4.01	0.578
The Sacco does not change interest rates on loans without informing members	3.98	1.238
The Sacco offers competitive rates on dividend and deposits that attracts members	4.09	0.874
Aggregate mean score	4.25	0.939

Source: Survey Data (2019)

Indicators of financial product diversification were variety of loan facilities, different savings options, as well as variety of interest rates on savings and were established based on the nine items listed in Table 4.7. Based on findings, most members of the selected DT Saccos agreed on statements regarding variety of loan facilities, different savings options, as well as variety of interest rates on savings such as provision of variety of loan facilities that are suitable for members' financial needs, savings adjustment to any amount the member feels comfortable and provision of competitive rates on dividend and deposits that attracts members which had a mean of 4.26, 4.7 and 4.09 respectively.

The main contributors to financial product diversification were shown to be Sacco’s having several saving options that benefits its members’ as shown by a mean score of 4.9, ability to adjust savings to any amount they feel comfortable saving with the Sacco as illustrated by the 4.7 mean score and that the members stand a chance to benefit from any type of Savings options applied as indicated by a 4.65 mean score. A standard deviation of 0.874 and the average mean score of 4.09 and indicates that DT Sacco’s in Embakasi area diversify their financial products through creation of variety of loan facilities, different savings options and variety of interest rates on savings practices which are fundamental in relationship marketing and customer retention. The finding was in agreement with those of Naibei and Koskei (2017), Wanjiru (2016) and Wakwoma (2017) who also found that financial product diversification based on loan facilities, different savings options and interest rates on savings is vital financial aspect which impact Sacco member’s loyalty.

Diagnostic rests

This sub-section displays how test for assumption of multiple linear regression namely multicollinearity, heteroscedasticity, normality and linearity were carried out.

Multicollinearity Test

Presence of multicollinearity was examined using Variance Inflation Factor (VIF). Table 4.8. illustrates the findings

Table 4.8: Test for Multicollinearity

Variables	Collinearity Statistics	
	Tolerance	VIF
Service Delivery	0.575	1.739
Trust	0.904	1.106
Communication Effectiveness	0.932	1.072
Financial Product Diversification	0.572	1.748
Aggregate		1.41625

Survey Data (2019)

The VIF values as shown in Table 4.8 for service delivery, trust, communication effectiveness and financial product diversification were 1.739, 1.106, 1.072 and 1.748 respectively. VIF of less than 3 shows absence of multicollinearity. An aggregate VIF of 1.416 indicates that for testing hypothesis using regression the data was appropriate as the independent variables’ VIF was less than 10 and greater than 1 (Field, 2009). Based on the findings there was no multicollinearity.

Test for Normality

According to Farrel & Stewart (2006), normality tests determine if normal distribution modelled data sets well. This study’s dataset had 339 rows thus the Shapiro-Wilk test was suitable as it considers 2000 elements and below data sets and the findings are presented in Table 4.9.

Table 4.9: Tests of Normality

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Service Delivery	0.024	339	.200*	0.994	339	0.202
Trust	0.019	339	.200*	0.997	339	0.788
Communication Effectiveness	0.039	339	.200*	0.993	339	0.115
Financial Product Diversification	0.028	339	.200*	0.995	339	0.343
Customer Retention	0.040	339	.200*	0.992	339	0.053

Source: Survey Data (2019)

The p-values of the service delivery, trust, communication effectiveness, financial product diversification and customer retention were 0.202, 0.788, 0.115, 0.343 and 0.053 respectively as shown on table 4.9. Where the $p < 0.05$ significance level, the data is not distributed normally. Since the significance level was $p > 0.05$, the study concluded normality regression assumption was satisfied as variables data were normally distributed allowing variables' further analysis.

Test for Heteroscedasticity

The study used Breusch-Pagan and Koenker test which checks the null hypothesis that the error terms variances are constant to estimate heteroscedasticity. Table 4.10 indicate results of the test.

Table 4.10: Breusch-Pagan and Koenker test sig-values and statistics

	LM	Sig
BP	2.195	.533
Koenker	3.115	.374

Source: Survey Data (2019)

Findings in Table 4.10 indicated that the p-value of Breusch-pagan test was 0.533 and that of Koenker test was 0.374 and are more than 0.05. At significance level of $p > 0.05$, the study rejects the null hypothesis that there is presence of heteroscedasticity (Daryanto, 2013). Breusch-Pagan and Koenker test statistics had p-values > 0.05 , which shows absence of heteroscedasticity.

Tests for Linearity

Linearity test aims at determining whether the relationship between the dependent variable and independent variables is linear or not. ANOVA was used to test the linearity and the results presented in Table 4.11.

Table 4.11: Linearity Test

		F	Sig.
CR*Service Delivery	Deviation from Linearity	49.003	0.759
CR*Trust	Deviation from Linearity	72.585	0.305
CR*Communication Effectiveness	Deviation from Linearity	2.251	0.617
CR*Financial Products D	Deviation from Linearity	8.783	0.067

Survey Data (2019)

Findings presented in Table 4.11 indicate a p-value of deviation for linearity for service delivery, trust, communication effectiveness and financial products diversification as 0.759, 0.305, 0.617 and 0.067 respectively. For all the variables there was a greater than 0.05 significance value deviation from linearity, with a $p < 0.05$ significance level (Field, 2009), it was hence concluded that the independent variables' relationship between was linearly dependent.

Correlation Analysis

Correlation analysis was conducted to establish the effect between independent variables and dependent variables and findings were presented in Table 4.12.

The overall response on service delivery, trust, financial product diversification, communication effectiveness and customer retention were determined by summing the received responses for each item divided by the number of each group's items. The overall effect customer retention's correlation analysis was computed against the overall service delivery, trust, financial product diversification and communication effectiveness as indicated in correlation matrix in Table 4.12.

Table 4.12: Overall Correlation Results

		Service Delivery	Trust	Communication Effectiveness	FPD	Customer Retention
Service Delivery	Pearson Correlation	1				
	Sig. (2-tailed)					
Trust	Pearson Correlation	.171**	1			
	Sig. (2-tailed)	0.002				
Communication Effectiveness	Pearson Correlation	.123*	0.087	1		
	Sig. (2-tailed)	0.024	0.11			
FPD	Pearson Correlation	.495**	.221**	.269**	1	
	Sig. (2-tailed)	0.000	0.000	0.000		
Customer Retention	Pearson Correlation	.589**	.512**	.455**	.509**	1
	Sig. (2-tailed)	0.000	0.000	0.000	0.000	

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

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

Source: Survey Data (2019)

The correlation coefficients were positive and their respective p-values were less than 0.05 as revealed in Table 4.12. The results of the correlation revealed that service delivery, trust, financial product diversification and communication effectiveness had coefficient values of 0.589, 0.512, 0.455 and 0.509 which implies that the variables had a significant and positive linear relationship with customer retention. Similarly, Kibet (2015) and Wanjiru (2016) also found that relationship marketing through service delivery, trust, financial product diversification and communication effectiveness have a significant relationship with customer loyalty.

Regression Analysis

The research was based on hypotheses that relationship marketing does not have a significant effect on customer retention among DT-Saccos in Nairobi City County, Kenya. To test the hypotheses regression was used at P<0.05 significance level. To establish the effect of relationship marketing on customer retention overall model shown by equation 4.9 was used where X_1 = service delivery, X_2 = trust, X_3 = communication effectiveness and X_4 = financial product diversification.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \dots\dots\dots (4.9).$$

Table 4.13 shows the model summary of the multiple regression on relationship marketing.

Table 4.13: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.867 ^a	.752	.749	.34958

a. Predictors: (Constant), FPD, Communication Effectiveness, Trust, Service Delivery

Source: Survey Data (2019)

Basing on the findings in Table 4.13, R Square value of 0.752 implies that the relationship marketing variables (service quality, trust, communication effectiveness and financial product diversification) causes 75.2 percent variation in customer retention.

Analysis of variance was conducted to establish the significance of the model and findings were presented in Table 4.14.

Table 4.14: ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.722	4	5.430	28.140	.000 ^b
	Residual	64.454	334	.193		
	Total	86.176	338			

a. Dependent Variable: Customer Retention

b. Predictors: (Constant), FPD, Communication Effectiveness, Trust, Service Delivery

Source: Survey Data (2019)

The ANOVA results in Table 4.14 shows that the variables service delivery, trust, communication effectiveness and financial products innovativeness are significant predictors of customer retention at significance level of $p < 0.05$.

Regression coefficients were generated to establish the effect of relationship marketing variables on custom retentions and findings were presented in Table 4.15.

Table 4.15: Regression Coefficients of Relationship Marketing Variables

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.081	.564		.144	.885
1 Service Delivery	.649	.066	.419	8.468	.000
Trust	.157	.072	.209	3.916	.000
Communication	.298	.053	.509	10.90	.000
Effectiveness				5	
FPD	.369	.068	.197	3.691	.000

a. Dependent Variable: Customer Retention

Survey Data (2019)

Results in Table 4.15 illustrate that variables namely, service delivery, trust, communication effectiveness and financial products diversification had p-values of 0.000 at a $p < 0.05$ significance value, on customer retention, relationship marketing has a significant influence.

The standardized beta coefficients of service delivery, trust, communication effectiveness and financial products diversification were 0.419, 0.209, 0.509 and 0.197 respectively. These results indicated that a unit change in variables service delivery, trust, communication effectiveness and financial products diversification created an increase of 0.419, 0.209, 0.509 and 0.197 on customer retention. A model equation using standardized beta coefficients was produced by the regression analysis as shown in equation 4.9.

$$Y = 0.081 + 0.419 \text{ Service Delivery} + 0.209 \text{ Trust} + 0.509 \text{ Communication Effectiveness} + 0.197 \text{ Financial Products Diversification} + \epsilon \dots \dots \dots (4.9)$$

Moderation Test

To establish the customer characteristics’ moderating effect, the study used prior to moderation regression and after moderation regression models as shown in equation 4.10 and 4.11 to run the regression analysis after moderation and findings of both models was presented in Table 4.32

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \epsilon \dots \dots \dots (4.10)$$

$$Y = \beta_0 + \beta_5 X_1 * CC + \beta_6 X_2 * CC + \beta_7 X_3 * CC + \beta_8 X_4 * CC + \epsilon \dots \dots \dots (4.11)$$

Table 4.16 present the model summary of the regression.

Table 4.16: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
-------	---	----------	-------------------	----------------------------

4.10	.867 ^a	.752	.749	.34958
4.11	.885 ^b	.783	.754	.44475

Source: Survey Data (2019)

Based on the findings in Table 4.16, the R-square of the regression model prior to moderation is 0.752 while the R Square of regression model after moderation is 0.783 which is an increase of 0.031 implying that there is a change in power of relationship marketing variables after moderation.

Analysis of variance for both models was generated to check both models’ significance and results presented in Table 4.17.

Table 4.17: ANOVA Results

Model		Sum of Squares	df	Mean Square	F	Sig.
4.10	Regression	21.722	4	5.430	28.140	.000 ^b
	Residual	64.454	334	.193		
	Total	86.176	338			
4.11	Regression	20.901	8	2.613	13.208	.000 ^c
	Residual	65.275	330	.198		
	Total	86.176	338			

Survey Data (2019)

Basing on the study results from Table 4.17 the independent variables prior and after moderation are significant (p=0.000) predictors of dependent variable at p<0.05significance level.

Regression coefficients were generated to establish the effect of relationship marketing variables namely service delivery, trust, communication effectiveness and financial products diversification listed as X1, X2, X3 and X4 respectively and results presented below:

Table 4.18: Regression Coefficients

Model		Unstandardized Coefficients		Standardized	t	Sig.
		B	Std. Error	Coefficients Beta		
4.10	(Constant)	.081	.564		.144	.885
	X1	.649	.066	.419	8.468	.000
	X2	.157	.072	.209	3.916	.000
	X3	.298	.053	.509	10.905	.000
	X4	.369	.068	.197	3.691	.000
4.11	(Constant)	1.868	.763		2.447	.015
	X1CC	1.591	.398	1.202	3.993	.000
	X2CC	.322	.293	.204	1.098	.002
	X3CC	.662	.396	.492	1.673	.005
	X4CC	.555	.334	.377	1.664	.000

Source: Survey Data (2019)

Basing on Table 4.18 results, regression coefficients prior moderation of variables service delivery, trust, communication effectiveness and financial products diversification were 0.419,

0.209, 0.509 and 0.197 and the respective p-values are 0.000 while regression coefficients of the moderated variables X1CC, X2CC, X3CC and X4CC are 1.202, 0.204, 0.492 and 0.377 respectively and were significant at significance level of $p < 0.05$. The regression coefficients of trust, communication effectiveness and financial products diversification decreased after moderation while the regression coefficient of service delivery increased after moderation, which implies that customer characteristics variable is a significant moderator of relationship marketing variables and customer retention's relationship.

Discussion of the Results

Effect of Service Delivery on Customer Retention

The first objective was to assess effect of service delivery on customer retention among DT-Saccos in Nairobi City County, Kenya. The hypothesis H_{01} guides this effect's testing:

H_{01} Service delivery has no significant effect on customer retention among Nairobi City County's DT-Saccos.

Table 4.19 findings show that service delivery's the standardized beta coefficient is 0.419, a 8.468 t statistic with a 0.001 corresponding value. With a standardized beta coefficient of 0.419 it may be concluded that service delivery's unit change creates 0.419 change in customer retention. Additionally, p-value is less than 0.05, t statistic is greater than 2 at significance level of 0.05 customer retention is significantly affected by service delivery. The null hypothesis is rejected by the study and concludes that service delivery significantly impacts customer retention among DT-Saccos in Nairobi City County, Kenya.

The results were supported by findings of Preko *et al.*, (2014) who revealed the connection between delivering services and client delight that showed an affirmative correlation. Service delivery was also found to be antecedent to customer delight which is a substantial element in customer loyalty and retention. Also, the results were similar to that of Nsiah and Richard (2014) who found out that client retention is positively affected by the level of service quality.

Effect of Trust on Customer Retention

Objective two was to determine effect of trust on client retention among DT-Saccos in Nairobi City County, Kenya. This effect was tested guided by the hypothesis H_{02} :

H_{02} Trust has no significant effect on customer retention among DT-Saccos in Nairobi County.

Findings illustrated in Table 4.22 revealed t statistics, regression coefficients and p value as 3.916, 0.209 and 0.001 respectively. The standardized beta coefficient implied that a unit increase in trust cause increase in customer retention by 0.209 and t statistic is greater than 2 while p-value is less than 0.05. At significance level of 0.05, the null hypothesis was rejected by the study and concludes that customer retention among DT-Saccos in Nairobi City County, Kenya was significantly affected by trust.

The results were consistent with those of Kiniu (2009) who found that 29% of the customers' loyalty was attributed to trust. The study revealed that integrity, openness, accuracy and security are the major components of building trust.

Effect of Communication Effectiveness on Customer Retention

Objective 3 was to determine how customer retention among DT-Saccos in Nairobi City County, Kenya is affected by communication effectiveness. This effect was tested guided by the hypothesis Ho₃:

H₀₃ Communication effectiveness has no significant effect on customer retention among Nairobi City County's DT-Saccos.

Results in Table 4.25 revealed standardized beta coefficients, t statistics and p. value as 0.578, 10.905, and 0.001 respectively. The standardized beta coefficient meant that communication effectiveness unit increment cause increase in customer retention by 0.578, while p-value is less than 0.05 and t statistic is greater than 2. At significance level of 0.05, the study rejected the null hypothesis and concluded that communication effectiveness has a significant effect on customer retention among Nairobi City County's DT-Saccos.

The results are similar to that of Kibet (2015) who studied consumer satisfaction in the Kenyan insurance industry and revealed that communications is an essential element to customer satisfaction.

Effect of Financial Products Diversification on Customer Retention

Objective 4 was to determine effect of financial products diversification on customer retention among Nairobi County's DT-Saccos. This effect was tested directed by the hypothesis Ho₄:

H₀₄ Financial products diversification has no significant effect on customer retention among Nairobi City County's DT-Saccos.

Results in Table 4.28 revealed standardized beta coefficients, t statistics and p.value as 0.197, 3.691, and 0.001 respectively. The standardized beta coefficient implied that a unit increase in financial products diversification causes increase in customer retention by 0.197, and t statistic is greater than 2 while p-value is less than 0.05. At a 0.05significance level, the study rejected the null hypothesis and concluded that financial products diversification significantly impacted customer retention among DT-Saccos in Nairobi City County, Kenya.

The results are in line with those of Wanjiru (2016) whose study investigated the influence of product diversification approaches as a contributing factor of perceived performance of firms among Nairobi County's real estate firms. Her study concluded that firm performance was positively affected by concentric product diversification. Wanjiru (2016) findings also revealed that firm performance was significantly affected by conglomerate product diversification, and firm performance was substantially impacted by vertical product diversification while there was on noteworthy influence by horizontal product diversification.

Customer Characteristics’ Moderating Effect on how Customer Retention and Relationship Marketing Relate

Fifth objective was to evaluate customer characteristics’ moderating effect on how customer retention and relationship marketing relate among Nairobi County’s DT-Saccos. This effect was tested guided by the hypothesis Ho₅:

Ho₅ Customer relationship does not have significant moderating effect on relationship marketing and customer retention’s relationship among Nairobi City County’s DT-Saccos.

According to the findings presented in Table 4.32, the R-square improved after moderation, while the F-statistics remained significant after moderation as shown in Table 4.33. Table 4.34 revealed that the standardized beta coefficients for service delivery increased after moderation from 0.649 to 1.202 implying that after moderation, a unit change in service delivery causes increase in customer retention by 1.202. For the variables trust, communication effectiveness and financial products, the standardized beta coefficients decreased and the p.value of all the variables in the model was less than 0.05, hence at significance level of 0.05, relationship marketing variables have significant influence after moderation. Therefore, the null hypotheses was rejected by the study and concluded that customer characteristics are significant moderator of the relationship between customer retention and relationship marketing variables.

Summary of Hypotheses Testing

The hypothesis results summary have been shown in Table 4.19

Table 4.19 Summary of hypothesis

	Hypothesis	Decision	Conclusion
H ₀₁	Service delivery has no significant effect on customer retention of selected DT-Saccos in Nairobi County	Rejected	Service delivery has a significant effect on customer retention of selected DT-Saccos in Nairobi County Respondents noted that the services offered in the Sacco is a consideration for their membership sustenance
H ₀₂	Trust does not have significant effect on customer retention of selected DT-Saccos in Nairobi City County, Kenya	Rejected	Trust have a significant effect on customer retention of selected DT-Saccos in Nairobi City County, Kenya The findings are supported by responses that, the DT-Sacco members are influenced by the trust developed with the DT-Saccos management practices.
H ₀₃	Communication effectiveness does not have significant effect on customer retention of selected DT-Saccos in Nairobi County	Rejected	Communication effectiveness have a significant effect on customer retention of selected DT-Saccos in Nairobi County From the responses of DT-Sacco

			members, most of them insisted that they receive communication from the DT-Sacco managements timely and accurately.
H ₀₄ :	Financial product diversification has no significant influence on customer retention of selected DT-Saccos in Nairobi City County, Kenya	Rejected	Financial product diversification has a significant influence on customer retention of selected DT-Saccos in Nairobi City County, Kenya
H ₀₅ :	Consumer characteristics have no significant effects on the controlling effects of the connection between relationship marketing and client retention of selected DT-Saccos in Nairobi City County, Kenya	Rejected	Consumer characteristics have a significant effects on the controlling effects of the connection between relationship marketing and client retention of selected DT-Saccos in Nairobi City County, Kenya

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

Findings from the analysis, conclusions, recommendations and study’s contribution to the body of knowledge are presented in this chapter, the section also suggest areas for further research.

Summary

The main purpose of this study was to establish effect of relationship marketing on customer retention among DT-Saccos in Embakasi Sub-County, Nairobi City County. The main areas of focus in pursuit of relationship marketing was service delivery, trust, communication effectiveness and financial products diversification on customer retention among DT-Saccos.

Effect of Service Delivery on Customer retention

Objective one was to assess the effect of service delivery on customer retention among DT-Saccos. The Sacco responds in a well-timed way and always keen to members' requests response. The emphasis is also on providing good quality and modified services to meet various members' needs. The systems developed have enhanced members’ service of carrying out transactions anytime with minimal inconveniences through effective system to serve members 24/7 established in many Saccos. The staffs to handle member’s complaints are adequately trained on Sacco's products and services, in order to be courteous and polite when dealing with members. Moreover, promises made to members are consistently delivered by majority of the Saccos. Findings indicated that service delivery positively and significantly affect customer retention ($\beta = 0.419, p = 0.00001$).

Effect of Trust on Customer retention

Objective two was to evaluate effect of trust on customer retention among DT-Saccos. The policies of most Saccos are trustworthy, with no corruption cases against the Saccos. This is enhanced by the professional standard of operations and clear information regarding transactions and safety of transactions. The members further indicated they are safe and comfortable to share my financial information to the Sacco since the Sacco cannot share any information about personal account to a third party without the owner's permission. The Saccos have ability to deliver adequately what they have promised to members into the foreseeable future. Results revealed that trust positively and significantly affect customer retention ($\beta = 0.209$, $p = 0.00001$) implies that a unit increase in quality of service delivery increases customer retention by 0.209.

Effect of Communication Effectiveness on Customer retention

The third objective was to determine how customer retention among DT-Saccos in Nairobi City County, Kenya is affected by communication effectiveness. Sacco provides timely information to members' whenever there are new products/services or a change in the policy. There is up-to-date information on all the products guide and social media platform. Information conveyed by Sacco to members is easy to understand and if not so members can call or walk-in to clarify any information received. Basing on the findings, communication effectiveness positively and significantly affects customer retention ($\beta = 0.509$, $p = 0.0001$) at a $p < 0.05$ significance level meaning that a unit increase in quality of service delivery increases customer retention by 0.509.

Effect of Financial Products Diversification on Customer retention

The fourth objective was to assess influence of financial products diversification on customer retention among DT-Saccos. The Saccos offers variety of loan facilities that are suitable for members' financial needs. It was found that different loan facilities allow members to have a wide variety of loan options through adapting the Saccos products to meet customers' need. There are various saving options which stand members chance to benefit from the various types of Savings options. Findings revealed that the financial products diversification positively and significantly affect customer retention ($\beta = 0.197$, $p = 0.00001$) at $p < 0.05$ significance level, implying that a unit increase diversification of financial products increases customer retention by 0.197.

Customer Characteristics' Moderating Effect on how Customer Retention and Relationship Marketing Relate

Fifth objective was to evaluate customer characteristics' moderating effect on how customer retention and relationship marketing relate among Nairobi County's DT-Saccos. Based on the findings, the R-square of the regression model prior to moderation was 0.752 while the R Square of regression model after moderation is 0.783 which is an increase of 0.031 implying that there is a change in power of relationship marketing variables after moderation. The regression coefficients of trust, communication effectiveness and financial products diversification

decreased after moderation while the regression coefficient of service delivery increased after moderation, which implies that customer characteristics variable is a significant moderator of the relationship between relationship marketing variables and customer retention.

Conclusion

Service Delivery and Customer retention

Service delivery was found to positively and significantly affect customer retention. Based on these results it can be concluded that organizations need to invest more on staff training and development so that they can be able to address customer's complaints courteously and effectively.

Trust and Customer retention

Sacco's needs to invest more on process that improves service delivery efficiency for example investing on technologies that enable customers conduct their transactions anytime with minimal inconveniences through effective system to serve 24/7. Based on this result, the conclusion can be that Saccos need to have sound policies and up-to-date that are meant to protect customers' interest. Also, Sacco management needs to invest in systems that ensures professional standard of operations and clear information regarding transactions and safety of transactions and protection of customers information against third party. Also, the results revealed the need for Sacco management to clearly deliver promises made to members into the foreseeable future in order to earn their trust.

Communication Effectiveness and Customer retention

Communication effectiveness was found to positively and significantly affect customer retention. The Sacco management therefore need to develop frequent educational and promotional messages meant to enlighten members on the Sacco's progress or whenever there are new products/services or a change in the policy, in keeping the members having up-to-date information on all the products. The content of information also needs to be very clear and easily be interpreted and understood by all levels of members.

Financial products diversification and Customer retention

Conclusions drawn from the fourth objective found that that the financial products diversification had positive and significant effect on customer retention. Sacco management and product development unit need to conduct customer need analysis and develop loans and products that are meant to meet customers' financial needs. Findings revealed that customer characteristics variable is a significant moderator of the relationship between relationship marketing variables and customer retention. The factors of age, education level and financial status are significant for the retention of a customer.

The study's Contributions to the body of knowledge

The research sought to assess the effect of relationship marketing on customer retention and the moderating effect of customer characteristics on the relationship between the two variables, among DT-Saccos. The research contributes to the body of knowledge in many ways. First, the relationship between relationship marketing and customer retention at individual level has been focused on by the research through determining the association between each customer retention and relationship marketing component

Secondly, the study introduced moderating variable which other researches are not able to accommodate. Moderating variable' interaction revealed different insights which may influence how other scholars look at customer characteristics. In Kenya, few researches have focused on customer retention among DT-Saccos like Preko *et al.*, (2014), Kiniu (2009). This study closes this gap through presenting well researched results giving an accurate picture on how customer retention is influenced by relationship marketing.

Managerial and policy Recommendations

Saccos should ensure staffs recruited to serve customers are well informed about the products and services that are on offer and the plans set for the benefit of members. Also, members personal account information should be kept secure to ensure the confidentiality and the trust on the Sacco operations. New changes, products and services done should be effectively communicated and with clarity. All Saccos should aim at improving their financial services and terms of products to the members. This encourages more membership in the Saccos.

Government should aim to regulate the DT-Saccos operation to protect the stakeholders from exploitation and losses in cases of mismanagement by setting up legal aspects in DT-Saccos operations.

Recommendation for further research

This study focused on relationship marketing influence on customer retention among DT-Saccos, therefore, other influential factors such as consistency with customers should be studied to improve the customer retention of this Saccos. The study was limited in Embakasi area. This cannot be generalized for all the DT-Saccos, therefore, a study focusing on nationwide DT Sacco members in Kenya as the population of the study should be done.

REFERENCES

- ACAL, C. (2012). *The Future of SACCO's*. Summit for African Saccos and Cooperatives, SASCO. Nairobi
- Alrubaiee, L., & Al-Nazer, N. (2010). Investigating the impact of Relationship Marketing Orientation on Customer Loyalty: The customer's perspective. *International Journal of marketing Studies*, 2(1), 155 – 174
- Babbie, E. (2007). *The Practice of Social Research* .11th Edition. Belmont CA: Thompson-Wadsworth
- Bhardwaj, D. (2016). Relationship Marketing in Context to the IT Industry. *VISION - The Journal of Business Perspective*, 11(2), 57 – 66
- Bwana, K. M., & Mwakujonga, J. (2017). Issues in SACCO development in Kenya and Tanzania: The historical and development perspectives. *The International Institute for Science, Technology and Education Journal*, 3(5), 214 – 223
- Cavana, R., Delahaye, B., & Sekaran, U., (2001). *Applied Business Research: Qualitative and Quantitative Methods* (3rded.). Australia: John Wiley & Sons
- Chuani, P. W. (2017). *Determinants of Customer Retention in Kenyan Commercial Banks: A Case of KCB Bank Kenya Limited* (Doctoral dissertation, United States International University-Africa).
- Cooper, D. R., & Schindler, P. S. (2011). Qualitative research. *Business research methods*, 4(1), 160-182.
- Cronbach, M., & Hedge, R. (2001). Construct Validity in psychological tests. *Psychological Bulletin*, 52, 281-302.
- Crossan, F. (2013). Research philosophy: towards an understanding. *Nurse Researcher*, 11(1), 46 – 56
- Ennew, C. T., & Binks, M. R. (2016). The impact of service quality and service characteristics on customer retention: Small businesses and their banks in the UK. *British Journal of Management*, 7(2), 219 - 230.
- Field, A. (2013). *Discovering Statistics Using IBM SPSS Statistics*. 4th Revised edition. Sage Publications Ltd
- Ginn, J. Stone, M., & Ekinici, Y. (2010). Customer retention management in the recession. *Journal of Direct, Data and Digital Marketing Practice*, 12(2), 115 - 127.

- Gounaris, S. P. (2011). Trust and commitment influences on customer retention: insights from business-to-business services. *Journal of Business research*, 58(2), 126 - 140.
- Guest, G. (2013). Describing mixed methods research: An alternative to typologies. *Journal of Mixed Methods Research*, 7(2), 141-151
- Gummesson, E., (2014). Practical Value of Adequate Marketing Management Theory. *European Journal of Marketing*, 3(6), 325 - 349.
- Hair, J. R., Jr., Black, W. C., Babin,, B.J., Anderson, R. E. &Tatham, R. L. (2006). *Multivariate Analysis*. Upper Saddle River, NK: Pearson Prentice Hall
- Hettiarachchy, B. S., &Samarasinghe, D. S. R. (2016). *Influence of Relationship Marketing on Customer Retention in Sri Lankan Banking Industry*. University of Sri Jayewardenepura, Sri Lanka
- Homburg, C., & Giering, A. (2001). Personal characteristics as moderators of the relationship between customer satisfaction and loyalty—an empirical analysis. *Psychology & Marketing*, 18(1), 43-66.
- Hougaard, S., &Bjerre, M. (2009). *Strategic Relationship Marketing, Sam funds literature Press*. ISBN 87-593-0840-0.
- Ismail, M., (2015). *Impact of marketing strategy on customer retention in Handloom industry*.South eastern University of Srilanka.
- Karimi, B. J. (2014). *Impact of Relationship Marketing Practices on Customer Retention in the Insurance Industry in Kenya*.MBA Thesis.University of Nairobi.
- Karr, J. (2012). Performance Measurement in the Banking Industry. *Business Finance Best Practices for Finance Executives*, 7(1), 5 – 12
- Kibet, T. (2015). *Communication focus and customer satisfaction in the insurance industry in Kenya*.Unpublished MBA thesis, University of Nairobi, Kenya.
- Kiniu, D. N. (2011). *Corporate social responsibility of multinational Corporations listed in the Nairobi stock exchange, Kenya*. Unpublished MBA Project, University of Nairobi.
- Kothari, C. R. (2004). *Research methodology: Methods and techniques*. New Age International.
- Kiragu D.N. (2015). *Influence of financial innovations on financial performance of savings and credit co-operative societies in Nyeri County, Kenya*. Nairobi: University of Nairobi.
- Kumar, N., Scheer, L., &Steenkamp, J. B. (2010). The effects of perceived interdependence on dealer attitudes. *Journal of Marketing Research*, 32(3), 348 – 356

- Kuria, E. W. (2010). *A survey of relationship marketing practices among commercial banks in Kenya* (Doctoral dissertation, University of Nairobi, Kenya).
- Kuria, E. W. (2017). *A survey of relationship marketing practices among commercial banks in Kenya*. MBA thesis. University of Nairobi, Kenya.
- Mamouni, L. E. Watson, J., Mazzarol, T., & Soutar, G. (2012). Co-operative Capital Units as a Solution to Co-operative Financing. *Centre for Entrepreneurial Management and Innovation (CEMI) Discussion Paper Series No. DP1201 (ISSN 1448-2541)*.
- Manduku, I. (2013). *Determinants of Customer Loyalty in the Retail Banking Sector in Kenya*. Unpublished MBA, United States International University
- Micevski, M. Kadic-Maglajlic, S., & Boso, N. (2014). How internal marketing drive customer satisfaction in matured and maturing European markets? *Journal of Business Research*, 86, 291-299.
- Musyoka, E. (2016). *Operations Performance Objectives and Customer Retention of Motor Vehicle Dealers in Kenya*. (Doctoral dissertation, University of Nairobi).
- Naibei, I. K., & Koskei, K. R. (2017). Determinants of Member Loyalty among Saccos: A Survey of Selected Saccos in Kericho County, Kenya. *International Journal of Economics, Commerce and Management*, 5(7), 637 - 654
- Neeru, S. & Paul, G. P. (1999). The impact of communication effectiveness and service quality on relationship commitment in consumer, professional services. *The Journal of Marketing*, 13 (2), 151-170
- Ngeera, M. (2014). *Understanding the research process and methods. An introduction to research methods*. Unpublished MBA Thesis, School of Business: University of Nairobi.
- Nwankwo, S. I., & Ajemunigbohun, S.S. (2013). Customer Relationship Management and Customer Retention. Empirical Assessment from Nigeria's Insurance Industry. *Business and Economics Journal*, 4(2), 1-6.
- Nsiah, R., & Mensah, A. (2014). *The Effect of Service Quality on Customer Retention in the Banking Industry in Ghana. A Case Study of Asokore Rural Bank Limited*. A published thesis. Kwame Nkurumah University of Science and Technology (KNUST).
- Nyaga, P.G. (2015). *Effect of financial innovation on financial performance of commercial banks in Kenya*, Unpublished Doctoral Dissertation. Nairobi: University of Nairobi.
- Nunkoo, R. (2015). Tourism development and trust in local government. *Tourism Management*, 46, 623-634.

- Oso, W. Y., & Onen, D. (2009). *A general guide to writing research proposal and report*. Nairobi: The Jommo Kenyatta Foundation
- Otieno, O. (2013). *The influence of service quality and corporate image on customer satisfaction among university students in Kenya*. A published PhD Thesis, University of Nairobi
- Oyeniya, O., & Abiodun, A. J. (2013). Customer service in the retention of mobile phone users in Nigeria. *African Journal of Business Management*, 2(2), 026-031.
- Palepu, K. (2012). Diversification strategy, profit performance, and the entropy measure of diversification. *Strategic Management Journal*, 6(2), 239 – 255
- Parasuraman, A., Zeithaml, V., & Berry, L., (1985). SERVQUAL: A conceptual model of service quality and its implication for future research. *Journal of Retailing*, 64(1), 12 – 18
- Preko, A., Agbanu, S. K., & Feglo, M. (2014). Service Delivery, Customer Satisfaction and Customer Delight in the Real Estate Business. Evidence from Elite Kingdom Investment and Consulting Company Ghana. *European Journal of Business and Management*, 6(3), 61-83
- Rahman, S. A. U., & Masoom, M. R. (2015). Effects of Relationship Marketing on Customer Retention and Competitive Advantage: A Case Study on Grameen Phone Ltd. *Asian Business Review*, 1(2), 97-102.
- Rensburg, R. S., & Cant, M. (2013). *Public Relations: South African Perspectives*. South Africa: Heinemann.
- Rouse, M. J., & Rouse, S. (2012). *Business Communications: A Cultural and Strategic Approach*. Australia: Thomson Learning
- Safa, N. S., & Ismail, M. A. (2013). A customer loyalty formation model in electronic commerce. *Economic Modeling*, 3(5), 559 - 564.
- Sagwa, E. V., & Kembu, A. S. (2016). Effect of competitive strategy on the performance of deposit taking Saccos in Nairobi County, Kenya. *European Journal of Business and Management*, 8(8), 30-37
- SASRA (2014). SACCO Supervision Annual Report, 2014 (Deposit-Taking). SASRA Regulatory Authority.
- SASRA (2018). SACCO Supervision Annual Report, 2018 (Deposit-Taking). SASRA Regulatory Authority.
- Sharma, N., & Patterson, P. G. (1999). The impact of communication effectiveness and service quality on relationship commitment in consumer, professional services. *Journal of services marketing*, 13(2), 151-170.

- Sin, Y.M., Tse, C. B., Yau, H. M., Chow, R., & Lee, S. Y. (2012). The effect of relationship marketing orientation on business performance in a service-oriented economy. *Journal of Services Marketing*, 16(7), 656- 76
- Soimo, V. J., Wagoki, J., & Okello, B. (2015). Influence of relationship marketing on customer retention in commercial banks in Nakuru town, Kenya. *International journal of economics, commerce and management*, 3(5), 1305-1319.
- Swaen, V., & Chumpitaz, R. C. (2014). Impact of corporate social responsibility on consumer trust. *Recherche Et Applications En Marketing*, 23(4), 7 – 33
- Taleghani, M, (2011). The Role of Relationship Marketing in Customer Orientation Process in the banking industry with focus on loyalty. *International Journal on Business and Social Science*.2, 19
- Thiabaut, J. W., & Kelly, H.H. (1959). *The Social Psychology of Groups*. New York: John Wiley & Sons
- Vanathas, C., Jambulingama, M., & Matiah, J. (2016). Non-verbal communication and satisfaction on the banking industry. *International Business Management*, 10(2), 324 - 328.
- Wakwoma, W. (2017). *A survey of product diversification strategies adopted by firms in the banking industry in Kenya*. Unpublished MBA project. University of Nairobi.
- Wangodu, G. (2008). *Effect of customer relationship management systems on customer retention in life insurance companies in Kenya. A case study of British American Insurance Company Limited*. Unpublished MBA thesis, Kenyatta University.
- Wanjiru, M. M. (2016). *Product Diversification Strategies as A Determinant of Perceived Firm Performance Among Real Estate Companies in Nairobi City County, Kenya, Kenya* (Doctoral dissertation, Moi University).
- Webb, C. (2014). Action research: philosophy, methods and personal experiences. *Journal of advanced nursing*, 14(5), 403 - 410.
- Weinstein, A. (2012). Customer retention: a usage segmentation and customer value approach. *Journal of Targeting, Measurement and Analysis for Marketing*, 10(3), 259 - 268.
- Zikalala, M. (2016). *The Role of Savings and Credit Cooperatives in Promoting access to credit in Swaziland*. Unpublished MSc. Thesis, University of Pretoria