EFFECT OF STRATEGIC LEADERSHIP ON CUSTOMER RETENTION COMMERCIAL BANKS IN KENYA

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ABSTRACT
The purpose of this study was to find out the effect of strategic management practices on customer retention in Commercial Banks in Kenya. Specific objective that formed the basis of the study namely: To establish the effect of strategic leadership practice on customer retention in the commercial banks in Kenya and the theory used was transformational leadership theory. The total number of banks that were registered with the Central Bank of Kenya was forty-three (43) hence a survey method was used. The questionnaires were distributed to all banks and the managers and the department heads were requested to fill in. The total numbers issued was 123 questionnaires and 117 were returned, giving a response rate of 86%. The questionnaires were coded and fed into the SPSS. The data was then analyzed using descriptive statistics such as mean and standard deviation. Inferential statistics was used including ANOVA, correlation, multiple regression method. Qualitative data was used to put into categories based on themes that would be aligned to research objectives and would be integrated in the discussion of the findings. The findings of the study showed that strategic leadership practice were significant. Therefore, it was concluded that to increase customers the strategic management practices must be adopted. Therefore, since strategic management practice could be of value, they were well advised to pursue customer retention as well as at a suitable level of strategic management practices. Strategic leadership practice should enhance employee motivation and decision making since employees who are motivated tend to know what is expected of them and they are key contributors in offering service quality as they are the representatives of the bank.

Keywords: customer loyalty, customer satisfaction, customer retention, strategic leadership
Introduction

Strategic management is management of change. It is therefore in order to state that the strategic management practices of the study are: Strategic Leadership Practice. In order to examine the strategic management practice variable, it can be noted that, in strategic leadership practice, the leader promotes cooperation and teamwork by instilling in followers a desire to work towards a common goal (Sabooe et al., 2015). Leaders must make strategic decisions as decisions are of little use, of course, unless they are acted on. Team leaders can maximize team performance by assembling the ‘parts’ (Zhang et al., 2013).

The characteristics of thus, a strategic leader is one, who will visualise the future trends and come up with proper decisions on implementation, evaluation and control (Dess et al., 2005), transformational leadership is described by Grant (2012) as the goals of the organization must be communicated and embodied in the culture of the organization, communication and especially important and should be performed through leaders who are instrumental in permeating the vision through the various levels of organizational hierarchy. Leaders must demonstrate a commitment to these values by their own behavior and by the way they reinforce the behavior of others (Grant, 2012).

Customer retention is now regarded as important because it has become increasingly difficult for firms to assume that there exists an unlimited customer base. According to Reichheld and Sasser (2010), it costs five times more to gain a new customer than to retain an existing customer as the acquisition costs are lowered in the long run which means that customer retention is related to the profitability of a firm. Hunt, (2008), Customer retention is a positive attitude of the customer towards the organization and a willingness to stay with the organization. Malopo and Mukwada (2011) ascertained that firms are all out to foul attempts by customers to switch retailers and indirectly retain them.

A customer who expresses a positive attitude towards an organization and is willing to stay with it is more likely to stay. The main purpose of retention is to prevent competent employee from leaving the organization as this could have adverse effect on productivity and service delivery (Ng’the, Iravo and Namusonge, 2012) and this can be applied to retention of customers in an organization. Thus Customer retention has become more important than customer acquisition. Defending and protecting customer base should be the upper most jobs in these challenging economic times. Although in certain instances, companies still spend 10 to 20 times (or more) on acquiring new customers as they spend on keeping existing ones.

The relationship that exists between Customer Retention and the strategic Practices namely is Strategic Leadership practice. Leadership according to Jones et al., (2009), one of the key strategic roles of both general and functional managers is to use all their knowledge, energy, and enthusiasm to provide strategic leadership for their subordinates and develop a high performing organization. Leaders need to develop strategic leadership skills so that they can think and act strategically and navigate through the unfamiliar business environment (Edward et al., 2013).

One of the key tasks of leadership is to give an organization a sense of direction. Strong leaders seem to have a clear and compelling vision of where the organization should go, are eloquent enough to communicate this vision to others within the organization in terms that energize people, and consistently articulate their vision until it becomes part of the culture of the organization. Individuals with strategic leadership skills are vigilant and have the aptitude for anticipating threats and opportunities surrounding their businesses (Tawadros, 2015). Sababu (2007), argued that, strong leaders demonstrate their commitment to their vision and business model by actions and words, and they often lead by example.
Effective strategic leaders develop a network of formal and informal sources who keep them well informed about what is going on within their company. They recognize that unless they learn how to delegate effectively, they can quickly become overloaded with responsibilities. They also recognize that empowering subordinates to make decisions is a good motivation tool. Delegating also makes sense when it results in decision being made by those who must implement them. At the same time statute leaders recognize that they need to maintain control over certain key decisions. Skilled leaders have the ability to evaluate different decision options, take quick but well-thought out decisions even when limited information exists (Tawadros, 2015).

They also work with short, medium, and long-term business goals in perspective. Strategic leaders possess effective communication, emotional and social intelligence skills, including trust and the capacity to synchronize the business and stakeholders’ objectives (Edwards et al., 2013). Strong empathy and social skills can help leaders earn loyalty of subordinates, empathetic and socially adept individuals tend to be skilled at managing disputes between managers, better able to find common ground and purpose among diverse circumstances and better able to move people in a desired direction than leaders with lack of these skills. A strategic leader is one, who will visualise the future trends and come up with proper decisions on implementation, evaluation and control.

Customer retention is now regarded as being important because it has become increasingly difficult for firms to assume that there exists an unlimited customer base. According to Reichheld and Sasser (2010), it costs five times more to gain a new customer than to retain an existing customer as the acquisition costs are lowered in the long run which means that customer retention is related to the profitability of a firm. (Hunt, 2008). Customer retention is a multifaceted contact with psychological and behavioral components, (Fournier and Yao, 1997). Customer retention is a positive attitude of the customer towards the organization and a willingness to stay with the organization.

It is individual managers who must take responsibility for formulating strategies to attain a competitive advantage and putting those strategies into effect. They must lead the strategy making process towards success in order for the customer to have positive attitude towards the organization and stay with the organization.

Study Objective
To establish the effect of strategic leadership practice on customer retention in the commercial banks in Kenya.

Research Hypotheses
The study was guided by the following hypotheses;

H₀₁ There is no relationship between strategic leadership practice and customer retention in the commercial banks in Kenya.

H₁ There is a relationship between strategic leadership practice and customer retention in the commercial banks in Kenya.

Transformational Leadership Theory
The transformational leadership was initially introduced by leadership expert McGregor Burns (1978) by distinguishing between ordinary (transactional) leaders, who exchanged tangible rewards for the work and loyalty of followers, and extraordinary (transformational) leaders who engaged with followers, focused on higher order intrinsic needs, and raised consciousness about the significance of specific outcomes and new ways in which those outcomes might be achieved (Barnett, McCormick & Conners, 2001; Judge & Piccolo, 2004). According to Burns, transformational leadership can be seen when leaders and followers make each other to advance to a higher level of morale and motivation.
Through the strength of their vision and personality, such leaders are able to inspire followers to change their expectations, perceptions and motivation to work leading to achievement of organizational goals. The idea of transformational leadership was developed further by Bass (1985), who disputed Burns’ conception of transactional and transformational leadership as opposites on a continuum. He suggested instead that the two, are separate concepts and that good leaders demonstrate characteristics of both (Judge & Piccolo, 2004). Whether a leader is adapting a style, behavior, or the level of interactions (exchanges), the leader’s goal is to help employees accomplish tasks and goal attainment.

In the process of leadership, a leader will have to be flexible on the style or behavior that may be needed in matching employee’s characteristics, tasks difficulty, and the work environment setting. As leader’s better understand these factors with the leadership theories, organizations can benefit from employees feeling motivated to complete tasks (goals), which are: increased job satisfaction, less turnover, improved attitude, increased performance and efficiency, cohesiveness among work units, and trust, and respect between leaders and employees (Graen & Uhl-Bien, 1991; House & Mitchell, 1974; Northouse, 2007).

Transformational Leadership is one of the current approaches to leadership and considered a “New Leadership” paradigm in today’s business environment, because it inspires, energizes, and intellectually stimulates employees during times of uncertainty (Bass, 1990; Northouse, 2007). In today’s turbulent banking environment, banks are seeking leaders who possess intuitive instincts and potent abilities that enable them to reposition their organizations based on anticipated environmental change (Savage & Sales, 2008). In fact, change is the “new norm” and leaders that are able to gain and maintain a competitive advantage for their banks requires the ability to adapt and respond with speed and agility (Dittmar et al., 2007).

According to Dittmar et al., (2007), they state that “most banks fail to achieve successful, sustained change 70 percent of the time compared to leaders that attend to the relationship between trust and engagement; they increase the success of their change initiative and secure competitive advantage”. Unfortunately, only 25 percent of companies with employees are fully engaged, resulting in disengaged employee’s that impact productivity, financial results, and failed efforts to change (Dittmar et al., 2007). Dittmar et al., (2007), state that “exceptional companies with engaged workers experience a 50 percent higher employee and customer retention, 38 percent greater productivity, and 27 percent higher profits.

Many companies are focusing on transformational leaders to inspire and empower employees in today’s business environment of uncertainty. As these leaders influence employees, they play a pivotal role in precipitating change, while motivating employees to improve and develop to their fullest potential (Northouse, 2007). Key factors that distinguish transformational leaders are: strong role models with very high standards of moral and ethical values, charismatic in providing a vision and sense of mission, communicate high expectations by inspiring and motivating them to be committed to the vision, stimulate innovation and creativity to challenge employees’ beliefs, and provide a support climate for employees by acting as a coach or advisor in helping them become fully actualized (Northouse, 2007).

Bass (1985), states that transformational leadership can be defined based on the impact such leaders will have on followers. Transformational leaders garner trust, respect and admiration from their followers. They help their followers, under certain conditions employees to rise above their own self-interests and give extra effort in order to achieve the organization’s mission (Bass, 1985). Such leaders are able to
elicit this extra-ordinary performance on followers through behaviors that motivate exceptional performance (Conger & Kanungo, 1998; Bass 1985) leading to organizational performance. Both Burns (1978) and Bass’s (1985) theories explained the interaction between employees and management especially how the relationship between employee and management is managed in ways that ultimately leads to employees going beyond their self-interest in support of organizational targets.

Transformational and transactional leadership theories provide a useful lens for understanding how leaders impact organizational performance. Though there are differences between transformational and charismatic theories, scholars are now viewing them as sharing much in common and referring to this body of work as new leadership theory (Hunt & Conger, 1999) or neo- charismatic theory (Fiol, Haris & House, 1999). According to Bass (1990) transformational leadership occurs when leaders broaden and elevate the interests of their employees, generate awareness and acceptance of the purposes and mission of the group, and stir employees to look beyond their own self-interest for the good of the group.

Transformational leadership fosters capacity development and brings higher levels of personal commitment amongst ‘followers’ to achieve organizational objectives. Together, heightened capacity and commitment are held to lead to additional effort and greater productivity in organizations (Barbuto, 2005; Leithwood & Jantzi, 2000). Transformational leaders are active leaders that have four distinguishing characteristics; idealized influence, inspirational motivation, intellectual stimulation and individualized consideration (Bass, 1985; Conger, 1999). Such leaders devote significant energy to leading their employees and also respect the gifts and abilities of their workers.

The four leadership dimensions stated enable leaders to behave as strong role models fostering followers’ transformation into more successful and productive individuals (Hay, 1995). Transformational leaders thus display behaviors that can potentially impact the level of engagement of their employees Conger and Kanungo (1994) identified six dimensions that include behaviors associated with articulating a group vision, personal risk, avoiding the status quo and sensitivity to follower needs. Posdakoff et al., (1990) also identify six dimensions of transformational as; articulating a vision, role modeling appropriate behavior, fostering acceptance of group goals, high performance expectation, and intellectual stimulation as well as providing individual support.

Shamir, Zakay, Breinin & Popper (1998) describe four dimensions of transformational leadership as; ideological emphasis, emphasizing collective identity, exemplary actions and supportive behaviors. Based on the above factors, transformational leaders establish trust through an emotional relationship with employees that engage them to be fully committed to the company’s success, they are passionate about what they are doing, and are fully integrated in supporting the company’s mission and values during uncertain times.

As leaders move forward in establishing creditability, they overcome the challenge of building trust between individuals, groups, and the organization through a process of creating and maintaining an engaging culture (Dittmar, 2007). As leaders establish trust, they establish credibility, which empowers and engages employees to be creative, take risks, and collaborate within organization (Dittmar, 2007).

Conceptual Framework

<table>
<thead>
<tr>
<th>Independent variable</th>
<th>Dependent variable</th>
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<tbody>
<tr>
<td>STRATEGIC LEADERSHIP</td>
<td>CUSTOMER RETENTION</td>
</tr>
<tr>
<td>Employee Motivation</td>
<td>Customer satisfaction</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>Customer loyalty</td>
</tr>
<tr>
<td>Decision making</td>
<td>Competitive services</td>
</tr>
</tbody>
</table>

Figure 1: Conceptual framework
Empirical Review

Review of variables
Leadership is about aligning the people to the expected outcomes of the vision. In order to lead, one must be able to manage and hence the two are closely related (Gwavuya, 2011). On the other hand, leadership style refers to a particular behavior applied by a leader to motivate his or her subordinates to achieve objectives of the organization (Northouse, 2007). Since leadership helps to chart the future direction of the organization the behavior of the leaders is the catalyst in directing the followers to achieve the common goals hence followers follow the leaders’ behavior when carrying out their duties (Thrush, 2012). Leadership is an important issue on any organization and various studies have demonstrated the increasing importance of leadership.

Most theories of leadership focus on leaders, Stephen Covey (1992, cited by Gill (2009) suggests that a ‘more fruitful approach is to look at followers, rather than leaders and to access leadership by asking why followers follow. People follow someone as a leader who influences, inspires and motivates them and these all depend on empowerment. Leadership is relationship of influence. (Wright, 2006), it occurs only when people are influenced to do what is ethical and beneficial for the organization and themselves (Yukl, 2002). Leadership involves influence, without influence, leadership does not exist (Northouse, 2010).

Most of all, we are often developed into good leaders ourselves as a result of being taught by and following the example of leaders who were role models, mentors, and teachers. The managers` leadership seems to be crucial and the implementation of strategic management systems needs leaders who drive the change. Effective managers do not always make strong leaders. They have to learn new skills and gain new self-awareness in order to influence and inspire those around them. Campbell et al., (1994) argue that people are more motivated and work more intelligent if they believe in what they are doing and trust the organization they are working with’. They acknowledge that motivation and commitment can also come from ‘clear strategy, from the excitement of achievements, from the honor of being the best and the thrill of winning,’ but strategy alone is not enough. Zafar et al., (2012) defines strategic process as an instrument that has been successfully used by poorly performing firms so as to prepare for future challenges and hence improve on long term performance. Gates (2010) argues that, a classic planning process scrutinizes an organization’s contemporary situation and capacities, contemplations about how the organization would like to grow, its targets as an organization. In previous studies, superior financial and organizational performances have been linked to insights and inspiration of effective leadership. This comes as no surprise to those who have worked with or for a great leader. Good results follow good leadership. According to Gwavuya (2011), incompetent leadership results in poor employee performance, high stress, low job commitment, low job satisfaction and turnover intent. Team leaders can maximize team performance by assembling the ‘parts’ into ‘whole’ and engaging in team-focused behavior rather than differentiate behaviors (Zhang et al., 2013). A leader dictates decisions down the subordinates, and few opportunities are given to employees for making suggestions even if these are in the organizations best interest (Gwavuya, 2011).

Slavik (2010) identified the dimensions of vision and mission statements, objectives and staff involvement as key in measuring the rate of strategic planning in organizations whereas, Muindi (2011) established that similar aspect such as lack of participatory decision making and failure to communicate to staff regularly on matters affecting them caused dissatisfaction among academic staff in the university of Nairobi hence it is left upon the leader to include all
stakeholders in any decision making for achievement of the set goals. O’Reilly et al., (2010) argued that it is not the effectiveness of a leader in isolation that affects organizational performance but alignment of leaders across hierarchical levels that is associated with successful implementation of strategic change. Customer Retention Retention is being satisfied and becoming loyal leading to retention. In this context, we give an insight into customer retention. Customer retention highly depends on customers’ perception towards service delivery systems (Kim et al., 2004). Customer retention thus involves customer’s commitment, trust, willingness to recommend and have repurchase intentions (Zeithmal, 2000). The term customer loyalty is not only about customers doing a particular company a great service by offering favourable word of mouth publicity regarding a product or service, telling friends and family, but also, it is a process, a program, or a group of programs geared towards keeping a guest happy so that he or she will provide more business (Peppers & Rodgers, 2016).

Iglesias, Singh and Batista Foguet (2011) mentioned that loyalty is developed over a period of time from a consistent record of meeting, and sometimes even exceeding customer expectations. The ultimate goal is to develop happy customers who will in return repurchase and persuade others to use that company’s products or services. Loyal customers are those who are not easily swayed by price inducements from competitors, and they usually refer new customers more than those less loyal customers. Berman and Evans (2010) customer expectation have been met or exceeded by the firm in terms of value and customer service provided. Iravo et al., (2013) states that dissatisfied customers will be disloyal the organization and will talk about their bad experience to other customers, hence this should be avoided at all cost.

Customer service needs to be integrated with the overall value provided by the, product or services, to satisfy the customers requirement. Customer satisfaction is one of the most important issue concerning business organized f all types which is justified by the customer oriented philosophy and the principles of continuous improvement in modern enterprise (Arokiasamy, 2013). Retaining customers and building customers relationship on a long lasting base can be very challenging for many organizations. Therefore, retention of loyal customers is very significant that is serving as a factor for increasing long run success of corporations. Companies try to involve and satisfy their customers by creating loyalty to develop long term relationships among them (Ahter et al., 2011). Mwangi (2013) found that exhibiting high levels of trustworthiness and reliability was highly practiced by commercial banks in Kenya as an indicator of customer relation and Kubi and Doku (2010) argue that customer relation implementation has the capacity to improve effectiveness in areas such as customer acquisition, customer retention and customer development.

Customer retention is regarded as important because it has become increasingly difficult for firms to assume that there exists an unlimited customer base. Ganesh (2010) argues that banks that retain a high percentage of customers can improve their reputation, and easily attract new customers in the future. Customer retention is one of the most important factors leading a company to increased profitability and revenue. Customer satisfaction is as important for the customer retention but not sufficient (Jones et al., 2010). Previous studies argue that the customer satisfaction is the factor affecting the customer retention in some different levels. Emmah et al., (2015) stipulates in their study that retaining customers is key and gives a competitive edge in the banking industry. Alhawari (2012) as cited by Kabue et al., (2016) found that customer relations, customer attraction, customer knowledge capture and customer data analysis have a significant impact on customer acquisition which in turn is very effective.
Anand Sharma et al., (2014) found in their study that customer loyalty is very significant in creating and retaining competitive advantage in service industry specifically in sectors like the banking in India. One strategic focus that banks can implement to remain competitive would be to retain as many customers as possible (Roking, 2005). It is through strategic management that a firm will be able to position and relate itself to the environment to ensure its continued success and also secure itself from surprises brought about by the changing environment. Rizwan et al., (2014) argued that service quality, trust and reputation positively influence customer’s loyalty. The impact of service quality on customer loyalty stalks from positive relation between services and quality and factors such as reputation and trust. Improvement in service quality leads to the increase in customer loyalty. They further stated that, service quality should be given more importance while formulating strategies for developing customer loyalty.

Customer retention is a strategy whose objective is to retain a company’s customers and to retain the revenue contribution. Primarily, it aims at preventing customers from defecting to alternative brands or going to competition. According to Magson (2008) satisfied customers remain loyal and talk favorably to others about the company and the product or service. Customer retention and loyalty will depend on the levels of satisfaction that the customers receive when either they buy or use the products or services. Customer retention is a positive attitude of the customer towards the organization and a willingness to stay with the organization.

A customer who expresses a positive attitude towards an organization and is willing to stay with it is more likely to stay. Further importance of customer retention emerges from the fact that acquiring new customers is much more expensive than keeping existing ones, (Stone et al., 1996). Thus Customer retention has become more important than customer acquisition. Defending and protecting customer base should be job one in these challenging economic times. Customers have taken control of the exchange of goods and services.

A company stuck in the ways of the past (unwilling to relinquish control, taking customers for granted, putting short-term profits ahead of their reputation), should think otherwise. Schulz and Omweri (2012) in their study on the effects of business image on customer retention in hotels in Eldoret concluded that top management and staff are involved in creating a positive image, use of technology provision of quality services and customer concern by the personnel improved the image of the establishment.

<table>
<thead>
<tr>
<th>Table 1: Summary of hypothesis tests</th>
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<tbody>
<tr>
<td><strong>Objective</strong></td>
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</tbody>
</table>
| To find out the effect of strategic leadership on customer retention in the banking industry. | $H_{01}$ There is no relationship between strategic leadership and customer retention in the banking industry. | Pearson’s product correlation coefficient ($r$) | $R=+1$ to $-1$
| | | | $R=.700$ is strong positive relationship
| | | | $R=.300$ is a weak relationship |

**Methodology**
The study adopted a mixed design where both quantitative and qualitative approaches which were used to determine the effects of Strategic Management Practices on Customer Retention in Commercial Banks in Kenya. A qualitative approach was used to collect data in form of words rather than numbers. It provided verbal descriptions rather than numerical (Mugen and Mugenda, 2014. Since commercial banks in Kenya were 43, the target population comprised of all commercial banks as listed by Central Bank of Kenya, 2017 list. Population in this study was the larger group from which the sample was drawn from, the population of the study was made up of all the commercial banks in Kenya, comprising of Commercial banks registered with the Central bank. The total population of study comprised of Branch Managers, Front Office (Retail and Business Managers), Back Office (Operations manager and Assistant operations manager), Personal selling (Relationship Manager and corporate), Sales Manager and finally the Sales force from forty-three (43). In determining the sample size, Slovin’s formula was used to calculate the sample size (at 95% confidence level and P=0.05) as follows as shown by equation 1:

\[
n = \frac{N}{1+N(e)^2}
\]  

Equation 1

Where:

\(n\) is the desired sample size

\(N\) is the population size

\(e\) is the margin of error at 95% confidence level

A sample size of 41 commercial banks was arrived at as follows:

\[
n = \frac{43}{1+43(0.05)^2}
\]

A sample size of 39 Banks was arrived at as follows:

\[
n = \frac{43}{(1+1.1075)}
\]

\[
n = 39
\]

Equation 2

With a total population of 43 registered banks in Kenya, the sample size was 39. The researcher applied the multi-stage sampling frame of choosing 3 respondents for every bank.

Factor Analysis Results of Customer Retention

The major purpose of factor analysis is to summarize data so that relationships and patterns can be easily interpreted and understood. It is normally used to regroup variables into limited set of clusters based on shared variance (Young and Pearce, 2013). Factor analysis was employed to identify the major measures driving the study variables that were measured using multiple construct items. Table 2 presents the relevant results.

Table 2: Customer Retention Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigen values</th>
<th>Extraction Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
</tr>
<tr>
<td>1</td>
<td>4.610</td>
<td>46.097</td>
</tr>
<tr>
<td>2</td>
<td>1.124</td>
<td>11.238</td>
</tr>
<tr>
<td>3</td>
<td>0.905</td>
<td>9.051</td>
</tr>
<tr>
<td>4</td>
<td>0.794</td>
<td>7.935</td>
</tr>
<tr>
<td>5</td>
<td>0.633</td>
<td>6.327</td>
</tr>
</tbody>
</table>
Factor analysis was done on the customer retention variables where the constructs were subjected to a variance test through the principle component analysis which was thus used for data reduction and interpretation of large set of data. All the measures of customer retention were subjected to factor analysis and the results showed that there were two factors extracted explaining customer retention which accumulated to 57.335% of the total variance in this construct. Factor 1 was the highest with 46.097, while factor 2 had 11.238%. These two factors had their Eigen values greater than 1 and had the greatest effect on the customer retention as they explained about 57.335 of the total variance as shown in Table 2.

The results revealed that the two major factors driving of strategic management practice on customer retention in commercial banks cumulatively accounted for 57.3 percent of the total variance in this construct. This meant that the 57.3 percent of the common variance shared by the ten variables could be accounted for by the two factors.

**Customer Retention Component Matrix Results**

Table 3 depicted the rotated component factor loadings for customer retention measures. A confirmatory factor analysis was done for the dependent variable, customer retention. The results of this analysis were presented in Table 3 and six out of ten factor loadings were above 0.4 and positive. These results validated that customer retention in this study had two indicators (customer retention linked with competitiveness and customer retention linked with response to customer loyalty) and they represent one main factor which was of customer retention. Table 3 indicated the correlation of each variable with each factor. Component 1 was competitive service which had the first four constructs and Component 2 was customer loyalty which had the second two constructs.

**Table 3: Customer Retention Rotated Component Matrix**

<table>
<thead>
<tr>
<th>Opinion statement</th>
<th>Component</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Strategies are put in place ahead of trends in order to satisfy the customers.</td>
<td>Competitive service</td>
</tr>
<tr>
<td>2. The banks have targets to enable them get customers</td>
<td>Customer Loyalty</td>
</tr>
<tr>
<td>3. Strategic plans are in place to enable the sustainability of the existing customers (retention)</td>
<td></td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis
4. Strategic programs are in place to help grow (increase) customers .727 -. 
5. The bank has no high turnover of customers from the bank -.842 
6. The management creates an environment that fosters customer loyalty. -.672 

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 3 iterations.
All the variables of competitive service had a factor loading of higher than 0.4 as shown in Table 3. Rusuli et al., (2013), showed that each individual variable must have value of at least, 0.4m above. Therefore, the component values indicated that they were highly interrelated with each other.

Descriptive Results of Customer Retention
Descriptive data on Table 4 showed responses on the given statements regarding the dependent variable customer retention. The researcher had three parameters to determine the customer retention namely; customer satisfaction, customer loyalty and competitive services. In the analysis, the researcher expected to establish the influence of Strategic management practices on customer retention in commercial banks in Kenya. Customer Retention was finally assessed by two measures namely, competitive service and customer loyalty. Descriptive data shown on Table 4 presented the relevant results on a scale of 1 to 5 (where 5= strongly agree and 1= strongly disagree).

Table 4: Descriptive Results of Customer Retention

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Competitive Service</th>
<th>Customer Loyalty</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>4.325</td>
<td>4.141</td>
</tr>
<tr>
<td>Cronbach’s Alpha</td>
<td>0.833</td>
<td>0.768</td>
</tr>
</tbody>
</table>

Key: Ranked on a scale:1.0-1.7(strongly disagree); 1.8- 2.5(disagree); 2.6-3.3(neutral);3.4-4.1(agree); and 4.2-5.0(very strongly agree) Overall Cronbach Alpha=0.08005 Overall Mean=4.233

Cronbach’s alpha was used to test the Reliability of customer retention linked with competitive service and customer retention linked with customer loyalty respectively (Ali et al., 2015). Table 4 presented the results on Cronbach’s alpha and mean the scores of customer retention linked with competitiveness and customer retention linked with customer loyalty respectively. From Table 4, the first component/dimension of customer retention linked with competitive service whereby the findings indicated that competitive service had a coefficient of 0.833 while customer loyalty had a coefficient of 0.768. Customer retention measures (competitive service and customer loyalty) depicted Cronbach alpha of 0.8005 which was above the suggested value of 0.7 hence the study was reliable. It was observed that Strategies had been put in place
ahead of trends in order to offer competitive service which satisfy the customers leading to loyalty which then assist the banks to retain customers thus enabling the banks to have targets as indicated by a mean score of 4.325. This finding was supported by Fasha (2007) in the study of the impact of service quality on customers’ satisfaction and retention in Tanzanian commercial banks. This is also in line with Radomir colleagues (2010) who found that a customer service determines customer satisfaction which lead to customer loyalty and in the long run customer retention. The findings are consistent with those of Mutua (2011), that commercial banks in Kenya embraced customer satisfaction practices to a great extent. Malik et al., (2011) carried out a study on hotel service quality and brand loyalty. The study concluded that customers’ perceptions regarding hotel brand quality dimensions such as ‘tangibles’ ‘reliability’ and ‘empathy’ contributed to build their brand loyalty.

Strategic plans are also in place to enable the sustainability of the existing customers through strategic programs which are in place to help grow (increase) customers. This is in line with the findings of (Anani, 2013), who found that service quality and switching barriers were significantly and positively associated with customer retention. Msoka and Msoka (2014) investigated the determinants of customer retention in commercial Banks in Tanzania. The study discovered that academics need to incorporate quality of products provided by the banks together with pricing of banks products in customer relation model. In this view, customer retention is extremely vital for business to remain competitive and Emmah et al., (2015) stipulated in their study that retaining customers is key in giving a competitive edge in the banking industry. The bank had no high turnover of customers since the management creates an environment that fosters customer loyalty as depicted by the second component/dimension of customer retention linked with customer loyalty which had a mean score of 4.141 and Cronbach’s Alpha of 0.768. Customer retention measured depicted Cronbach’s alpha of above the suggested value of 0.7 hence the study was reliable. This finding was supported by Afsar et al., (2010) who attempted to find factors of customer loyalty with the banking industry in one of the developing countries which is Pakistan. The study revealed that effect of satisfaction and trust on commitment was positive as well as significant and the greater the satisfaction, the greater the commitment and the greater the trust, the greater was the commitment. When a customer is dissatisfied, the management takes it upon them to rectify the situation. Kingshuk & Mounita (2014) argued that customer satisfaction increases the existing customer loyalty, repurchase process. The customer satisfaction is an important factor for the customer retention but not a sufficient (Jones et al., 2010). The findings were consistent with the findings of Cho et al., (2013) when investigating the impact of customer relationship management on customer relationship management on customer satisfaction and loyalty. The finding stated that behavior of the employees is significantly related and contributed to customer loyalty compared to other elements of CRM. Schulz and Omweri (2012) in their study on the effect of Business image on customer retention in hotels in Eldoret concluded that top management and staff are involved in creating a positive image, use of technology, provision of quality services and customer concern by the personnel improved the image of the establishment. Bartholome (2013) carried out an assessment of CRM strategies used by tourist hotels in Dar-es-salaam and found out that successful CRM strategies can contribute to customer retention through customer loyalty, superior service, better information gathering and organizational learning. Ondidi (2012) in Homa bay, Kenya revealed that it was possible to increase customer loyalty by about 4.6% through manipulating quality of the
The study contributes to the validation of the determinants of customer loyalty. Auka (2013) investigated the relationship between service quality dimensions and customers’ loyalty in retail banking in Kenya. The results indicated that all the dimensions of service quality had the positive and significant influence on customer loyalty in retail banking. Zafar (2012) in his study found that the customer satisfaction influences the customer commitment and enhances customer loyalty. High customer satisfaction will influence commitment which then affects loyalty.

**Factor Results of Strategic Leadership Practice**

The study sought to determine the effect of strategic leadership on customer retention in commercial bank in Kenya. Strategic leadership practice was assessed by three measures namely employee motivation, strategic planning and decision making and ten constructs were tested for factor analysis.

The strategic leadership had a total of ten questions that were assessed for confirmatory validity for subsequent analysis. The result of the factor analysis in Table 5 showed that there were two critical factors that were driving strategic leadership of commercial banks which cumulatively accounted for 59.797% of the total variance in this construct.

**Table 5: Strategic Leadership Practice Variance Explained**

<table>
<thead>
<tr>
<th>Component</th>
<th>Total</th>
<th>% of Variance</th>
<th>Cumulative %</th>
<th>Total</th>
<th>% of Variance</th>
<th>Cumulative %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4.609</td>
<td>46.089</td>
<td>46.089</td>
<td>4.609</td>
<td>46.089</td>
<td>46.089</td>
</tr>
<tr>
<td>2</td>
<td>1.371</td>
<td>13.708</td>
<td>59.797</td>
<td>1.371</td>
<td>13.708</td>
<td>59.797</td>
</tr>
<tr>
<td>3</td>
<td>.775</td>
<td>7.749</td>
<td>67.546</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>.723</td>
<td>7.235</td>
<td>74.780</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>.694</td>
<td>6.936</td>
<td>81.717</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>.490</td>
<td>4.901</td>
<td>86.617</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>.431</td>
<td>4.311</td>
<td>90.928</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>.365</td>
<td>3.655</td>
<td>94.583</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>.316</td>
<td>3.165</td>
<td>97.747</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>.225</td>
<td>2.253</td>
<td>100.000</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis

Factor one was the highest with 46.089 while factor two had 13.708 of the total variance. These two factors had their Eigen values greater than one and had the greatest influence on strategic leadership practice as they explain about 59.797 of the total variance as shown in Table 5 therefore, only two critical factors had Eigen values of more than one i.e. first factor had an Eigen value 46.089 and the second factor had an Eigen value of 13.709 respectively.

**Strategic Leadership Practice Rotated Component Matrix Results**

Table 6 depicted the rotated component factor loadings for of strategic leadership practice measures.
Table 6: Strategic Leadership Rotated Component Matrix

<table>
<thead>
<tr>
<th>Opinion statement</th>
<th>Component 1: Decision Making</th>
<th>Component 2: Employee Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The leader is genuinely participative in his/her approach to learning and change.</td>
<td>0.793</td>
<td>-</td>
</tr>
<tr>
<td>2. The leader not only leads but also listens, involves the group in achieving its own insights into cultural dilemmas.</td>
<td>0.854</td>
<td>-</td>
</tr>
<tr>
<td>3. Leader takes into consideration feedback/comments when making decisions.</td>
<td>0.533</td>
<td>-</td>
</tr>
<tr>
<td>4. Employees are motivated by the good leadership.</td>
<td>-</td>
<td>0.703</td>
</tr>
<tr>
<td>5. Employees led by strong leaders are more satisfied, engaged, loyal and motivated.</td>
<td>-</td>
<td>0.873</td>
</tr>
</tbody>
</table>

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

Component 1 was decision making which had the first three constructs and 2 was employee motivation which had the second two constructs. All the variables of competitive service had a factor loading of higher than 0.4 as shown in Table 6. Rusuli et al., (2013), showed that each individual variable must have value of at least, 0.4 m above. Therefore, the component values indicate that they were highly interrelated with each other. Results posted in Table 6 showed the components made for strategic leadership practice. The variable comprised of ten (10) factors. Out of the ten (10) factors, only five (5) factors were retained for subsequent analysis because they all met threshold values of 0.4 and above (David et al., 2010). Therefore, the component values indicate that they are highly interrelated with each other.

Descriptive Results of Strategic Leadership Practice
The study sought to investigate the effect of strategic leadership on customer retention in commercial banks. Table 7 summarized respondents’ degree of agreement on how strategic leadership affects customer retention. Strategic leadership practice was assessed by two measures namely, decision making and employee motivation. Descriptive data shown on Table 7 presented the relevant results on a scale of 1 to 5 (where 5= strongly agree and 1= strongly disagree).

Table 7: Descriptive Results of Strategic Leadership

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Decision Making</th>
<th>Employee Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>4.113</td>
<td>4.317</td>
</tr>
<tr>
<td>Cronbach alpha</td>
<td>0.738</td>
<td>0.866</td>
</tr>
</tbody>
</table>
Cronbach’s alpha was used to test the Reliability test for components of strategic leadership namely, decision making and employee motivation (Ali et al., 2016). Results presented in Table 7 presented the Cronbach’s alpha and mean scores for decision making and employee motivation respectively. Using the principal component analysis, rotation method and promax with Kaiser Normalization, this resulted into two components namely decision making and employee motivation respectively. The findings indicated that Decision making had a coefficient of 0.738 whereas employee motivation had a coefficient of 0.866. Strategic leadership practice measures (decision making and employee motivation) depicted Cronbach’s alpha of 0.802 which was above the suggested value 0.7. The Cronbach’s alpha results in both cases were acceptable and therefore qualified the variables for subsequent analysis. Strategic leadership practice measures depicted Cronbach’s alpha of above the suggested value of 0.7 hence the study was reliable. It was established that the decision making helped the leaders in being genuinely participative in their approach to learning and change as the leader also takes into consideration feedback/comments when making decisions as indicated by a mean score of 4.113 Therefore, on overall, strategic leadership practice had a great effect on customer retention. These findings were in line with Tawadros (2015) who asserted that, skilled strategic leaders like to question the status quo, nurture diversity, and base their decision on multiple perspectives including the opposing views. Skilled leaders can analyze, interpret, and understand the influence of a complex environment on the business and know how to respond to threats and opportunities (Tawadros, 2015). Riaz et al., (2011) have come to similar conclusions in their study of the effect of transformational leadership on employees’ job commitment. More specifically, they found strong positive interaction between these two elements, and suggested that bank managers should adopt the transformational leadership style in order to increase employees’ commitment to the banking institution. On the same note, Bushra et al., (2011) found that transformational leadership had a positive impact on the general job satisfaction, indicating their preference for this particular leadership style. Transformational leaders inspire employees to work harder, providing them with the idea of a common vision, in the frame of which the company’s well being is strongly related to their personal evolvement and completion. These findings were also in agreement with the studies conducted by Randeree and Chaudhry (2012) which investigated the influence of leadership styles on job satisfaction and organizational commitment among construction workers in the emirates. The findings revealed that leadership style strongly affected an employee’s job satisfaction and moderately affected organizational commitment of employees. It was also established that the leader not only leads but also listens, involves the group in achieving its own insights into cultural dilemmas. The findings were also consistent with Ochieng Joseph (2016) on the study of the role of strategic leadership in banking profitability which showed that strategic leadership skills that senior bank officials and members of the board need, in order to enhance banking profitability, include the ability to create vision and mission statements, creativity, innovativeness, planning and monitoring the course for the attainment of the strategic objectives. Riwo-Abutho, Nyanja, & Ochieng (2012) also ascertain that, strategic leadership encompasses capacity to communicate the vision of the organization and to motivate followers towards the implementation of the strategic goals.
The study was also supported by Nge’the, Iravo & Namusonge (2012) who examined the determinants of academic staff retention in public Universities Kenya. The results of the study revealed that leadership influence over the behavior or action of subordinates was a potential cause of employees’ turnover in Kenyan organizations. Kala (2014) as cited by Datche et al., (2015) conducted a study on the relationship between leadership styles and employee engagement using employees from diverse sectors in Coimbatore. The study concluded that leadership styles influence employee engagement and has significant relationship with all factors in the job engagement. He also found that leadership style is crucial for encouraging employee engagement. It was also established that employee motivation was brought about by good leadership led by strong leaders who were more satisfied, engaged, loyal and motivated as indicated by a mean score of 4.317. These findings were consistent with Mauri & Romeo (2013) who contended that the role of strategic leadership in creation of enabling organizational values was vital to the success of the organization. The same sentiments were echoed by Greenberg (2011) that, leadership is the process whereby one individual influences other group members toward the attainment of defined group or organizational goal.

In order to compete and achieve their success companies employ highly motivated and talented employees. Employees’ communication skill, positive attitude and effective relationship with customers are essential to attract and retain customers. These motivated employees can provide quality product and services to the customers to improve sales performance. Motivated employees can deal more effectively and efficiently with customers and this makes customers more loyal to the company (Berman et al., 2010)

**Strategic Leadership Practice Correlation Results**

Correlation analysis was used to determine the nature and the strength of the association between employee motivation, decision making and customer retention measures (competitive services and customer loyalty) in commercial banks in Kenya with Karl Pearson correlation coefficient (rho) analysis which gives a statistic that lies between -1 and +1.

Table 8: Strategic Leadership Practice Correlation Results

<table>
<thead>
<tr>
<th></th>
<th>Competitive Service</th>
<th>Customer Loyalty</th>
<th>Decision Making</th>
<th>Employee Motivation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Competitive Service (CS)</strong></td>
<td>Pearson Correlation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Customer Loyalty (CL)</strong></td>
<td>Pearson Correlation</td>
<td>.350**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td><strong>Decision Making (DM)</strong></td>
<td>Pearson Correlation</td>
<td>.390**</td>
<td>.309**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td><strong>Employee</strong></td>
<td>Pearson Correlation</td>
<td>.265**</td>
<td>.355**</td>
<td>.382**</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>N</strong></td>
<td>100</td>
<td>100</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

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Table 8 showed a correlation analysis with varied degree of interrelationship between Strategic leadership (Decision making & employee motivation) and Customer retention (competitive service & customer loyalty) of commercial Banks. The Pearson correlation coefficient was generated at 0.01 significance level (2-tailed). The output indicates a strong positive relationship between strategic leadership (decision making & employee motivation and Customer Retention (competitive service) of commercial Banks in Kenya, (decision making $p=0.390$ and employee motivation $p=0.265$).

A strong relationship also exists between decision making and employee motivation and customer loyalty. (Decision making $p=0.309$ and employee motivation $p=0.355$). The $p$-value <0.01 which is significant at 0.01 level as the correlation matrix indicates. Strategic leadership is therefore a very important factor on customer retention in commercial banks in Kenya. The results are in agreement with findings of Cho, et al., (2013) in which case the study stated that behavior of the employee was significantly related and contributed to customer loyalty comparatively. Thus it can be noted that success of customer retention depended on the relationship with strategic leadership.

Therefore, the strategic leadership practice measures (decision making & employee motivation) are key factors in customer retention (competitive service and customer loyalty) of commercial banks. This is supported by Kala (2014) who conducted a study on the relationship between leadership styles and employee engagement. The study concludes that leadership styles influence employee engagement and has significant relationship with all the factors in the job engagement.

**Strategic Leadership Practice Goodness-of-Fit Model Results**

The results on Table 9 showed that strategic leadership practice measures i.e. employee motivation and decision making had exemplary power on competitive service of commercial banks as it accounted for 16.8% of its variability ($R^2=0.168$) on Model 1, hence the model is a good fit for the data. This implies that there is a moderate positive relationship between strategic leadership practice measures (decision making and employee motivation) and competitive services of commercial banks.

The results on Table 9 showed that strategic leadership practice measures i.e. employee motivation and decision making had exemplary power on customer loyalty of commercial banks as it accounted for 16.1% of its variability ($R^2=0.161$) on Model 2, hence the model was a good fit for the data. This implied that there was a moderate positive relationship between strategic leadership practice measures (decision making and employee motivation) and customer loyalty of commercial banks.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.410*</td>
<td>.168</td>
<td>.151</td>
<td>.56860</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Employee Motivation, Decision Making

**Table 9: Strategic Leadership Practice Model Summary on Competitive Service**
Table 9: Strategic Leadership Practice Model Summary on Customer Loyalty

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.402</td>
<td>.161</td>
<td>.144</td>
<td>.65907</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Employee motivation, Decision making

Strategic Leadership Practice ANOVA Results

Table 10 presented the analysis of variance of the study of the study on strategic leadership practice measures (Decision making and employee motivation) and competitive services of commercial banks Kenya.

Table 10: Strategic Leadership Practice ANOVA on Competitive Service

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>6.327</td>
<td>2</td>
<td>3.163</td>
<td>9.784</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>31.361</td>
<td>97</td>
<td>.323</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>37.688</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Service

b. Predictors: (Constant), Employee Motivation, Decision Making

The results revealed that a significant relationship existed between Decision making, employee motivation and competitive service in commercial banks in Kenya (F=9.784, p=.000) as in model 1. The p-value was less than 0.05, thus indicating that the predictor variable explains the variation in the dependent variable which was strategic leadership (employee motivation, decision making) on competitive services in commercial banks in Kenya. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable (Lakew & Rao, 2009).

Table 11: Strategic Leadership Practice ANOVA-Customer Loyalty

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>8.113</td>
<td>2</td>
<td>4.056</td>
<td>9.339</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>42.135</td>
<td>97</td>
<td>.434</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>50.248</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty

b. Predictors: (Constant), Employee Motivation, Decision Making

Table 11 above presented the analysis of variance of the study on strategic leadership practice measures (Decision making and employee motivation) and customer loyalty of commercial banks. The results reveal that a significant relationship existed between Decision making, employee motivation and customer loyalty in commercial banks in Kenya (F=9.339, p=.000) as in model 2. P-value was less than 0.05, thus indicating that the predictor variable explains the variation in the dependent variable which is strategic leadership measure (Decision making and employee motivation) on customer loyalty in commercial banks in Kenya. If the significance value of F was larger than 0.05 then the independent variables would not explain the variation in the dependent variable (Lakew & Rao, 2009).

Regression Results of Strategic Leadership Practice on Competitive Service

To establish the influence of strategic leadership practice measures i.e. decision making and
employee motivation on customer retention (competitive service) of commercial banks in Kenya, the following hypotheses was stated:

Hypothesis One

H01. There is no significant effect of strategic leadership practice measures, that is Decision making and employee motivation on customer retention (competitive service) in the commercial banks in Kenya.

Table 12: Regression Coefficients of Strategic Leadership Practice and Competitive Services

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.433</td>
<td>.454</td>
<td>5.359</td>
<td>.000</td>
</tr>
<tr>
<td>1</td>
<td>Decision Making</td>
<td>.323</td>
<td>.096</td>
<td>.338</td>
</tr>
<tr>
<td></td>
<td>Employee Motivation</td>
<td>.133</td>
<td>.098</td>
<td>.136</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Competitive Service

Table 12 Displayed the regression coefficient results of the independent variable i.e. strategic leadership practice measure i.e. decision making and employee motivation. The results reveal that the explanatory power of strategic leadership on the variability of customer retention of commercial bank was strong at Decision making (supported by β=0.338, p-value=0.001) and to employee motivation (supported by β=0.136, p-value=0.178) statistically employee motivation in relation to competitive service had no significance in explaining customer retention of commercial banks in Kenya.

The influence of strategic leadership measures (decision making) is therefore significant indicating that the greater the levels of strategic of leadership by commercial banks, the greater the competitive service generated from the leaders. Thus higher levels of strategic leadership among commercial banks are associated with increased satisfaction, loyalty which is translated into customer retention. This implied that the null hypothesis was rejected since β≠0 and p-value<0.05. The regression model was summarized as shown by equation 3 below:

\[ Y = 2.433 + 0.323X_1 \]  

Where,

\[ Y = \text{Competitive services} \]

\[ X_1 = \text{Decision making} \]

Regression Results of Strategic Leadership Practice on Customer Loyalty

To establish the influence of strategic leadership practice measures i.e. decision making and employee motivation on customer retention (customer loyalty) of commercial banks in Kenya, the following hypotheses was stated:

H01. There is no significant effect of strategic leadership practice measures, that is Decision making and employee motivation on customer retention (customer loyalty) in the commercial banks in Kenya.

Table 13 regression analyses was conducted to empirically determine whether strategic leadership practice measures i.e. decision making and employee motivation, had a significant influence on customer loyalty of commercial banks in Kenya.
Table 13: Regression Coefficients of Strategic Leadership Practice on Customer Loyalty

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.752</td>
<td>.526</td>
<td>3.330</td>
<td>.001</td>
</tr>
<tr>
<td>Decision Making</td>
<td>.224</td>
<td>.111</td>
<td>2.022</td>
<td>.046</td>
</tr>
<tr>
<td>Employee Motivation</td>
<td>.312</td>
<td>.113</td>
<td>2.757</td>
<td>.007</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Customer Loyalty

Table 13 Displayed the regression coefficient results of the independent variable i.e. strategic leadership practice measure i.e. decision making and employee motivation. The results revealed that the explanatory power of strategic leadership on the variability of customer retention of commercial bank was Decision making (supported by $\beta=0.203$, $p$-value=0.046) to employee motivation was significance against customer loyalty (supported by $\beta=0.277$, $p$-value=0.007) whereas decision making and employee motivation was statistically significant in explaining customer retention of commercial banks in Kenya.

The influence of strategic leadership measures (decision making and employee motivation) was therefore significant indicating that the greater the levels of strategic leadership by commercial banks, the greater the customer loyalty generated from the leaders. Thus higher levels of strategic leadership among commercial banks were associated with increased satisfaction, loyalty which was translated into customer retention. This implied that the null hypothesis was rejected since $\beta\neq0$ and $p$-value<0.05.

The regression model is summarized as shown by equation 4 below:

$$Y=1.752 + 0.224X_1 +0.312X_2$$

Where,

- $Y$=Customer Loyalty
- $X_1$=Decision Making
- $X_2$=Employee Motivation

It was necessary to validate the multiple regression equations by testing the significance of the overall regression models. When the F-test was performed, the regression model was valid and significant in totality as follows:

- $F (2, 97) =9.784, P$-value<0.000 when customer retention was measured as competitive service (Table 1.12)
- $F (4, 97) =9.339, P$-value<0.000 when customer retention was measured as customer Loyalty (Table 1.13)

The decision rule was reject $H_0$: $\beta_i=0(i=1,2,3,4)$ if the regression coefficient is significantly different from zero and subsequently accept the alternative hypothesis $H_a$: $\beta_i\neq0(i=1,2,3,4)$. Using the model, the null hypothesis 1($H_{01}$) was rejected since the standardized regression coefficients were significant and statistically different from zero. This implied that decision making and employee motivation affected customer retention linked with competitive service and customer retention linked with customer loyalty. Use of decision making was statistically significant and hence, included as a predictor of customer retention linked with competitive service and use of decision making and employee motivation was statistically significant and hence, included as a predictor of customer retention linked with customer loyalty since results of the regression analysis in this study indicate. These findings were in agreement with the studies done by Randeree and Chaudhry (2012) who investigated the
influence of leadership styles on job satisfaction and organizational commitment among construction workers in the emirates. The study also examined the impact of organizational culture on job satisfaction. The findings revealed that leadership style strongly affected an employee’s job satisfaction and moderately affected organizational commitment of employees.

It was concluded that, there is strategically significant correlation between strategic leadership practices i.e. decision making and customer retention measures (competitive service) and decision making and employee motivation and customer retention measures (competitive service and customer loyalty) in commercial banks in Kenya.

Conclusion

Effect of Strategic Leadership on Customer Retention in the Commercial Banks in Kenya

The study results indicated that strategic leadership practice had a significant and positive effect on customer retention. The regression results revealed statistically significant positive linear relationship between strategic leadership (decision making and employee motivation) and customer retention (competitive service and customer loyalty) in commercial banks in Kenya. From the research findings, decision making and employee motivation had an effect on customer retention in commercial banks in Kenya. Majority of the respondents found decision making and employee motivation as critical phenomena in the industry which could not be ignored.

The findings revealed that decision making and employee motivation had a very strong effect on customer retention in the commercial banks in Kenya. However, on overall the most prominent indicator was the employee motivation. It was clear that employees led by strong leaders are more satisfied, engaged, loyal and motivated. Hence, it was the responsibility of the leaders to ensure motivation among the employees, as it is said that motivated employee can easily achieve the set organizational goals. However, it is also important to have leaders on board who are focused on the success and reputation of the bank and not their own. It can therefore be concluded that strategic leadership (decision making and employee motivation) greatly had an effect on customer retention (competitive service and customer loyalty) in commercial banks in Kenya.

Recommendation

Effect of Strategic Leadership on Customer Retention in the Commercial Banks in Kenya

The findings of the study on customer retention extended their boundaries of knowhow and by generating valuable insights for academic and management action. Hence the results of this study are of interest to owners and managers of customer retention in commercial banks in Kenya. The study showed that strategic leadership practice was key to ensuring that better strategic decisions were made. The managers were to enhance their strategic management practices since this would improve the bank’s ability to adopt the strategic leadership practice to have a focus that would take the bank to another level. Banks should use customer retention as a way of remaining competitive in the banking industry. Strategic leadership should enhance employee motivation and decisions making since employees who are motivated tend to know what is expected of them. It is revealed that, employees of the bank are the key contributor in offering service quality as they are representatives of the bank. Hence it is important for banks to design comprehensive training program for employee in dealing with the customer by being prompt in offering the service and solving the problems, pleasing and courteous while communicating with them.
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