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## Impact of Perceived Value on Customer Satisfaction among Mobile Phone Users in Selected Public Universities in Kenya

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### **Abstract:**

*Organizations need to understand what kind of service or products it offers, and for whom and as such organizations have embraced the concept customer relationship management practices since it focuses on managing relationship between its current and prospective customer base hence helping in building long lasting relationships which consequently give the organization the joy of retained customers. The specific objectives of study were; to determine the influence of Perceived Value on customer satisfaction. The study was guided by the social exchange theory which focused on the fundamental principle that humans in social situations choose behaviors that maximize their likelihood of meeting self-interests in those situations. Descriptive and explanatory research designs were utilized in this study and the following networks were sampled; Safaricom, Airtel, Orange and, yuMobile A questionnaire was used to collect data from sample size of 250 respondents who were sampled from the staff of public universities in the Western region which included Moi, Masinde Muliro, Maseno, Jaramogi Oginga Odinga, University of Eldoret and Kisii University. Data collected was analyzed by use of descriptive and inferential statistics. Multiple regressions were used to establish the effect between customer relationship management practices, customer satisfaction and customer Retention. The results revealed that Perceived value had significant effect on Customer satisfaction. Also, it was established that, Customer satisfaction was significant in predicting customer retention. The study recommends that service providers should put more emphasis on Customer Relationship Management Practices since they influence customer satisfaction and hence customer retention. The study provides new theoretical insight into factors influencing customer retention by incorporating customer satisfaction as a mediator in the relationship between Customer Relationship Management Practices and customer retention.*

**Keywords:** Customer satisfaction, Perceived Value, relationship, retention, customer relationship management practices

### **1. Background Information**

Organizations both private and public in today's dynamic market place are increasingly leaving anticipated marketing philosophies and strategies to the adoption of more customer-driven initiatives that seeks to understand, attract, retain and build long term relationship with profitable customers (Kotler, 2006, Gronroos, C 1994). Therefore, as the competitive business environment becomes more turbulent, the most important issue the sellers face is no longer to provide quality products or services, but keep loyal customers who will contribute long-term profit to organizations (Tseng, 2007). Bateson and Hoffman (2002), define customer retention as focusing a firm's marketing effort towards the existing customer's base.

Many firms recognize the importance of customer's satisfaction but relatively few understand the economics of customer satisfaction within their own firms. It is claimed that 5% improvement in customer retention can cause an increase in profitability of between 25 and 85 percent depending on the industry (Kerin, Hartley, & Rudelius, 2009; Reichheld & Sasser, 1990). CRM practices is defined as, 'activities that focuses on managing the relationship between a firm and its current and prospective customer base, as a key to success, (Gebert, 2003). It further, means developing a comprehensive picture of customer needs, expectations and behaviors and managing those factors to affect business performance. CRM practices help in building long lasting relationships and these relationships give a company joy of retained customers.

In service studies, customer satisfaction is the customers' state of emotion after experiencing the service (Baker and Crompton, 2000; Sanchez *et al.*, 2006). Customer satisfaction is the extent of overall enjoyment that customer feel, the result that the service experience able to fulfill the customer desires, expectation, needs and wants from the service (Chen and Tsai, 2007). Taylor *et al.*, (2004) pointed out that customer satisfaction has a direct influence on customer loyalty. Kotler (2008) describes customer satisfaction is the feeling of happiness or unhappiness as a result of comparing the perceived performance of services or products with the expected performance. If the perceived performance does not meet the expected performance, then the customer will feel disappointed or dissatisfied. Homburg *et al.* (2008) suggested that customer satisfaction has been a crucial issue in marketing field in the past decades since satisfied customers are able

to offer to the company such as customer loyalty and continuous profitability. The demand for mobile phones in Kenya in the last few years has been more than most people expected and continues to expand. According to the Communications Commission of Kenya (CCK), mobile phone usage in Kenya has grown to an average of 65 percent a year for the past five years. This is twice the rate of growth in Asian countries. In Kenya, the growth rate is even higher. Statistics indicate that Kenya has more than 18 million subscribers, up from 6.5million in the year 2006 (Nokia, 2010). Penetration of mobile telephone in Kenya, like many other developing countries, is mainly driven by affordability and innovation.

## 2. Literature Review

### 2.1. Concept of Customer Satisfaction

Customer satisfaction is perceived as a relative judgment that considers the qualities versus the cost and efforts obtained through a purchase (Ostrom and Lacobucci, 1995). Customer satisfaction is considered as important outcome of a buyer-seller interaction (Rooset *et al.*, 2006; Smith and Barclay, 1997). The literature contains two general conceptualizations of customer satisfaction: transaction-specific satisfaction and cumulative satisfaction (Bolton and Drew, 1991; Cronin and Taylor, 1994; Shankar *et al.*, 2003). While transaction-specific satisfaction may provide specific diagnostic information regarding a specific product or service encounter, cumulative satisfaction resulting from a series of transactions or service encounter is a more fundamental indicator of a firm's past, current and future performance (Anderson *et al.*, 1997; Lam *et al.*, 2004; Oliver, 1997). Therefore, this study focuses on cumulative satisfaction and defines satisfaction as the emotional state developed from a relationship that resulted from customer interactions over time. The notion of customer satisfaction is part of a wider focus on building total customer value, which can be defined as: 'the perceived monetary value of the bundle of economic, functional and psychological benefits customers expect from a given market offering' (Kotler and Keller, 2009). Zeithaml and Bitner (2000), define customer satisfaction as follows: 'Satisfaction is the customer evaluation of a product or service in terms of whether that product or service has met their needs and expectations.

Customer satisfaction has been fundamental to the marketing concept for over three decades (Parker and Mathews, 2001). It is widely recognized in the good and service sectors that customer satisfaction as the main performance indicator and the key to success for any business organization (Mihelis, Grigoroudis, Siskos, Politis, and Malandrakis, 2001). However, the intangible nature of customer satisfaction makes the term hard to measure. Therefore, many researchers attempt to discover the antecedents and consequences of customer satisfaction in order to provide a better understanding of customer, increase market share and profitability, reduce cost and enhance product or service performance as well as internal quality control (Anderson and Sullivan, 1993; Ndubisi and Chan, 2005). Sprowls and Asimow (1962) contrasted and discussed customer behavior model and reported that customer satisfaction result in repeated purchase and emphasize the importance of customer satisfaction for the organization. In early 1970s, Anderson (1973) and Olshavask and Miller (1972) investigated customer satisfaction based on the expectation and perceived product performance. Churchill and Suprenant (1982) study identify the antecedent and construct measurement of customer satisfaction based on disconfirmation paradigm. Previous studies define customer satisfaction as 'disconfirmation paradigm' (Churchill and Suprenant, 1982), which is a result of confirmation/disconfirmation of expectations that compare product (or service) performance with their expectations and desire (Spreng, MacKenzie, and Olshavsky, 1996). Boulding, Kalra, Staelin, and Zeithaml (1993) conceptualized customer satisfaction into transaction specific and cumulative (Anderson, Fornell and Lehmann, 1994). The transaction specific viewed customer satisfaction as evaluative judgement after a specific buying process (Hunt 1977; Oliver, 1993). However, cumulative customers' satisfaction emphasizes more on the total evaluation based on total consumption over time (Johnson and Fornell 1991; Fornell 1992). Other researchers consider the term customer satisfaction as an attitude or evaluation formed by customers who compares pre-purchase expectations about the outcome of a product or service from the actual performance they received (Oliver, 1980; Fornell, 1992).

According to Hoyer and MacInnis (1997), consumers measure their experiences of a product or service after acquisition, consumption and disposition. Customer satisfaction / dissatisfaction require experience with the product which depends on the quality and value of the service (Anderson *et al.*, 1994). Any discrepancy may cause disconfirmation (Hoyer *et al.*, 1997), thus, failure to meet the needs and expectations is assumed to result in dissatisfaction with the product or service'. Hoyer and MacInnis (1997), argued that a favourable outcome means they are satisfied whilst an unfavourable outcome results in dissatisfaction. The conceptual relationship between customer satisfaction and service quality has generated mixed results among researchers. Anderson *et al.* (1994) points out a distinction between customer satisfaction and future experience a customer gets when he comes into contact with a product or service and value received. Recent studies have also pointed out that service quality is an antecedent of customer satisfaction (Anderson and Sullivan, 1993; Cronin and Taylor, 1992). There is however, consensus that further studies would have to be done on this issue. Satisfaction is based on the customer's previous experiences with the service provider, advice of friends and associates, competitors offering and information from marketers (Kotler, 1997). It has also been argued that satisfaction/dissatisfaction with a product or pleasure will lead to satisfaction. In contrast, negative emotions such as grief, sadness, distress, sorrow, regret, disappointment, anger, agitation, will engender dissatisfaction (Zeithaml and Bitner, 2000; Hoyer and MacInnis, 1997). Services are influenced by customers' state of mind and emotions, even Positive feelings such as happiness, excitement.

Customers stay longer in consuming company services due to a developed sense of security and loyalty brought about by the satisfaction and they deepen their relationship with the company. Customers will also demonstrate less price sensitivity, due to the fact that the products and services provided exceed the customers' expectations and thus raising the

individual switching costs. Customers tell and recommend company product or service. Satisfied customers tend to tell others of the benefits of the products and services received, thus marketing the organizations products and services. Theoretically, service attributes can be considered as a cognition-based construct, while customer satisfaction is mainly an effective and evaluative response (Oliver, 1993).

Social science literature indicates that cognitive thought processes trigger affective responses (Weiner, 1996), suggesting that customer assessments of service attributes affect their satisfaction attitude. That is, the degree to which suppliers could meet the requirements of customers influenced the strength of the customers' positive attitude toward the service providers (Turnbull and Moustakatos, 1996). Customer satisfaction is a complex construct and has been defined in various ways (Besterfield, 1994; Barsky, 1995; Kanji and Moura, 2002; Fecikova, 2004). Recently, researchers have argued that there is a distinction between customer satisfactions as related to service experiences. The distinction is due to the inherent intangibility and perishability of services, as well as the inability to separate production and consumption. Hence, customer satisfaction with services and with goods may derive from, and may be influenced by, different factors and therefore should be treated as separate and distinct (Veloutsouet *al*, 2005).

Research has shown that it cost between five to six times more to attract a new customer than to keep an existing customer. Companies can also boost profits anywhere from 25% to 125% by retaining merely 5% more existing customer and also that happy customers will tell to others of their positive experience, whereas dissatisfied customers tell 9 to 12 how bad it was. It is also assumed that only one out of 25 dissatisfied customers will express dissatisfaction and two third of customers do not feel valued by those serving them. (Adapted from Gary Luck, The Ash ridge journal, Customer Satisfaction Strategy, autumn (2006).

The customers will have expectations that relate to the company branches and offices that they visit their staff and deal with the organization as all customers' needs and wants change over time and thus the organization seeking to satisfy these needs has to be dynamic and responsive to the customer's expectations. Schneider and Bowen (1995) assert that 'service organizations must meet three key customer needs to deliver service excellence,' Security, esteem and justice. They also identified an array of service quality factors that are important for customers including timeliness and convenience, personal attention, reliability and dependability, employee competence and professionalism, empathy, responsiveness, assurance, and availability and tangibles such as physical facilities and equipment and the appearance of personnel.

Customer satisfaction holds the potential for increasing the organizations customer base, increase the use of more volatile customer mix and increase the firm's reputation, (Fornell1992, Levesque and Mc Dugall, 1999). This means that firms in the mobile industry should satisfy their customers so that they can become loyal and remain with them. Marketing theory and practice suggest that mobile phone firms should improve their service by satisfying their customers, so as to obtain and sustain advantage in the intensely competitive business environment. This is because the main output of customer satisfaction is customer loyalty, and a firm with bigger share of loyal customers, profit from increased repurchase rate, greater cross buying potential, higher price willingness, positive recommendation behavior and lower switching tendencies. Furthermore, long term customers tend to take less of company time and are sometimes less sensitive to the price, Ganet *al* (2006). They further indicate that retaining customers become the priority for most enterprises and there are compelling arguments for managers to carefully consider the factors that might increase customer retention rate. In any case, the cost of creating a new customer has been estimated to be five times the cost of retaining existing customers, (Reichheld 1996). A retained customer will always show resistance to competitors' enticement and will be able to give both solicited and unsolicited referral (Omotayoet *al*, 2008). Customer retention is, therefore, crucial to mobile cellular companies; because improvement in customer retention can cause an increase in profitability; depending upon the industry (Reichheld and Sasser, 1990). The mobile telephone industry has undergone rapid changes in the recent years. The deregulation of the industry has caused a lot of service providers to enter the industry hence increasing the competition in the industry. The competition in the industry can be described as fierce and stiff.

The cellular phone companies are, therefore, doing everything possible to attract new customers and retain the existing ones. Service quality has, therefore, become very crucial for the service providers in the retention of their customers. In recent times, subscribers have complained vehemently on the quality of services provided by service providers. A substantial number of customers of mobile telephones have taken service providers to task for rendering unsatisfactory services. However, there is little empirical research undertaken, as far as can be ascertained on how quality service leads to customer retention in the mobile telephony industry. The study aims at investigating whether a service provider in general is doing what customers perceive as quality service to improve customer retention. The study is undertaken to clarify certain questions related to customer retention in the mobile telephone Industry.

## 2.2. Social Exchange Theory

The theory attempts to explain the nature of the relationships between Customer relationship management practices, Customer satisfaction and Customer Retention. The theoretical model adopted for this study was derived from the social exchange theory (Homans, 1958), which posits that all human relationships are formed by the use of cost-benefit analysis and comparisons of alternatives. Homans suggested that when an individual perceives the cost of a relationship outweighs the perceived benefits, then the person will choose to leave the relationship. The theory further states that persons that give much to others try to get much from them, and persons that get much from others are under pressure to give much to them.

The social exchange relationships between two parties develop through a series of mutual exchanges that yield a pattern of reciprocal obligations to each party. Social exchange theory indicates that individuals are willing to maintain

relationships because of the expectation that to do so will be rewarding. Individuals voluntarily sacrifice their self-benefits and contribute these benefits to other individuals with the expectation for more future gains. Thibaut and Kelly (1959) propose that whether an individual retains a relationship with another one depends on the comparison of current relationship, past experience and potential alternatives. The constant comparison of social and economic outcomes between a series of interactions with current partners and available alternatives determines the degree of an individual's commitment to the current relationship.

The theory is appropriate for this study because service encounters can be viewed as social exchanges with the interaction between service provider and customer being a crucial component of satisfaction and providing a strong reason for continuing a relationship (Barnes, 2007). Social exchange theory attempts to account for the development, growth and even dissolution of social as well as business relationships. In other words, people (or business firms) evaluate their reward-cost ratio when deciding whether or not to maintain a relationship. Rewards and costs have been defined in terms of interpersonal (e.g., liking, familiarity, influence), personal (gratification linked to self-esteem, ego, personality) and situational factors (aspects of the psychological environment such as a relationship formed to accomplish some task). In a services context, considering the level of interpersonal contact needed to produce services, there is a range of psychological, relational and financial considerations that might act as a disincentive for a hypothetical change of service providers. In the late 1960s and early 1970s, exchange theory began to play a major role in family studies. Scholars pointed out how exchange theory could be applied to a variety of family issues such as mate selection, courtship, sexual bargaining, marital quality, marital power, family violence, and many others at both the micro- and macro-levels.

### 2.3. Perceived Value and Customer Satisfaction

Perceived value has its root in equity theory, which considers the ratio of the consumer's outcome/input to that of the service provider's outcome/input (Oliver and DeSarbo, 1988). The equity concept refers to customer evaluation of what is fair, right, or deserved for the perceived cost of the offering (Bolton and Lemon, 1999). Perceived costs include monetary payments and non-monetary sacrifices such as time consumption, energy consumption, and stress experienced by consumers. In turn, customer-perceived value results from an evaluation of the relative rewards and sacrifices associated with the offering. Customers are inclined to feel equitably treated if they perceive that the ratio of their outcome to inputs is comparable to the ratio of outcome to inputs experienced by the company (Oliver and DeSarbo, 1988). And customers often measure a company's ratio of outcome to inputs by making comparisons with its competitors' offerings. Customer value is 'the fundamental basis for all marketing activity' (Holbrook, 1994, p. 22). And high value is one primary motivation for customer patronage. In this regard, Sirdeshmukh, Singh, and Sabol (2002) argue that customer value is a superordinate goal and customer loyalty is a subordinate goal, as it is a behavioral intention. According to goal and action identity theories, a superordinate goal is likely to regulate subordinate goals. Thus, customer value regulates 'behavioral intentions of loyalty toward the service provider as long as such relational exchanges provide superior value' (Sirdeshmukh *et al.*, 2002, p.21). Prior empirical research has identified perceived value as a major determinant of customer loyalty in such settings as telephone services (Bolton and Drew, 1991), airline travel and retailing services (Sirdeshmukh *et al.*, 2002). Chang and Wildt (1994) report that customer-perceived value has been found to be a major contributor to purchase intention.

## 3. Research Methodology

### 3.1. Research Philosophy

In this study positivism was chosen more than phenomenological perspective because we believe that customer retention as pertaining mobile phone service users can be defined objectively through the use of established theoretical frameworks and structured instruments to assess and analyze it, upon which generalizations can be made from the finding

### 3.2. Research Purpose

The research purpose is a broad statement of what the research hopes to achieve. According to purpose, research could be broadly divided into exploratory, descriptive and explanatory (Saunders *et al* 2000, 2007; Cooper and Schindler 2006). An explanatory research is a study that is conducted to 'find out what is happening, to seek new insights, to ask questions and to assess phenomena in a new light' (Robson 2002:59). It is mainly used when a researcher wants to have a clearer understanding of a situation or a problem, where the area of study is so new or vague, important variable may be known or defined. It therefore uses such methods as searching documented materials, asking for expert's opinion, and conducting a focus group interviews.

This study had significant combination of both the two: Descriptive and explanatory purposes. Firstly, the study sought to better understand those CRM Practices that customers are satisfied or dissatisfied with, so it was descriptive. Secondly, the study sought to determine the effect of CRM Practices on customer retention and to examine its relationship therefore it was explanatory.

### 3.3. Research Approach

This study selected existing empirical theories and models, applying and testing them in measuring customer satisfaction in the context of the mobile phone users in Kenya. Therefore, this study is deductive.



### 3.4. Time Horizon

This study chose a cross-sectional study because data was collected from a cross section of Mobile phone service users once and not for different periods of time.

### 3.5. Research Strategy

Research Strategy is a general plan of how to answer the research questions. It is mainly guided by the research questions and research objectives, among other things. It determines to a large extent the choice of data collection methods. This study chose basically the survey strategy because it sought the opinion of a population about a specific subject matter and it combined the use of qualitative and quantitative methods

### 3.6. Target Population

The target population for the study was the users of Mobile Phone services and enjoying the use of Customer Relationship Management practices. Burns and Groove (1997) argues that a target population is the entire aggregation of respondents that meets designated set of criteria. The Target population of the study consisted of staff in public universities' in Western Kenya Region. The study defined Western Kenya as the region covering North Rift, former Nyanza province and former Western province. The public universities in the Western region included Moi, MasindeMuliro, Maseno, JaramogiOgingaOdinga, University of Eldoret, Kisii University as at June, 2014. The staff in these Universities was characterized by grade, gender, working experience, level of education, and level of mobile phone exposure. The study targeted a population of 15007 which was indicated in official records in the payrolls of respective universities. The following is how the 15007 was arrived as a target population for this study;

Strata	Target Population
Moi University	6,900
Maseno University	2,500
MasindeMuliro University of Science and Tech.	1,400
JaramogiOgingaOdinga University	2,070
Kisii University	837
University of Eldoret	1300
Total	15007

Table 1: Target Population

Source: Survey Data

### 3.7. Sampling Technique

In selecting the sample of 250 respondents, a stratified simple random sampling was used. This technique was chosen because the population consisted of mobile phone users in each stratum. Stratified random sampling ensures greater representativeness across the entire population and also results in a smaller sampling error, giving greater precision in estimation (Wegner, 2000).

### 3.8. Sample Size

The sample size of each stratum in stratified random technique will be proportionate to the population size of the stratum when viewed against the entire population. This means that each stratum (each University) has the same sampling fraction (Castillo, 2009). The simple random sampling or probability sampling was used so that each and every one in the target population had an equal chance of inclusion. The sample size of Universities in each stratum and the number of respondents was obtained using coefficient of variation. Nassiuma (2000) asserts that in most surveys or experiments, a coefficient of variation in the range of 21% to 30% and a standard error in the range 2% to 5% is usually acceptable. The Nassiuma's formula does not assume any probability distribution and is a stable measure of variability. Therefore, a coefficient variation of 30% and a standard error of 2% were used in this study. The upper limit for coefficient of variation and standard error will be selected so as to ensure low variability in the sample and minimize the degree or error.

The formula will be;

$$S = \frac{N(CV)^2}{(CV)^2 + (N-1)e^2}$$

where S = the sample size

N = the population size

Cv = the Coefficient of Variation

e = standard error

Therefore, the sample size of Universities will be as indicated in the table below;

$$= \frac{15007(0.3^2)}{0.3^2 + 15007 - (0.02)^2} = 250$$

Name of University	Total Population	Sample Size
Moi University	6,900	102
Maseno University	2,500	36
MasindeMuliro University of Science and Tech.	1,400	20
JaramogiOgingaOdinga University	2,070	30
Kisii University	837	13
University of Eldoret	1300	20
Total	15007	250

Table 2: Sampling Frame of the Public Universities in Western Kenya Region

Source: Survey Data, 2014

### 3.9. Data Collection Instrument

The questionnaire was used as the data collection instruments to enable achieve the stated objectives. The instrument was appropriate as it helped in collecting the primary data. The questionnaire was designed based on the five-point Likert-type scales. This was so because it was to enable answer specific research questions and help achieve the objectives of the study. Closed ended questions were used as they were deemed to motivate the respondents and save time.

### 3.10. Measures of Reliability and Validity

Saunders et al 2000; cooper and Schindler 2006; and Malhotra N. K and Birks D. F. 2007 agree that in any research, it is expedient as a matter of reliability and validity check that the questionnaire should be pre-tested before final administration. The measurement scale in the questionnaire were deemed to have content and construct validity because they reflect the key components of CRM practices, Customer satisfaction and customer retention described in the literature.

### 3.11. Reliability of Study Measures

Reliability refers to whether a measurement instrument is able to yield consistent results each time it is applied. In order to test for reliability, Cronbach alpha coefficient was used since was the common method used for assessing reliability for a measurement scale with multi-point items. The reliability of the study measures was assessed by Cronbach's Alpha coefficient, which was used to assess the internal consistency or homogeneity among the research instrument items (Sekaran, 1992). The coefficient that reflects homogeneity among a set of items varies from 0 to 1. A good reliability should produce at least a coefficient value of 0.70 (Hair et al., 1995) but coefficients up to 0.62 are acceptable in social research studies (Kritsonis and Hurton, 2008). For this research the reliability coefficients met the criteria since all the reliability coefficients of the study variables were above 0.7. The concepts of validity and reliability require the researcher to ensure data is gathered and treated in a manner that will not include change to interpretation. This means there is need to record the problem of the study as closely as possible (Creswell, 2003). However, there is no absolute reliability in undertaking a research. The use of questionnaires is one source of bias because of literacy problems which may be present in the target respondents.

### 3.12. Validity

Validity refers to whether the statistical instrument measure what it is intended to measure, i.e., accuracy of measurement (Sullivan T.J. 2001; Saunders *et al.*, 2000;2007). Validity is concerned with whether the findings are really what they appear to be about. This study will address the four approaches to establishing validity; face validity, content validity, criterion validity and construct validity (Zikmund *et al.*, 2010). Face validity was established by inspecting the contents being studied for their appropriateness to logically appear to reflect what was to be measured further, face validity involves assessing whether a logical relationship exist between the variables and the proposed measure.

To establish content validity this research was validated by determining the variables which have been defined and used in literature previously. Additionally, opinions from experts were sought to provide relevant inputs adding to what had been identified from the literature. Piloting a questionnaire was crucial and had highlighted ambiguities and other potential pitfalls (Somekh and Lewin, 2005). The pilot study was carried out in Egerton University. Feedback from the pilot study enabled the researcher to make changes where necessary to the questionnaire. In addition, the respondents may have experienced boredom because the questions may seem monotonous and towards the end of the questionnaire, the respondent may not pay keen attention to details of the question. Yet another bias that may be experienced in the course of this research is acquiescence. This issue may arise when the respondent tends to agree with an issue whenever they are not sure or undecided. To overcome this possible bias, the study was to provide a short questionnaire. Reliability test was performed on the questionnaire items using Cronbach alpha. However, the threshold that is acceptable in closely related researches is 0.7 and this is what will be the guide to this study (Eisenmerger *et al.*, 1986).

### 3.13. Data Analysis and Presentation

To establish the main characteristics of the study variables, descriptive statistics, factor analysis using principal component method with varimax rotation and Pearson correlations analysis was done and relevant tests conducted. To establish the statistical significance of the respective hypotheses, ANOVA of F-tests as well as multiple linear regression analysis was conducted, appropriate at 95 percent confidence level ( $\alpha=0.05$ ). The questionnaire returned from the field

was coded, edited and keyed into the computer to facilitate statistical analysis. Statistical package for social sciences (SPSS) version 17 was used to assist in analysis. Analyzed data was interpreted and presented in tables.

Data analysis was undertaken using multiple regressions to examine the way a number of independent variables relate to one dependent variable. Multiple regression was used as a technique to analyze continuous variable (Steel and Ovalle, 1984). Baron and Kenny (1986, 2003) four steps were also used to test mediation; the SOBEL Test was also used to test the magnitude of confidence among the variables. The dependent variable is assumed to be a linear function as;

Model: effects of CRM Practices on Customer Satisfaction

$$CS = \beta_0 + \beta_2 PV + e,$$

Where;

CS= Customer Satisfaction;  $\beta_0$  = a constant;  $\beta_2$ =beta values; CRM Practices (PV – perceived value); e - Error term

#### 4. Data Analysis, Presentation and Interpretation

##### 4.1. Response Rate

The study intended to collect data from 250 respondents, but data was successfully collected from 222 respondents. This represents a response rate of 88.8 percent of the target population, which falls within the confines of a large sample size (Anderson, Sweeney and Williams, 2003)

##### 4.2. Profile of the Respondents

The respondents' profiles of interest in this study were; Gender, Age of respondent, highest level of education, mobile phone service provider, and service provider used most and lengthy of time of usage of the services.

The total sample for the survey consists of 222 respondents. The gender distribution of the survey respondents is 65.3 per cent males and 34.7 per cent females. The results also indicated that the samples have age predominantly of 45 years and above, which is 46.4 per cent. More than 50 per cent of the respondents use Safaricom mobile phone service provider. Majority of the respondents have college or higher education level where 10.4 per cent are professional qualification, 13.5 per cent are diploma or advanced diploma holder, 16.2 per cent have degrees and 53.2 per cent have postgraduate level of education. Only 6.8 per cent of respondents have attained high-school level. The results are presented in Table 3.

Variables		Frequency	Percentage
Gender	Male	145	65.3
	Female	77	34.7
Age	18-24	20	9.0
	25-34	18	8.1
	35-44	81	36.5
	45 and above	103	46.4
Level of Education	0-Level	15	6.8
	Certificate	23	10.4
	Diploma	30	13.5
	Bachelor's Degree	36	16.2
	Post Graduate Degree	118	53.2
Mobile Service Provider	Safaricom	111	50
	Airtel	80	36
	Orange	28	12.6
	Yu-mobile	3	1.4
Mobile Service Provider used often	Safaricom	104	46.8
	Airtel	68	30.6
	Orange	37	16.7
	Yu-mobile	13	5.9
Period of Usage	1-3 years	18	8.1
	4-7 years	91	41.0
	8-10 years	82	36.9
	Over 11 years	31	14.0

Table 3: Demographic Profile of Respondents

Source: Research Data (2014)

##### 4.3. Descriptive Statistics

For clear determination of the responses made to the research items, the mean, standard deviation, skewness and kurtosis of the study variables were determined as highlighted in Table 4

Variables	Mean	Std dev	Skewness	Kurtosis
PV	3.0748	0.76270	-0.353	0.629
CS	3.4234	0.79292	-0.583	-0.248

PV=Perceived Value, CS=Customer Satisfaction

Table 4: Descriptive Statistical Analysis of the Study Variables

Source: Research Data (2014)

From Table 4 Perceived Value have a mean score of 3.0748 and a standard deviation of 0.76270, its skewness and kurtosis are -0.353 and 0.629 respectively making it skewed to the right side of the curve. Customer satisfaction is the mediator which has a mean of 3.4234 and a standard deviation of 0.79292, its skewedness is -0.583 and its peakedness of -0.248.

#### 4.4. Scale Reliability of Study Variables

The reliability of an instrument is defined as its ability to consistently measure the phenomenon it is designed to measure. The reliability of the questionnaire was therefore tested using Cronbach alpha measurements. From the table 5

Variables	Number of Items	Cronbach Alpha Coefficient
PV	5	0.808
CS	4	0.722

PV=Perceived Value, CS=Customer Satisfaction

Table 5: Cronbach's Alpha Reliability

Source: Research Data (2014)

The reliability coefficients ( $\alpha$ ) of each variable are as follows: Perceived Value (0.808); Customer satisfaction (0.722) and Customer retention (0.716). The reliability coefficients of most of the variables are above 0.70, which concurs with the suggestion made by Nunnally (1978). The internal consistency was considered to be sufficient and adequate. As indicated in the above table Cronbach's alpha was computed separately for the study variables to enable assess the internal consistent among the study variable.

#### 4.4.1. Factor Analysis

Factor analysis was conducted to create variable composites from the original attributes and to identify a smaller set of factors that explain most of the variances between attributes. Factor analysis was done on Network Quality, Perceived Value, and Customer Relational Experiences, Loyalty Programs, Image, Customer Satisfaction and Customer Retention.

#### 4.4.2. Factor Analysis Results of Perceived Value

The Kaiser Criterion was used to determine the number of factors to extract for analysis. Results show that the 5 items for Perceived Value are sorted and clustered into one component. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Barlett's Test of Sphericity were used. The KMO measure of sampling adequacy indicated a value of (KMO=0.767) indicating that the sample size was adequate for the variables entered into analysis. The Barlett's Test of Sphericity was significant  $X^2=418.074$ ,  $df=10$ ,  $p<0.000$ , implying that the factor analysis was appropriate for the study and there was relationship among variables for the Perceived Value. From Table 6, the results of the principal component analysis indicate that, there is one factor whose Eigenvalues exceed 1. The Eigenvalue of a factor represents the amount of total variance explained by that factor. For Perceived Value, the first factor has Eigenvalue of 2.918 which explain 58.352% of the total variance, the percentage of variance combines for the succeeding items to make up 100% variance. Varimax rotation tries to maximize the variance of each of the factor, so the total amount of variance accounted for the redistribution over the extracted factor. Principal component analysis with varimax rotation is widely adopted as a reliable method of factor analysis (Lee, 2010).

Scale Item	Factor Loadings
	1
Good Value for money	.839
Value ease of use	.811
Convenience of using service provider	.783
Overall ability to give up High	.812
Convenience of using service provider	.783
Overall ability to give up High	.812
Over ability is high	.531
<b>Notes:</b> Eigenvalues	2.918
Percentage of Variance	58.352%
KMO Measure of sampling adequacy 0.767	
Approx. Chi-Square 418.074, Df 10, Sig. .000	
Extraction Method: Principal component Analysis	
Rotation Method: Varimax with Kaiser Normalization	
Rotation converged in 3 iterations	

Table 6: Perceived Value Component Matrix

Source: Research Data (2014)

#### 4.4.3. Factor Analysis Results of Customer Satisfaction

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Barlett's Test of Sphericity were used. The KMO measure of sampling adequacy indicated a value of (KMO=0.594) indicating that the sample size was adequate for the variables entered into analysis. The Barlett's Test of Sphericity was significant  $X^2=307.448$ ,  $df=6$ ,  $p<0.000$ , implying that



the factor analysis was appropriate for the study and there was relationship among variables. The results of the principal component analysis indicate that, there are two factors whose Eigenvalues exceed 1. The Eigenvalue of a factor represents the amount of total variance explained by that factor. For Customer satisfaction, the first factor has Eigenvalue of 2.231 and explain 55.768% of the total variance and the second factor has Eigenvalue of 1.148 and explain 28.697, the two factors explain 84.464% of the total variance. The first factor explains 55.768% of this variance, while the second variable explained 28.697% of this variance. Varimax rotation tries to maximize the variance of each of the factor, so the total amount of variance accounted for the redistribution over the extracted factor. Principal component analysis with varimax rotation is widely adopted as a reliable method of factor analysis (Sinkkonen, Malhotra and Galleta, 1999).

Scale Item	Factor Loadings	
	1	2
Satisfied with this service provider's services	.909	
Service provider is successful		.707
Service provider meets my expectations	.870	
Overall, service provider has met my expectations	.952	
<b>Notes:</b> Eigenvalues	2.231	1.148
Percentage of Variance	55.768%	28.697%
KMO Measure of sampling adequacy .729		
Approx. Chi-Square 307.448, Df 6, Sig. .000		
Extraction Method: Principal component Analysis		
Rotation Method: Varimax with Kaiser Normalization		
Rotation converged in 3 iterations		

*Table 7: Customer Satisfaction Rotated Component Matrix*  
*Source: Research Data (2014)*

#### 4.5. Correlation Analysis

The correlation shown in the table below presents bivariate correlations between variables. Since a single construct in the questionnaire was measured by multiple items, the average score of the multi-items for a construct was computed and used in further analysis such as correlation analysis and multiple regression analysis (Wang and Benbasat, 2007).

From the table attached, When the correlation coefficient value ( $r$ ) ranges from 0.10-0.29, is considered to be weak, 0.30-0.49, medium, 0.5-1.0 is considered strong, Wong & Hiew (2005). According to Field (2005), correlation coefficient should not go beyond 0.8 to avoid Multicollinearity. In this research, the highest correlation coefficient is 0.69, thereby implying that there was no multicollinearity problem in this research, since the value is less than 0.8. PV is positively and statistically significant ( $r=0.541$ ,  $p<0.00$  (2 tailed at 1% level of significance), CS is positively and statistically significant, ( $r=0.434$ ,  $p<0.00$  (2 tailed at 1% level of significance), The PV, were correlated to customer retention and were positively and statistically significant.

	NQ	PV	CRE	LP	CS	CR	Sig. (2 tailed)
NQ	1						
PV	.516	1					
CRE	.707	.790	1				
LP	.723	.542	.673	1			
CS	.434	.214	.524	.518	1		
CR	.501	.461	.512	.587	.646	1	
NQ=Network Quality, PV=Perceived Value, CRE=Customer Relational Experience, LP=Loyalty Programs, CS=Customer Satisfaction and CR=Customer Retention							

*Table 8: Pearson Correlation Coefficient of Study Variable*  
*Source: Research Data (2014)*

## 5. Summary of Findings, Conclusions and Recommendations

### 5.1. Summary of Findings

The study examined the mediating effect of customer satisfaction on the relationship between customer relationship management practices on customer retention among mobile phone users in public universities of western Kenya region. The study was guided by the following objective to determine the effect of Perceived Value on Customer Satisfaction, perceived Value has no significant effect on customer retention. From the findings, it was found that Beta coefficients (Perceived Value),  $B=-0.637$ ,  $t=-2.866$ ,  $p=0.005$ . The Null hypothesis was therefore rejected since its  $p$ -value is  $<0.05$  and an alternative hypothesis were accepted, meaning that there is an effect of Perceived Value on customer retention. This result supports prior researches that Perceived Value has its root in equity theory, which considers the ratio of the consumer's outcome/input to that of the service provider's out- come/input (Oliver and DeSarbo, 1988). Again from, customer-perceived value results from an evaluation of the relative rewards and sacrifices associated with the offering. Customers are inclined to feel equitably treated if they perceive that the ratio of their outcome to inputs is

comparable to the ratio of outcome to inputs experienced by the company (Oliver and DeSarbo, 1988). (Holbrook, 1994, p. 22), argues that, Customer value is 'the fundamental basis for all marketing activity' And high value is one primary motivation for customer patronage hence retention. In this regard the findings of this study are supported by, Sirdeshmukh, Singh, and Sabol (2002), who argued that customer value is a superordinate goal and customer loyalty is a subordinate goal, as it is a behavioral intention and this enhances retention.

## 5.2. Conclusions

Results of this study provided support for the Hypotheses linking CRM practices, customer satisfaction and customer Retention. The concept and its roots were introduced by reviewing the existing academic literature, as the competitive environment becomes more turbulent, the most important issue the sellers face is no longer to provide excellent, good quality products or services, but also to keep loyal customers who will contribute long-term profit to organizations (Tseng, 2007).

This study identified the number of customers, or percentage of total customers whose experience with their telecommunication service provider's products or services meets or exceeds their expectations. In a competitive market place where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. According to the study, Customer satisfaction is about how products and services meets consumer's needs. It is the impression of customers about services provided. The recommendations will act as eye opener to both the academicians and practitioners in marketing and help in filling the gap in the context of the mediation effect of Customer satisfaction on the relationship between CRM practices (Perceived Value) and Customer satisfaction.

The study recommends that mobile telecommunication operators who are interested in building brand loyalty should endeavor to satisfy their customer through the provision of enhanced mobile services. Additionally, the study recommends that in order to increase customer Satisfaction, it is essential for service firms to actively manage their customers' price perceptions. The study recommends that operators offer something valuable to customers in service interaction process, such as reward and promotional offers, in order to gain customer satisfaction. Moreover, the study recommends that companies must focus on those attributes of customer satisfaction.

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