

**OPERATIONS PERFORMANCE OBJECTIVES AND CUSTOMER RETENTION
OF MOTOR VEHICLE DEALERS IN KENYA**

BY

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DECLARATION

I declare that this is my original work and has not been presented for a study in any academic institution.

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DEDICATION

This research paper is dedicated to my family for their inspiration, encouragement, understanding and prayers towards the successful completion of this course. I pay glowing tribute and gratitude to the Almighty God who has given me the wisdom to undertake this course.

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TABLE OF CONTENTS

| | |
|--|-------------|
| DECLARATION | ii |
| DEDICATION | iii |
| ACKNOWLEDGEMENTS | iv |
| LIST OF FIGURES | vii |
| LIST OF TABLES | viii |
| LIST OF ABBREVIATIONS | ix |
| ABSTRACT | x |
| CHAPTER ONE | 1 |
| INTRODUCTION | 1 |
| 1.1 Background | 1 |
| 1.1.1 Operations Performance Objectives..... | 2 |
| 1.1.2 Customer Retention..... | 4 |
| 1.1.3 Kenya Motor Vehicle Dealers..... | 5 |
| 1.2 Research Problem..... | 7 |
| 1.3 Objectives | 9 |
| 1.4 Value of the Study | 9 |
| LITERATURE REVIEW | 10 |
| 2.1 Introduction | 10 |
| 2.2 Theoretical Foundation | 10 |
| 2.2.1 Relationship Marketing Theory | 10 |
| 2.2.2 Commitment-Trust Theory | 11 |
| 2.3 Operations Performance Objectives..... | 15 |
| 2.3.1 Cost as an Operational Performance Objective | 15 |
| 2.3.2 Quality as an Operational Performance Objective..... | 15 |
| 2.3.3 Time as an Operational Objective..... | 17 |
| 2.3.4 Flexibility as an Operational Objective | 17 |
| 2.3.5 Dependability as an operational objective | 18 |
| 2.4 Customer Retention..... | 19 |
| 2.5 Conceptual Framework | 22 |
| CHAPTER THREE | 25 |
| METHODOLOGY | 25 |

| | |
|--|-----------|
| 3.1: Introduction..... | 25 |
| 3.2: Research Design..... | 25 |
| 3.4 Data Collection..... | 26 |
| 3.5: Data Analysis | 26 |
| CHAPTER FOUR..... | 29 |
| DATA ANALYSIS, FINDINGS AND DISCUSSIONS | 29 |
| 4.1 Introduction | 29 |
| tables. | 29 |
| 4.2 Background Information | 29 |
| 4.2.1 Respondents Gender..... | 29 |
| 4.2.2 Respondents Age Bracket | 30 |
| 4.2.3 Respondents Highest Level of Education | 31 |
| 4.2.4 Number of Years Respondents Have Worked in the Company..... | 32 |
| 4.2.5 Number of Employees in the Organization..... | 33 |
| 4.3 Impact of Cost on Customer Retention in the Motor Industry in Kenya | 33 |
| 4.4 The Impact of Flexibility on Customer Retention in the Motor Industry in Kenya. | 35 |
| 4.6 The Impact of Time on Customer Retention in the Motor Industry in Kenya..... | 38 |
| 4.7 The Impact of Dependability on Customer Retention in the Motor Industry in Kenya | 39 |
| 4.8 Customer Retention..... | 41 |
| 4.9 Regression Analysis | 42 |
| CHAPTER FIVE..... | 47 |
| SUMMARY, CONCLUSION AND RECOMMENDATIONS..... | 47 |
| 5.1 Introduction | 47 |
| 5.2 Summary of the Findings | 47 |
| 5.3 Conclusion | 49 |
| 5.4 Recommendations | 50 |
| REFERENCES..... | 53 |
| APPENDICES | 61 |
| APPENDIX 1: QUESTIONNAIRE..... | 61 |

LIST OF FIGURES

| | |
|--|----|
| Figure 2.1: Conceptual Framework..... | 23 |
| Figure 4.2: Respondents Gender | 30 |
| Figure 4.3: Respondents Highest Level of Education..... | 31 |
| Figure 4.4: Number of Years Respondents Have Worked in the Company | 32 |
| Figure 4.5: Number of Employees in the Organization | 33 |

LIST OF TABLES

| | |
|---|----|
| Table 4.1: Respondents Age Group | 30 |
| Table 4.2: Impact of Cost on Customer Retention in the Motor Industry in Kenya..... | 34 |
| Table 4.3: Impact of Flexibility on Customer Retention in the Motor Industry in Kenya | 35 |
| Table 4.4: Impact of Quality on Customer Retention in the Motor Industry in Kenya | 36 |
| Table 4.5: Impact of Time on Customer Retention in the Motor Industry in Kenya..... | 38 |
| Table 4.6: Impact of Dependability on Customer Retention in the Motor Industry in Kenya | 39 |
| Table 4.7: Customer Retention in the Motor Industry in Kenya..... | 41 |
| Table 4.8: Regression Model Fitness | 43 |
| Table 4.9: ANOVA | 44 |
| Table 4.10: Regression Coefficients | 44 |

LIST OF ABBREVIATIONS

AMT - Advanced Manufacturing Technology

AVA - Associated Vehicle Assemblers

CMC - Cooper Motor Corporation

EA - East Africa

GM - General Motors

GMEA - General Motors East Africa

KVM - Kenya Vehicle Manufacturers

R & D - Research and Development

SPSS - Statistical Package for Social Sciences

ABSTRACT

The built up Kenya engine vehicle merchants confront extreme rivalry from imported second-hand vehicles chiefly from Japan and United Arab Emirates. These imports now represent around 70% of the market. The most recent decade saw a criticalness decrease in the quantity of new vehicles sold in Kenya. Various worldwide studies have been done connecting operations administration to client maintenance and authoritative execution. The general target of this study was to look at the effect of operational execution goals on client maintenance of engine industry in Kenya. This exploration embraced a different contextual investigation approach. A different contextual analysis empowered the specialist to have an inside and out comprehension of various firms. The objective populace for this study was the five noteworthy engine vehicle merchant firms in Kenya, which are the predominant. These are: Toyota Kenya, Cooper Motors Corporation (CMC), General Motors East Africa, Simba Colt and DT Dobie. Both essential and auxiliary information were utilized, essential information was gathered utilizing self-controlled survey while optional information was gathered by perusing through the association's distributed reports, leaflets, diaries and periodicals. The respondents from these organizations were the ranking staff from Engineering, Manufacturing, Finance, Sales and After-deals offices. After field work, information was gathered to screen for any blunders and oversights then every one of the information was sorted, coded and broke down. Quantitative information was broken down using a blend of expressive insights especially recurrence disseminations and rates. The subjective information was broke down utilizing content examination which is the most appropriate strategy for breaking down auxiliary information. Frequencies, rates and combined rates were utilized to build up the scores in the demographic information. Means and standard deviations were utilized to build up the run of the mill normal esteem or deviations in the conveyance of free factors (the effect of cost, adaptability, quality, dependability and time). Various relapses to survey the relationship between the measurements of operations execution destinations as free factors and client maintenance as reliant variable were led to foresee the causal connections and hugeness between the study factors. The study concluded that all the independent variables have positive relationship with the dependent variable but cost is the most important operational objective factor that is used by the motor dealers in Kenya to retain customers.

CHAPTER ONE

INTRODUCTION

1.1 Background

The development of business and making of business territories has incited to radical traditionalist dangers and stimulated maddened dispute (Narteh, 2013). Thusly, the client today has countless contrasting options to beat his objectives when settling on an acquiring choice while contention has fulfilled its apex (Leal and Pereira, 2003).

Along these lines, given the supposition that strong clients are a key part of a practical business operation, holding these clients is apparently a savvy compel that will methodically influence the entire arrangement accomplishment of any attempt in today's association driven economy. In such way, client bolster reasoning suggests the balancing operator that must be used by attempts to lessen the danger of substitutes (Komunda and Osarenkhoe, 2012). Given these segments, and with a specific extreme target to finish and reinforce the condition of client constancy, this examination underlines the nexus between operational execution objectives on client upkeep.

Slack, Chambers, and Johnston (2004) proposed that researcher had developed five major execution goals used in operations. Cost: that is defined as sacrifice given by the clients to acquire products and services. Quality: is defined as the ability to pass on as indicated by detail and with little or no blunder. Time: is defined as the ability to do things at a very fast rate in order to respond to the requests placed by clients and in this way provide small prime times between when a the request is placed by a client to get a thing or advantage and when they get it. Dependability: is defined as the ability

to pass on things and associations as indicated by assurances prepared to entice clients (for instance in a reference or other passed on facts regarding the products) while Flexibility: is defined as the ability to modify operations suit the demand.

Regardless, as exhibited by Narteh (2013) watch that the execution of a definite framework in a business is not only reliant on the point of confinement of business operations to complete splendor in the sensible objectives of executions, yet in a general sense on clients with respect to the picked mighty aspects that support the systems in the business.

Arranging business operations incredible nature to the requirements needed by customers forms the core part of systems based on operations. Henceforth, affiliations are required to identify which execution targets that they should make available to clients. The identification of objectives may understand having to 'exchange off' not decisively amazing execution in single a player in business-based operations to satisfy greatness in another.

Skinner (1985) battled that operations could change into a 'Driving Competitive Weapon' if the breaking point was permitted to expect a full basic part in the connection.

1.1.1 Operations Performance Objectives

Operations make the base of every affiliation, whether in storing, advantage or non-advantage tries. As appeared by Plenert (2002) Operations Management (OM) can be delineated as the relationship of activities that attract a relationship to trade a level of basic wellsprings of information (foul materials, imperativeness, customer necessities,

information, aptitudes, back, and so forth) into yields that pass on the association's critical things and relationship to the end customer.

Stevenson (2011) and Brown *et al.* (2013) increase that definition by including sections, for instance, stock affiliation, supply and composed endeavors, plot decisions related to degree connection and arranging, quality demand and the relationship of frameworks and HR remembering the true objective to ensure that the right inclination base is made and utilized.

The operations farthest reaches of a business is thus the "engine room" of the business, and all business operations of whatever size and diverse quality should have goals set. A connection portrays its corporate system and a while later sees the operational execution targets it must meet to finish the strategy.

Next, the association portrays the measures it will use to comprehend whether execution goals are met. The connection then prodigies its working surroundings to complete no shy of what one of five the operational execution targets: quality, speed, consistency, versatility or costs.

As appeared by Neely (2011), quality is more than conformance to a specific. It's in like way how well a thing plays out its run of the mill purpose of repression, the request of the thing's parts and the brave method for a thing. Neely (2011) says quality besides proposes the thing's durability, the straightforwardness with which the thing is redesigned and how much the customers believe the thing addresses their issues and is a predominant than ordinary regard for the dollar.

Promptness/time objectives propose the rate at which an alliance can make bargains quotes and how rapidly and continually a connection can pass on its things (Neely, 2011). Besides, proposes such issues as the time required making no shy of what one things and the time the alliance needs to investigate and develop something else.

Neely (2011) underwear a connection's operations as dependable if the association makes and passes on things to its customers on time and as appeared by agreed to costs and expenses. An association besides measures consistency by the thing's ability to fill in as plot and as anyone may expect that and will perform always over a sensible measure of time.

Versatility of operations, (Neely, 2011) says that if the association can orchestrate the thing offerings to oversee different thing essentials and if operations can change as indicated by new necessities quickly. Versatility requires that an alliance can pass on consequences of different levels of colossal worth and with various game-plan changes. As showed up by Neely (2011) versatility in like way requires a relationship to alter executions to gain changing or new timetables of improvement and creation levels.

The execution cost targets propose the gathering in element cost in light of the alterations in the volumes of item a maker produces and the blend of things passed on, by makers of "Operations Management."

Neely (2011) highlighted that in numerous occurrences, the more prominent the course of action of things made, the smaller the items volumes passed on and the more noteworthy the cost of creation per a unit item, and the substitute way is valid. So similarly key, the cost of everything will change, which impacts the cost of the items produced and the cost utilized amid the running of the operations and central focuses.

1.1.2 Customer Retention

Customer upkeep is determinedly being seen as a key regulatory issue, especially concerning sprinkled market or lower change of the measure of new customers. It has been likewise observed as a key focus of relationship advancing, basically because of its potential in passing on unrivaled relationship budgetary points of view, i.e. it cost less to hold than to secure new customers (Ghavami, 2006).

Bateson and Hoffman (2002) delineate customer upkeep as focusing an affiliation's showcasing effort towards the present customer's base. This light up the view that instead of attempting to get another customers, firms soaked in customers' support tries must guarantee that the present customer are satisfied as so to make and keep up whole course of action relationship (Payne, 2005).

1.1.3 Kenya Motor Vehicle Dealers

The general automobile industry is for the most part a party industry where the various makers and brands are interconnected and where each and every thing has ended up various duties all through the period strategy (Dicken, 2007). All the more definitely, the general vehicle industry is a mind boggling game plan of neighborhood

oligopoly markets where the activities of individual makers affect the general business center (ILO, 2010; Besanko *et al.*, 2007).

The multifaceted strategy for the time system which gobbles up right around half of the world's yield of flexible, 25 percent of its glass and 15 percent of its steel (Dicken, 2007) incorporate, regardless, that there are no settled relations between these regular markets. In like approach to supply the world markets, a noteworthy bit of the time is passed on to remote nations, which incorporates high dispatching costs. Thusly, different makers have found time close or inside the business parts they serve.

The Motor merchants in Kenya are in a general sense required in the retail and stream of engine vehicles. There are diverse engine vehicle merchants working in the nation, with the most settled being Toyota (East Africa), Cooper Motor Corporation (CMC), General Motors (GM), Simba Colt and DT Dobie with Honda Motors creating operations in Kenya in January 2013 as Division of Trans Africa Motors (TAM) which is a Dubai based affiliation tending to business vehicle establishments in Kenya. There are additionally four vehicle get together plants in the nation, which focus on the party of pick-ups and overwhelming business vehicles (Kenya Motor Industry Association, 2016).

The created brokers confront noteworthy rivalry from imported second-hand vehicles basically from Japan and United Arab Emirates. These imports now address around 70% of the market. The most recent decade saw a centrality lessen in the measure of new vehicles sold in Kenya. There has been a steadfast recuperation in the most recent four years, however, the numbers still miss the mark concerning the numbers recorded 10 years before. In 2004, the essential engine vehicle affiliations recorded

offers of 9,979 units. In spite of the fact that 27% superior to the earlier year, this is still well underneath the levels completed in the mid 90's (Pwc, 2015).

1.2 Research Problem

There has been a reliable recuperation in the most recent four years, however the numbers still miss the mark concerning the numbers recorded 10 years back. In 2004, the guideline engine vehicle affiliations recorded offers of 9,979 units. However 27% superior to the earlier year, this is still well underneath the levels completed in the mid 90's (Pwc, 2015). Distinctive general studies have been done interfacing operations association to client bolster and different leveled execution.

Fabio De, Antonella and Stanislao (2012) attempted a study on Improving Operations Performance with World Class Manufacturing Technique: A Case in Automotive Industry. The operations execution upgrades were found to bring more crucial capacity where outsourced things were less expensive in light of the way that it is conceivable to use outside dissemination centers or providers - outsourcing - specific and more practical for the affiliation; more obvious adaptability since it is conceivable to work more models and no space fundamental.

Jiang (2009) looked relationship among gathering and association arrange in operations association. The study built up that, every one of the affiliations need to make good 'old fashioned operations and procedures for completing its general centers for an entire arrangement change.

Zahra (2014) drove a study on the effect of Quality and Price on Customer Satisfaction and Commitment in Iran Auto Industry. The study construed that nature

of thing, nature of after-offer organization, and cost as three rule forerunners affect satisfaction and duty through the mediating a portion of connection quality.

Distinctive neighborhood considers have been driven in the motor business as well. Ndungu *et al.* (2008) coordinated a study which demonstrated that the direct improvement in the motor vehicle get together industry in Kenya has been credited to various components including; competition from second hand dealers, environmental troubles, and a decline in spending by key clients, especially the corporate division, which as a result of business focus movement now certainly screen spending.

Akembo (2011) saw that the Kenyan motor vehicle dealers have developed some characteristic in light of its skewed properties which think about the importation of shabby used vehicle from different countries. Shabby used vehicle imports are getting significantly more popular to Kenyans since they offer low wage families the probability of vehicle proprietorship and an anomalous condition of individual conveyability, extending social welfare benefits.

Oduor (2013) found that motor vehicle building specialists are going up against firm competition which has made them get a couple of operations strategies to remain centered in the market. The systems have unimaginably improved advantages, adequacy, nature of organizations to the customers, bit of the pie and the specialist satisfaction.

The above studies did not concentrate on the effect of operational execution concentrates on client bolster. This study creates past learning on the effect of cost, quality, time, dependability and flexibility on client bolster by examining the joint impact of these four fragments on client upkeep. This concentrate in this way tried to

fill the information crevice by noting the exploration address; what is the effect of operational execution destinations on client maintenance of engine industry in Kenya?

1.3 Objectives

The general objective of this study was to examine the impact of operational performance objectives on customer retention of motor industry in Kenya.

The study was guided by the following specific objectives.

- i. To establish the operations performance objectives applied by motor vehicle dealers in Kenya.
- ii. To determine the impact of the operations performance objectives on customer retention of motor vehicle dealers in Kenya.

1.4 Value of the Study

This study may give exact support to the effect of operational execution targets on client maintenance of engine industry in Kenya. Showcasing understudies and researchers may profit by this exploration as a wellspring of writing in the client maintenance systems. The directors of engine organizations may discover new data on the effect of operations execution goals on client maintenance of engine industry and think of techniques to address the perpetually changing client needs to upgrade client maintenance.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter brought out the literature review related to the objectives of the study. Section 2.2 provided theoretical foundation, focusing on relationship marketing theory, commitment-trust theory and theory of constraints. Section 2.3 entailed operational performance objectives that can be adopted to enhance proper customer retention. Section 2.4 entailed information on customer retention and lastly 2.5 provided a conceptual framework.

2.2 Theoretical Foundation

This study was guided by three hypotheses. These are the relationship advertising, duty trust hypotheses and hypothesis of limitations. It is sketched out how the two speculations and the model were utilized in the present study.

2.2.1 Relationship Marketing Theory

Relationship publicizing speculation communicates that compelling relationship showcasing is occasioned by particular parts of pleasant associations that depict productive social exchanges (Arnett and Badrinayanan, 2005). The accomplishment of relationship promoting is pegged on three fundamental contemplations. These are trust, relationship obligation, and correspondence (Sivadas and Dwyer, 2000). The speculation prescribes that productive relationship showcasing attempts overhaul customer dedication and organization's execution through more grounded social bonds (Sirdeshmukh, Singh, and Sabol, 2002).

There are various perspectives about which social creates mediate the effects of relationship advancing attempts on results. Other than obligation, trust and correspondence, satisfaction, holding, shared qualities, empathy, dependence and correspondence have been perceived as fundamental parts of relationship advancing presentation (Sin *et al.*, 2005; Eisingerich and Bell, 2006). The beforehand said assorted social center individuals have been associated with various heralds and results (Palmatier *et al.*, 2006).

It has been recommended that these parts are just pointers of the worldwide go between relationship quality, which is essentially a general assessment of the nature of a relationship and is conceptualized as a multidimensional form that finds the various varying components of an exchange relationship (De madariaga *et al.*, 2007).

The relationship advancing theory, in any case, fails to clarify how advantage quality is dire in relationship publicizing. Relationship advancing speculation is gotten in this study to illuminate the association between the distinctive fragments of relationship publicizing (particularly, correspondence and customers' trust) and customer upkeep.

2.2.2 Commitment-Trust Theory

The dedication trust theory was advanced by Morgan and Hunt (1994). The theory avows that relationship showcasing incorporates developing, making, and keeping up compelling social exchanges. The earlier constitutes an imperative standpoint change from showcasing theory and practice.

The makers conceptualized relationship promoting and its ten structures, which are: trustworthiness, considerable quality, responsiveness, correspondence, get to,

obligingness, authenticity, ability, security and understanding of customers. The specialists theorized that productive relationship publicizing requires relationship duty and trust. They exhibited relationship showcasing and trust as huge mediating elements. They attempted this model and differentiated it and enemies that don't allow relationship obligation and trust to fill in as intervening variables.

Obligation trust speculation is built up on political economy perspective (Thorelli, 2006). It is communicated that power is the central thought in framework examination since its immaterial nearness can condition others. Couple, it is battled that since around 33% of key unions are totally disillusionments (Sherman, 1992), what ought to be essential to cognizance relationship promoting is whatever that perceives productive, effective, social exchanges from those that are pointless and incapable.

It is put that however there are most likely various sensible components that add to the accomplishment or dissatisfaction of specific association convey publicizing attempts, the proximity of relationship obligation and trust is speculated to be vital to productive relationship advancing, not power and its ability to "condition others."

Obligation and trust are noted to be key since they ask promoters to work at defending relationship hypotheses by teaming up with exchange accessories, contradict engaging transient decisions for the typical whole deal points of interest of staying with existing associates, and view potentially high-chance exercises as being prudent because of the conviction that their assistants won't act cunningly.

Thus, when both duty and trust, not just either, are accessible, they convey comes about that propel capability, effectiveness, and reasonability. In a manner of speaking, obligation and trust lead direct to pleasant practices that are useful for relationship

advancing accomplishment (Morgan and Hunt, 1994). Obligation trust theory fails to address operational execution focuses as a section of relationship showcasing.

2.2.3 Theory of Constraints

The hypothesis of limitations (TOC) is a structures organization objectivity made by Goldratt in the mid-1980s (Goldratt, 1986, 1992 and 1995). The key proposition of TOC is that goals set up the purposes of restriction of execution for any structure. Most affiliations contain only a couple focus necessities. TOC advocates prescribe that executives should focus on effectively managing the point of confinement and limit of these prerequisites if they are to improve the execution of their affiliation.

Once considered basically a creation booking framework, TOC has wide applications in grouped legitimate settings. For example, TOC has wound up being a perspective thought inciting to process change in relationship, for instance, Avery Dennison, Bethlehem Steel, General Motors, National Semiconductor, United Airlines, Boeing, ITT, and Procter and Gamble. In like manner, the United States Air Force Logistics Command has gotten basic organization thoughts to improve the execution of flying machine repair terminals, while the United States Navy has realized TOC thoughts in its Transportation Corps.

TOC challenges chiefs to rethink some of their focal assumptions about how to finish the goals of their relationship, about what they consider productive exercises, and about the certified explanation behind cost organization. Complementing the need to grow the throughput-livelihoods earned through arrangements-TOC focuses on appreciation and managing the goals that stay between an affiliation and the accomplishment of its targets.

Once the objectives are recognized, TOC subordinates all the non-obliging resources of the relationship to the necessities of its inside confinements. The result is streamlining of the total game plan of advantages.

In the point of view of TOC the piece of operations must be surveyed as to the whole affiliation. Cox *et al.* (2003) goes past other OM perusing material in working up a "business systems illustrate" uniting affiliation structure, business techniques and organization course as a framework for discussing the usage and impact of TOC thoughts general affiliation.

2.2.4 Most Relevant Theory

The most significant speculation to the study is "relationship Marketing". Relationship advancing is about confining whole deal relationship with customers. Rather than endeavoring to invigorate one-time bargain, relationship showcasing tries to support customer faithfulness by giving admirable things and organizations.

It incorporates change of internal operations. Various customers leave a Company not because they couldn't care less for the thing but instead in light of the way that they were astounded with the customer advantage. In case a business streamlines its inside operations to satisfy all organization needs of their customers, customers will be happier even in the face thing issues (advancing schools, 2012).

In the view of TOC the role of operations must be evaluated in the context of the whole organization. Cox *et al.* (2003) goes beyond other OM textbooks in developing "business systems model" incorporating organization structure, business processes and management direction as a framework for discussing the use and impact of TOC

2.3 Operations Performance Objectives

Slack *et al.* (2004) battle that there are five operations execution focuses specifically: taken a toll, quality, time, unwavering quality and organization. Surpassing desires in no less than one of these goals can engage a relationship to hold its customers. The execution goals were discussed underneath:

2.3.1 Cost as an Operational Performance Objective

Cut and Lewis (2002) describe cost as any cash related commitment to the operation that engages it to convey its things and organizations. Firms battle on either cost or on things other than cost. To associations that fight direct on esteem, cost will be clearly their huge execution objective. The lower the cost of making their things and organizations, the lower can be the cost to their customers.

Hill (2003) showed that costs can be sorted into three wide parts: Operating utilization, Capital utilize and Working capital. Working use are the budgetary commitments to the operation anticipated that would bolster the consistent making of thing and organizations. This class joins diverse estimations. Work costs include the costs of using people with particular aptitudes which move between different regions in any country. Work costs can be imparted in two ways: the hourly cost, which is what the associations need to pay workers per unit time and he unit cost, which implies cost per unit of effort (Slack, Chambers & Johnston, 2007).

2.3.2 Quality as an Operational Performance Objective

Quality is consistent conformance to customers wishes, by the day's end, doing things right the principal gone through, yet the things which the operation needs to do right

will move as demonstrated by the kind of operation (Slack, Chambers and Johnston, 2007). All operations consider quality to be a particularly basic objective.

In some ways quality is the most unmistakable part of what an operation does. Plus, it is something that a customer finds reasonably easy to judge about the operation. In this way, clearly quality has "an imperative effect on buyer unwaveringness or dissatisfaction" (Slack *et al.*, 2007). It is clearly demonstrated that quality covers a tremendous number of estimations in the transport of things and organizations: execution highlights, unfaltering quality, conformance, durability, serviceability, style and saw quality.

In organization game plan, issues, for instance, singular thought, dependability, sensitivity, learning, security and mindfulness hold much noteworthiness (Gronroos, 2000). Quality in motor shops may mean for example stocks are in extraordinary condition, the store is impeccable and spotless, elaborate design is legitimate and engaging, and staffs are conscious, pleasing and obliging. To the degree inside operations are concerned, quality is key as it reductions repeat work costs and assembles unwavering quality.

In most client markets, there is something else totally to shopping than finding the minimum cost. Quality does influence demand and client welfare. Notwithstanding the way that speculation has since a long time back saw that associations with market power may diminish their products' quality in order to extra costs and help their advantages (Chamberlin 1933; Abbott 1955), observational research and competition plan tend to focus exclusively on esteem setting (Draganska, Mazzeo, and Seim 2009).

2.3.3 Time as an Operational Objective

Sitting tight in line to pay for purchases in retail outlets is a crucial however undesirable activity that customers must grasp to complete their purchases (Tom and Lucey, 2005). Speed suggests the snuck past time between customers requesting things or organizations and their receipt of them (Slack *et al.*, 2007). Regardless, Lowson (2002) battles that, response which is immovably related to flexibility, speed and time based competition governs various parts. In like manner, speed is a shorthand technique for saying "Speed of response."

It suggests the time between an outside or inside customer requesting a thing or organization, and them getting it (wps.pearsoned.com). Slack *et al.*, (2007) sorted that the standard favorable position of quick movement of stock and endeavors to the operation's (external) customers lie in the way it redesigns the operation's advancing to the customer.

Thusly, the snappier customers can have the thing or organization, the more plausible they are to get it, or the more they will pay for it or the more critical the points of interest they get (Slack *et al.*, 2007). Remotely, speed is vital since it responds quickly to customers. Yet again, this is for the most part observed insistently by customers will's personality more inclined to return with more business.

2.3.4 Flexibility as an Operational Objective

An unmistakable delayed consequence of responding to a dynamic area is that affiliation change their things and organizations and changes the way they cooperate. This execution target is known as flexibility. Versatility is the ability to modify,

reversibly, to a present condition, as opposed to advancement, which is irreversible (Bucki and Pesqueux, 2000).

Flexibility implies having the ability to change the operation some way or another. This may mean changing what the operation does how it is getting along it or when it is getting along it. Specifically, customers will require the operation to change so it can give four sorts of need to be particular, thing/advantage versatility, mix flexibility, volume versatility and movement flexibility.

Flexibility measures how awesome the supplier is at shortening the agreed lead time when asked, (Roy, 2009). Developing a versatile operation can in like manner have purposes important to within customers inside the operation.

Versatility by motor vehicle vendors would fit in with giving things as per the necessities of customers; and furthermore giving a tweaked organization to dedicated customers, in like manner without fail to proceed upon the customers' responsibilities for home transport. The upsides of Flexibility are that it quickens response, saves time and takes care of endurance (Slack *et al.*, 2007).

2.3.5 Dependability as an operational objective

According to Barnes (2008), dependability is the ability to pass on stock and ventures as demonstrated by the assurance made to customers, for instance in a reference or whatever other appropriated information. Likewise, customers who wish to buy vehicles from an auto trader in Kenya will constantly check for the quality as ensured furthermore the fulfillment of the movement ensures that the shipper had at first made, either in its ads or in various disseminations.

Customers may simply judge the dependability of an operation after the thing or organization has been passed on. A customer would in all likelihood buy or organization their auto at first on the criteria of significant worth and cost. In the wake of taking a dealer's organization, a customer will have some view about the endurance of the organization.

At first this will not impact the likelihood that customers will pick the organization - they are starting now "exhausted" it. It will impact the chances of them acquiring the organization afresh. In that sense dependability is not something which will impact the customer's longing to purchase things or organizations rapidly.

After some time, regardless, relentlessness can supersede all other criteria. Notwithstanding how shabby an organization is, or how strong it is advanced as being, if the organization is always late and poor then customers will be in a perfect circumstance scanning for another trader.

Inside the operation, reliability has a similar effect (Stevenson, 2005). Inside customers will judge each other's execution generally by how strong the other scaled down scale operations are in passing on material or information on time. Operations where internal dependability is high are more effective than those which are not for different reasons.

2.4 Customer Retention

Affiliations perceive that no ifs ands or buts customer upkeep is more gainful than customer interest. As per this conflict, the energy of firms in getting operations goals practices and making strategies to develop close and tough relationship with the most productive customers is perceptible.

Bain and Company and the Harvard Business Review have considered the estimation of customer support. Bits of knowledge from their studies are oftentimes referred to in the field of upkeep advancing. The numbers don't lie. Here's a touch of reviewing: It's up to 7 times more costly to pull in another customer than it is to hold a present customer. A 10% development in customer upkeep levels result in a 30% augmentation in the estimation of the association (Bain and Company consider). A 5% extension in customer norms for reliability assembles benefits by 25 to 95 percent. If online retailers held 10% of their present customers, they would twofold their salary (Adobe)

There are various diverse estimations out there that show that present customers have an unrivaled ROI than securing new ones. On the face, associations appear to get it. As demonstrated by the e-Consultancy Cross Channel Marketing Report 2013, 70% of associations responding let it be known's less costly to hold a customer than to get another. Only 12% vary that they achieve better ROI by placing assets into relationship over acquiring showcasing

It is seen that customer devotion and customer upkeep are the most key troubles defied by larger piece of (CEOs) over the world (Ball, 2004). Bhardwaj (2007) raises that the key test facing all sponsors today is in perceiving modalities of enhancing customer devotion and upkeep.

By the day's end, change of detached customers into dedicated ones and along these lines developing a whole deal relationship with customers is amazingly essential for definitive accomplishment. A couple of trial studies pass on to the fore the conflict that, the effect or operations execution focuses on behavioral dedication prompts to

customer upkeep (Bolton *et al.*, 2000; Verhoef, 2003). In their study on Jordanian banks, Alrubaiee and Al-Nazer (2010) expected that operations execution objectives acquaintance could help manages an account with fulfill customer upkeep.

Eriksson and Lofmarck (2000) relate customer upkeep to a general sentiment satisfaction that the relationship has fulfilled their solicitations or extended their advantages. Customer support is moreover enhanced by the clear customer trust. According to Sin *et al.* (2002), all together for a relationship to help its whole deal execution in such locales as customer upkeep, it is obliged to gather, keep up and enhance long term and generally worthwhile relationship with its goal customers.

Kuria's (2010) focus on relationship showcasing methodology among business banks in Kenya exhibited that the gathering of information and trades development (ICT) has redesigned customer upkeep and customer reliability in banks. The study respondents opined that development has accepted a crucial part in upgrading shopper steadfastness given that customers are dealt with more gainfully. Essentially, ICT has contracted the organizations taking care of length.

In a study on relationship advancing and customer commitment in flexible media transmission part in Nairobi, Kenya, it is communicated that operations execution targets has transformed into a key fundamental for all associations since its effective utilization can fabricate shopper steadfastness, reliability and upkeep (Kibeh, 2013).

Ideally, the maker notes, there are diverse ways affiliations can use to execute operations execution goals practices, which along these lines can influence on customer support. While refering to Zeithanl (2008), Kuria watched that organization firms do give prevalent regard through redesigned offers which can improve shopper

faithfulness by extending the customer's clear focal points with the purpose of holding customers.

A study coordinated by Brecht (2015), raised the going with five fundamental components that drive customer support techniques. These are: begin with your customers, supervise wishes, go well past, measure lifetime regard and improve Customer Service If advancement and whole deal advantages are what you are searching for, then make customer upkeep a need.

2.5 Conceptual Framework

The study speculated the relationship of the factors as appeared in the accompanying graph. These factors incorporate cost, adaptability, quality, time and client maintenance.

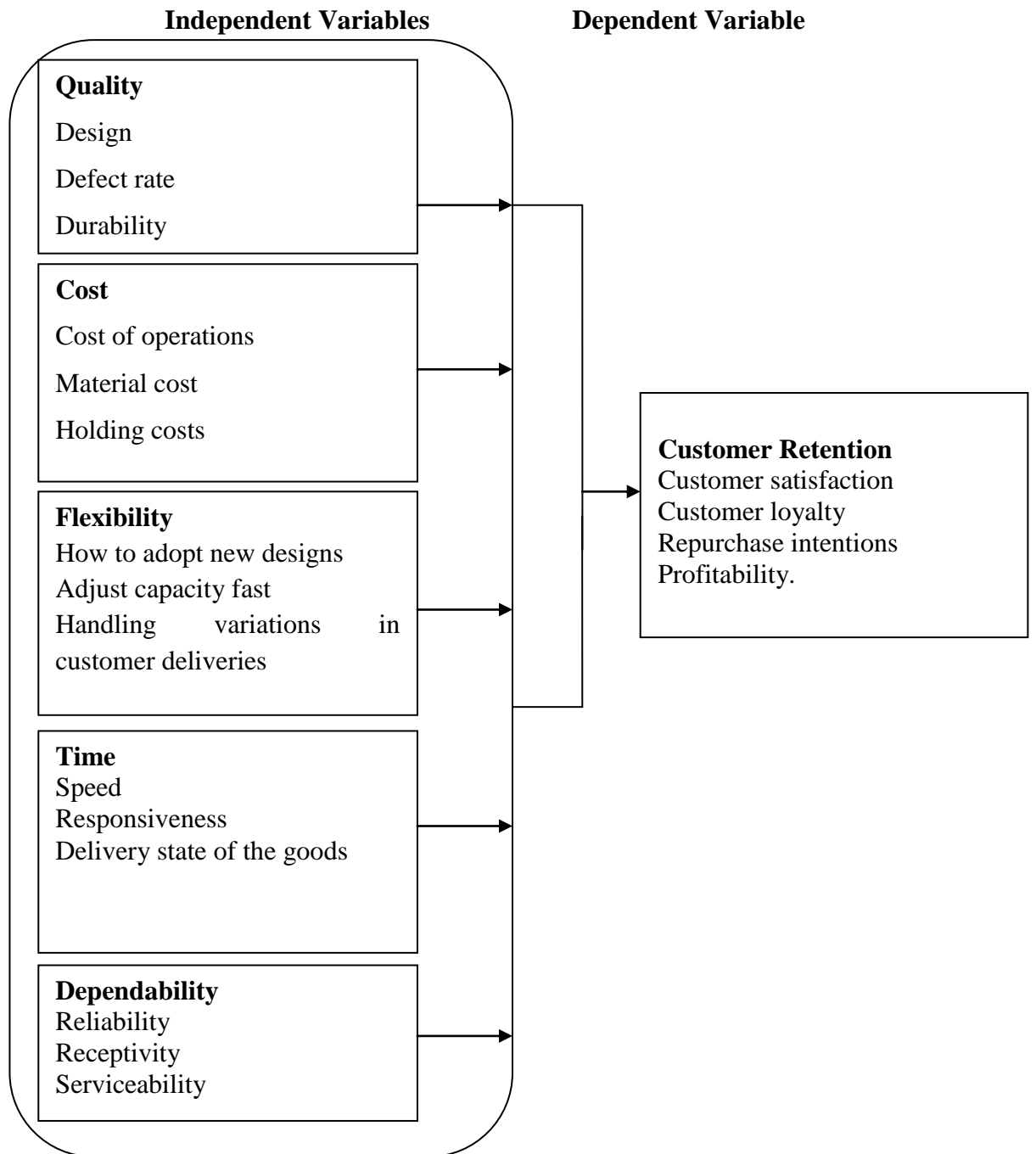


Figure 2.1: Conceptual Framework

2.6 Empirical Studies

| Author | Study | Focus | Findings | Gap |
|--------------------------------|---|---|---|--|
| Zahra and Mohammed (2014) | Effect of quality and price on customer satisfaction and commitment | Customer satisfaction and commitment | Quality and price affect customer satisfaction and commitment through mediating role of relationship quality. | They did not focus on other operations objectives namely: time and flexibility. |
| Bielen and Demoulin (2007) | Effect of waiting time on customer satisfaction | Customer satisfaction with waiting time | Long waiting time negatively affects customers' | They focused on time only, leaving other performance objectives. |
| Patterson and Marks (1992) | Impact of dependability on customer satisfaction | perceived dependability and user satisfaction | High dependability affects customers positively | The study focused on one performance objective i.e. dependability |
| Zeithaml (1988) | Perceived value (quality) | Effect of perceived value on customer loyalty | Perceived value has a direct influence on customer loyalty | The study focused on quality only |
| Lithaa, Ngugi and Njagi (2014) | Influence of regulation practices on growth of small and medium enterprises | Regulation practices and growth of small and medium enterprises | Government policy influences the growth of second hand motor vehicle dealers | Did not focused on the impact of operations performance objectives on customer retention |

CHAPTER THREE

METHODOLOGY

3.1: Introduction

This part plots the examination technique that was followed in finishing the study. Particularly the accompanying subsections are incorporated; inquire about plan, information gathering and information examination.

3.2: Research Design

This exploration embraced a different contextual analysis approach. A numerous contextual investigation empowered the analyst to have a top to bottom comprehension of various firms. As indicated by Kothari (1990) a contextual investigation plan is most proper where an itemized examination of a solitary unit of study is sought as it gives engaged and point by point knowledge to marvel that may some way or another be misty. He alludes a contextual analysis as an intense type of subjective examination that includes a cautious and finish perception of a social unit. It's a technique that drills down, instead of cast wide.

3.3 Population and Sampling

The car business in Kenya is fundamentally required in the get together, retail and dissemination of engine vehicles. There are various engine vehicle merchants in the nation with most settled being: Toyota Kenya, Cooper Motor Corporation, General Motors East Africa, Simba Colt, DT Dobie, RMA Motors (Kenya) Limited and Beiben Trucks Nelion Trading Ltd (PwC, 2015).

The objective populace for this study was the five noteworthy engine vehicle merchant firms in Kenya, which are the overwhelming. These are: Toyota Kenya, Cooper Motors Corporation (CMC), General Motors East Africa, Simba Colt and DT Dobie.

3.4 Data Collection

Both essential and optional information were utilized, essential information was gathered utilizing self-controlled poll while auxiliary information was gathered by perusing through the association's distributed reports, handouts, diaries and periodicals. The poll things were both open finished and in addition shut finished. The shut finished inquiries take into consideration particular sort of reactions while in the open finished sort the respondents may state reactions as they wish. This empowered a superior comprehension and a keen understanding of the outcomes from the study. The respondents from these organizations were the ranking staff from Engineering, Manufacturing, Finance, Sales and After-deals offices. This is on account of the divisions are effectively required in the operations procedures of the organizations.

3.5: Data Analysis

After field work, information was gathered to screen for any blunders and exclusions then every one of the information was sorted, coded and investigated. Saunders *et al.* (2003) states that altering of essential information gathered is the initial phase in information investigation. Quantitative information was broke down using a mix of distinct measurements especially recurrence dispersions and rates. The subjective information was broke down utilizing content examination which is the most appropriate strategy for breaking down optional information. As indicated by

Mugenda and Mugenda (2003) the fundamental reason for substance examination is to think about existing data keeping in mind the end goal to decide variables that clarify a particular wonder.

Frequencies, rates and combined rates were utilized to set up the scores in the demographic information. Means and standard deviations were utilized to build up the common normal esteem or deviations in the dispersion of autonomous factors (the effect of cost, adaptability, quality and time). Unwavering quality investigation, utilizing the Cronbach alpha and also corroborative variable examination were led to build up the consistency of estimations in the information accumulation instrument.

Various relapses to survey the relationship between the measurements of operations execution targets as autonomous factors on client maintenance as needy variable and were directed to anticipate the causal connections and hugeness between the study factors.

The multiple regression formula was presented as;

$$Y_s = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + e$$

Where;

Y_s = Customer Retention

β_0 = Constant

X_1 = Cost

X_2 = Flexibility

X_3 = Quality

X_4 = Time

X_5 = Dependability

e = error term.

Table 3.1 Summary of Methodologies

| Objectives | Section of Question | Analysis |
|---|---------------------|--|
| To establish the impact of cost on customer retention in the motor industry in Kenya. | Section B | Descriptive and inferential statistics |
| To identify the impact of flexibility on customer retention in the motor industry in Kenya. | Section C | Descriptive and inferential statistics |
| To determine the impact of quality on customer retention in the motor industry in Kenya. | Section D | Descriptive and inferential statistics |
| To evaluate the impact of time on customer retention in the motor industry in Kenya. | Section E | Descriptive and inferential statistics |
| To evaluate the impact of Dependability on customer retention in the motor industry in Kenya. | Section F | Descriptive and inferential statistics |

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND DISCUSSIONS

4.1 Introduction

The exploration goal was to inspect the effect of operational execution targets on client maintenance of engine industry in Kenya. This section exhibits the examination, discoveries and the dialog as to the target. The investigation is displayed in mean and standard deviations while the discoveries are introduced in recurrence conveyances and tables.

4.2 Background Information

The demographic data considered in this study incorporated the respondents; sexual orientation, age section, level of instruction, length of nonstop administration and number of representatives in the association. A sum of 35 surveys was issued out. The finished surveys were altered for culmination and consistency and from the aggregate polls issued, 28 of them were investigated. This spoke to a reaction rate of 80% which was viewed as satisfactory in the acknowledgment of the examination goals.

4.2.1 Respondents Gender

The study requested that the respondents show their sexual orientation; as needs be the sex conveyance of the respondents is as depicted in Figure 4.2.

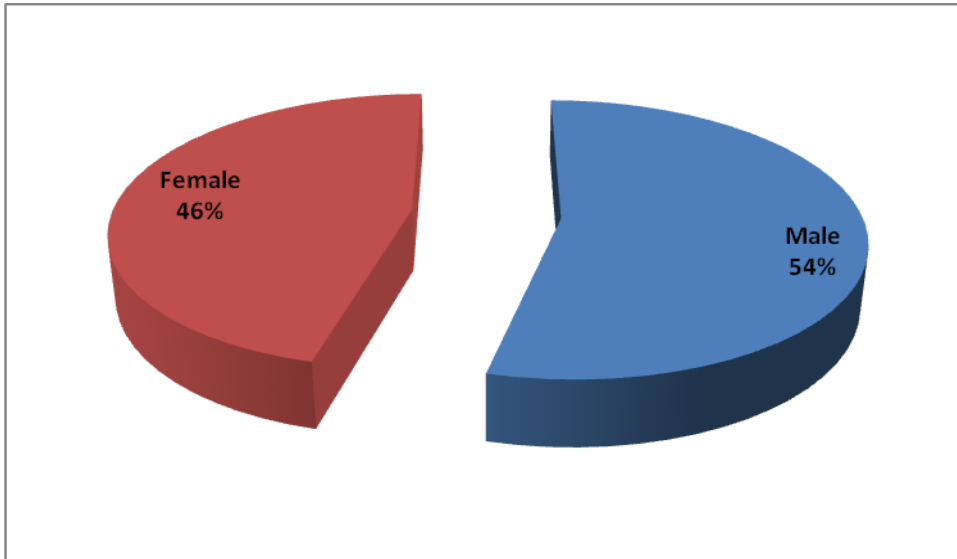


Figure 4.2: Respondents Gender

From the discoveries, 54% of the respondents were male while 46% were female as appeared in Figure 4.2. This infers both sexual orientations were genuinely occupied with this examination and thusly the discoveries of this exploration did not experience the ill effects of sex predisposition.

4.2.2 Respondents Age Bracket

The study tried to set up the age section of the respondents. From the discoveries, there were 3 respondents between 20-28 years, 13 respondents were between 29-35 years, 6 of the respondents were between 36-43 years, 4 of the respondents were between 44-51 years, and 2 respondents were above 51 years.

Table 4.1: Respondents Age Group

| | Frequency | Percent (%) |
|----------------|------------------|--------------------|
| 20-28 years | 3 | 11 |
| 29-35 years | 13 | 47 |
| 36-43 years | 6 | 21 |
| 44-51 years | 4 | 15 |
| Above 51 years | 2 | 7 |
| Total | 28 | 100 |

Source: Research data

4.2.3 Respondents Highest Level of Education

The respondents were solicited to show the most abnormal amount from training they have ever accomplished. From the discoveries got 46% of the respondents had achieved the undergrad level, 23% had attained the diploma level, 19% had attained the post graduate level and 12% had attained PHD level as shown in Figure 4.3 below. This implies that major respondents are educated past diploma level and therefore they were able to be interrogated.

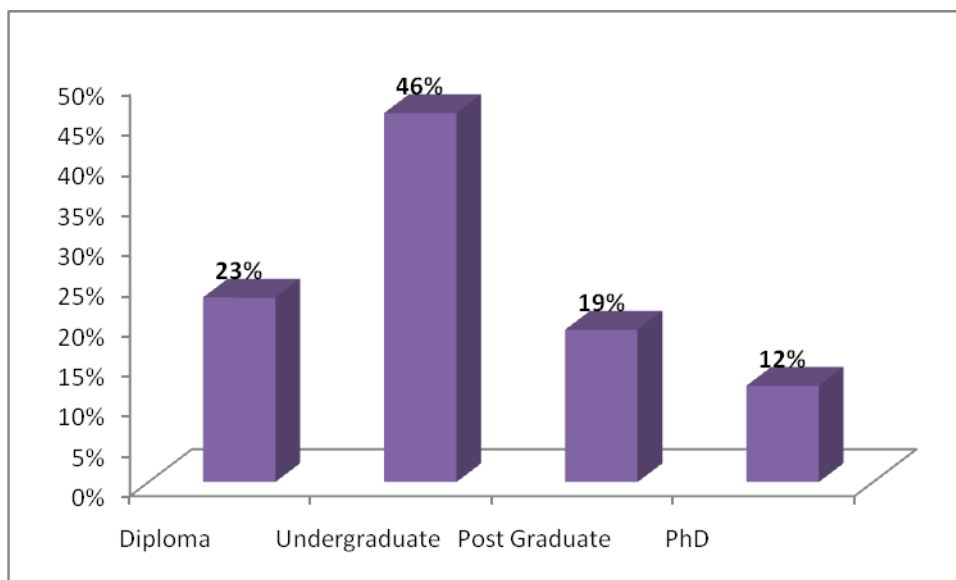
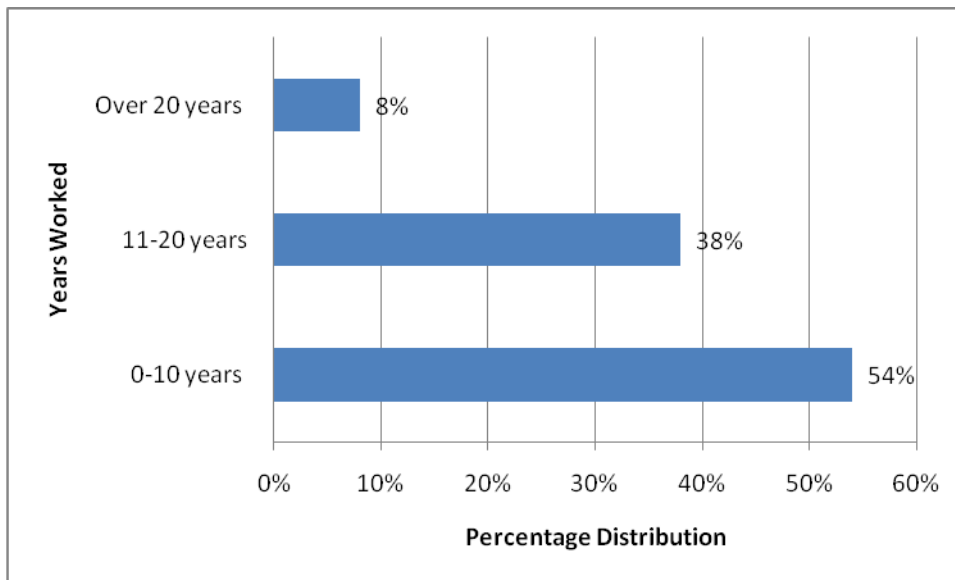


Figure 4.3: Respondents Highest Level of Education

4.2.4 Number of Years Respondents Have Worked in the Company

The concentrate promote tried to discover the years the respondents had worked in the organization. Figure 4.4 presents the discoveries.

Figure 4.4: Number of Years Respondents Have Worked in the Company



From the examination discoveries, most (54%) of the respondents showed to have served in the association for a time of 0-10 years, 38% of the respondents demonstrated to have served the association for 11-20 years, while 8% the respondents demonstrated to have served the association for a time of more than 20 years. This suggests a large portion of the respondents have worked for an extensive timeframe and consequently they were in a position to give believable data identifying with this study.

4.2.5 Number of Employees in the Organization

The study asked for the respondents to show the quantity of workers in their association and the discoveries as depicted in Figure 4.5 uncovered that; lion's share (54%) of the respondents association had 101-200 representatives, 21% expressed they had 201-300 workers, 14% had more than 300 representatives while the staying 11% had under 100 workers. This suggests the associations under study were expansive and in this manner the discoveries are a great deal more generalizable.

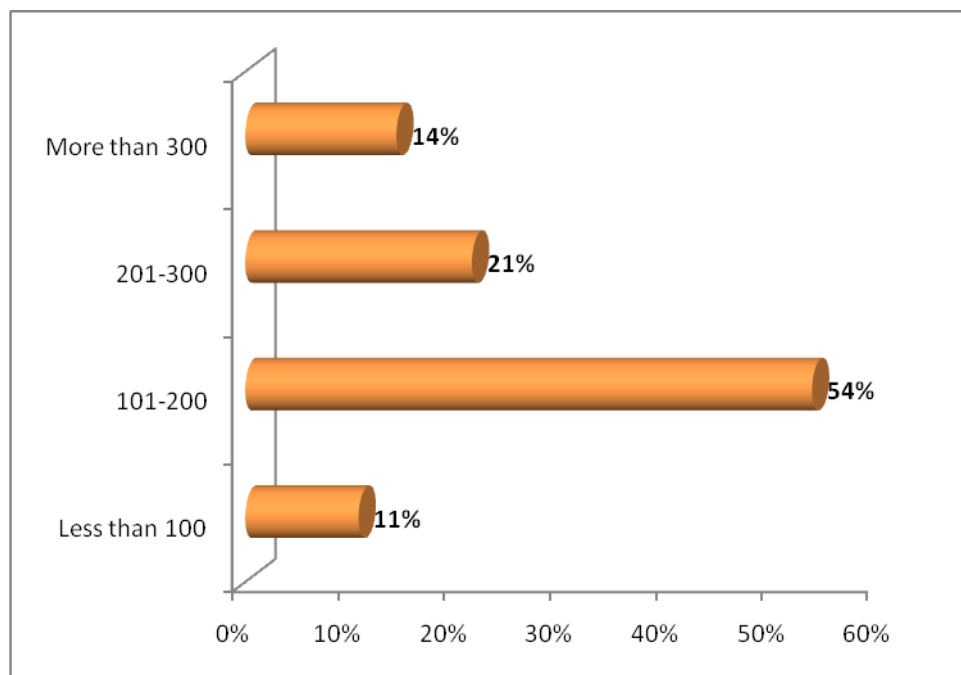


Figure 4.5: Number of Employees in the Organization

4.3 Impact of Cost on Customer Retention in the Motor Industry in Kenya

The first objective was concerned with examining the impact of cost on customer retention in the motor industry in Kenya. The respondents were therefore asked to respond to a series of statements that best describes their disagreement or agreement as pertains to their organization.

Table 4.2: Impact of Cost on Customer Retention in the Motor Industry in Kenya

| To what extent do your organization use cost as customer retention strategy. | Mean | Std Dev. |
|--|-------------|-----------------|
| The firm applies continuous improvement practices aimed at minimizing operational cost | 4.22 | .304 |
| The firm uses competent technicians to just have enough and thus reduce the direct labour cost | 4.13 | .109 |
| Low cost of cost of raw materials without compromising the quality | 3.96 | .166 |
| The firm applies the philosophy of ‘do it right the first time’ to reduce repeat job costs | 3.99 | .121 |
| The firm avoids duplication of roles to minimize overhead cost. | 4.01 | .317 |
| The firm applies lean management practices to reduce wastes | 4.17 | .045 |
| The firm applies reasonable mark-ups to their products for the customers to pay fair and affordable prices | 4.31 | .129 |

Source: Research data

Based on the findings majority of the respondents agreed to a great extent that; the firm applies reasonable mark-ups to their products for the customers to pay fair and affordable prices (M=4.31, SD = 0.129). The firm applies continuous improvement practices aimed at minimizing operational cost (M=4.22, SD = 0.304). The firm applies lean management practices to reduce wastes (M=4.17, SD = 0.045). The firm uses competent technicians to just have enough and thus reduce the direct labour cost (M=4.13, SD = 0.109). The firm avoids duplication of roles to minimize overhead cost (M=4.01, SD = 0.317). The firm applies the philosophy of ‘do it right the first time’ to reduce repeat job costs (M=3.99, SD = 0.121). Low cost of cost of raw materials without compromising the quality (M=3.96, SD = 0.166).

This implies that cost is an important operational objective factor that is used by the motor dealers in Kenya to retain customers. This is achieved through; mark-pus applied on products, continuous improvement, labour cost reduction as well as low cost of raw materials.

4.4 The Impact of Flexibility on Customer Retention in the Motor Industry in Kenya.

The second target was worried with an examination of the effect of adaptability on client maintenance in the engine business in Kenya. The respondents were in this way solicited to react to an arrangement from proclamations that best portrays their difference or assertion as respects to their association.

Table 4.3: Impact of Flexibility on Customer Retention in the Motor Industry in Kenya

| To what extend do your organization use flexibility as a customer retention strategy. | Mean | Std Dev. |
|--|-------------|-----------------|
| The firm manages its resources to meet various changing customers' needs | 4.21 | .098 |
| The firm easily changes production outputs according to the customer changes of demand volume | 3.71 | .223 |
| The firm changes its operational strategies according to the market changes. | 4.19 | .229 |
| The firm introduces new products in the market time after time | 3.99 | .217 |
| The company redesigns product features according to customers' demands | 4.09 | .336 |
| The firm adopts to shorter delivery schedules given by the customers and works on delivering within the given timelines. | 4.16 | .011 |

Source: Research data

The findings revealed that majority of the respondents agreed to a great extent that; the firms manage their resources to meet various changing customers' needs (M=4.21, SD = 0.098). The firm changes its operational strategies according to the market changes (M=4.19, SD = 0.229). The firm adopts to shorter delivery schedules given by the customers and works on delivering within the given timelines (M=4.16, SD = 0.011). The company redesigns product features according to customers' demands (M=4.09, SD = 0.336). The firm introduces new products in the market time after

time (M=3.99, SD = 0.217). The firm easily changes production outputs according to the customer changes of demand volume (M=3.71, SD =0 .223).

These findings depict that motor dealers are quite flexible in their operational objectives especially so as to meet changing customers' needs as well as those of the market. It however needs to improve on how easily they change production outputs according to the customer changes of demand volume in order to be more efficient in retaining their customers.

Moreover, Newman (1995) in his study in general stores noticed that the critical indicate recollect is that adaptability dependably means having the capacity to change the operation in serving the customers' needs. Subsequently, this legitimizes the requirement for the organizations in engine industry to change their operations with a specific end goal to serve their clients better.

4.5 The Impact of Quality on Customer Retention in the Motor Industry in Kenya.

The third objective involved looking at of the effect of value on client maintenance in the engine business in Kenya. The respondents were solicited to react to an arrangement from explanations that best portrays their difference or understanding in accordance with their association.

Table 4.4: Impact of Quality on Customer Retention in the Motor Industry in Kenya

| To what extend do your organization use quality as a customer retention strategy | Mean | Std Dev. |
|---|-------------|-----------------|
| The firm hires skilled and qualified personnel. | 4.11 | .216 |
| The firm sales vehicle which are easily serviceable with ready availability of spare parts. | 3.89 | .417 |
| The firm produces products of high aesthetic value | 3.96 | .171 |
| Your firm sales vehicles and offers services which are of high level of reliability to the users. | 4.07 | .289 |
| The firm continuously improves processes to minimize defects. | 3.99 | .434 |
| The firm sales vehicles and offers services which conforms to customer specifications. | 4.02 | .354 |
| The firm is certified with quality ISO certification. | 4.09 | .226 |

Source: Research data

The findings revealed that majority of the respondents agreed to a great extent that; the firms hire skilled and qualified personnel (M=4.11, SD = 0.216). The firm is certified with quality ISO certification (M=4.09, SD =0 .226). Firm sales vehicles and offers services which are of high level of reliability to the users (M=4.07, SD =0 .289). The firm sales vehicles and offers services which conforms to customer specifications (M=4.02, SD = 0.354). The firm continuously improves processes to minimize defects (M=3.99, SD = 0.434). The firm produces products of high aesthetic value (M=3.96, SD = 0.171). The firm sales vehicle which are easily serviceable with ready availability of spare parts (M=3.89, SD = 0.417).

The discoveries uncover that engine merchants in Kenya endeavor to accomplish quality in their operations to improve client maintenance by contracts talented and qualified staff, guaranteed with quality ISO confirmation, offering administrations which are of abnormal state of unwavering quality to the clients and in addition client

particulars. This demonstrates quality is a critical determinant in upgrading client maintenance and bolster the perspective of Oliver (1997) that fulfillment is firmly connected with the nature of the item or administration.

4.6 The Impact of Time on Customer Retention in the Motor Industry in Kenya

The fourth objective examined the effect of time on client maintenance in the engine business in Kenya. The respondents were in this manner solicited to react to an arrangement from explanations that best portrays their difference or assertion with respect to their association.

Table 4.5: Impact of Time on Customer Retention in the Motor Industry in Kenya

| To what extend do your organization use time as customer retention strategy | Mean | Std Dev. |
|--|-------------|-----------------|
| Employees are measured on how fast they serve customers | 4.08 | 0.158 |
| The firm uses proper queue management system to serve customers at the reception to minimize waiting time. | 4.19 | 0.795 |
| Employees respond to customer enquiries in time | 4.16 | 0.121 |
| The firm adheres to customer promised delivery times | 4.31 | 0.964 |
| Repair and service quotations are issued to customers in time | 4.21 | 0.318 |
| The firm ensures that spare parts are supplied in time | 4.25 | 0.152 |
| Customers are informed in time in case of any supplementary work related to repairs of their vehicles | 4.27 | 0.209 |

Source: Research data

According to the findings, majority of the respondents agreed to a great extent that; the firms adhere to customer promised delivery times (M=4.31, SD =0.964). Customers are informed in time in case of any supplementary work related to repairs of their vehicles (M=4.27, SD = 0.209). The firm ensures that spare parts are supplied in time (M=4.25, SD = 0.152). Repair and service quotations are issued to customers in

time (M=4.21, SD =0 .318). The firm uses proper queue management system to serve customers at the reception to minimize waiting time (M=4.19, SD =0.795). Employees respond to customer enquiries in time (M=4.16, SD =0 .121). Employees are measured on how fast they serve customers (M=4.08, SD = 0.158).

The outcomes infer that time component was utilized to upgrade client maintenance by the engine merchants in Kenya by sticking to guaranteed conveyance times, any progressions identified with client works, auspicious issuance of citations among others (Pryun and Smidts, 1998).

Numerous scientists have examined the impact of holding up time on client maintenance (Taylor, 1994; Bielen and Demoulin, 2007) and as per them, albeit holding up time does not influence maintenance specifically, it impacts benefit fulfillment which directly affects client maintenance.

4.7 The Impact of Dependability on Customer Retention in the Motor Industry in Kenya

The fifth objective was worried with an examination of the effect of steadfastness on client maintenance in the engine business in Kenya. The respondents were in this manner solicited to react to an arrangement from articulations that best depicts their contradiction or understanding as respects to their association.

Table 4.6: Impact of Dependability on Customer Retention in the Motor Industry in Kenya

| To what extend do your organization use dependability as customer retention strategy | Mean | Std Dev. |
|--|-------------|-----------------|
| The firm offers its products and services at stable prices; there are no frequent prices changes | 4.01 | 0.12 |
| The firm gives warranty on their products and services | 3.89 | 0.26 |
| The firm offers guaranteed quality products to its customers | 3.61 | 0.288 |
| The firm has competent technical team that offers reliable technical support to its customers | 3.78 | 0.199 |
| Employees are never too busy to respond to customer requests | 3.92 | 0.516 |
| The firm offers repairs and services ‘right the first time’. | 3.96 | 0.195 |

Source: Research data

The findings portray that majority of the respondents agreed to a great extent that; the firms offer their products and services at stable prices; there are no frequent prices changes (M=4.01, SD =0 .12). They offer repairs and services ‘right the first time’ (M=3.96, SD =0.195). Employees are never too busy to respond to customer requests (M=3.92, SD = 0.516). The firms give warranty on their products and services (M=3.89, SD = 0.26). The firms have competent technical team that offers reliable technical support to its customers (M=3.78, SD = 0.199). The firms offer guaranteed quality products to its customers (M=3.61, SD =0.288).

In light of these discoveries, obviously steadfastness of engine merchants in Kenya is accomplished through; steadiness of costs, doing the occupation the first run through right and accessibility of workers to take care of creating client needs. Barnes (2008), steadfastness is the capacity to convey products and ventures as per the guarantees made to clients, for example in a citation or whatever other distributed data.

4.8 Customer Retention

The last entailed investigating the impact of customer retention in the motor industry in Kenya. The respondents were asked a series of statements that best describes their disagreement or agreement based on their organization.

Table 4.7: Customer Retention in the Motor Industry in Kenya

| To what extent does operations performance objectives influence customer retention in your organization | Mean | Std Dev. |
|--|-------------|-----------------|
| Adopting operations performance objective practices have enabled the organization to craft strategies to develop close and long-lasting relationships with customers | 4.09 | 0.778 |
| Improvement of customer satisfaction levels | 4.18 | 0.634 |
| The organization has been able to transform uninterested customers into loyal ones | 4.10 | 0.639 |
| One-off customers have been transformed to frequent customer | 4.18 | 0.82 |
| Many customers have been doing repeated purchases | 4.21 | 0.7 |

Source: Research data

According to the findings, majority of the respondents agreed to a great extent that; Many customers have been doing repeated purchases (M=4.21, SD = 0.7). Improvement of customer satisfaction levels, One-off customers have been transformed to frequent customer (M=4.18, SD = 0.82). The organization has been able to transform uninterested customers into loyal ones (M=4.10, SD = 0.639). Adopting operations performance objective practices have enabled the organization to craft strategies to develop close and long-lasting relationships with customers (M=4.09, SD = 0.778).

This demonstrates client maintenance among engine merchants in Kenya was exemplified by; clients doing rehashed buys, change of consumer loyalty levels, One-off clients have been changed to incessant client and uninterested clients into faithful

ones, empowering the association to specialty methodologies to grow close and enduring associations with clients.

A few exact studies convey to the fore the contention that, the impact or operations execution targets on behavioral devotion prompts to client maintenance (Bolton *et al.*, 2000; Verhoef, 2003). In their study on Jordanian banks, Alrubaiee and Al-Nazer (2010) expected that operations execution goals introduction could help banks to accomplish client maintenance. Eriksson and Lofmarck (2000) relate client maintenance to a general feeling of fulfillment that the relationship has satisfied their requests or expanded their benefits.

Client maintenance is likewise improved by the apparent client trust. As indicated by Sin *et al.* (2002), all together for an association to expand its long haul execution in such ranges as client maintenance, it is obliged to assemble, keep up and improve long haul and commonly valuable associations with its objective clients.

4.9 Regression Analysis

In order to establish the statistical significance of the independent variables on the dependent variable (customer retention) regression analysis was employed. The regression equation took the following form.

$$Y_s = \beta_0 + B_1X_1 + B_2X_2 + B_3X_3 + B_4X_4 + B_5X_5 + e$$

Where;

Y_s = Customer Retention

β_0 = Constant

X_1 = Cost

X2 = Flexibility

X3 = Quality

X4 = Time

X5 = Dependability

e = error term.

In the model, β_0 = the constant term while the coefficient $\beta_{ii}= 1\dots5$ was used to measure the sensitivity of the dependent variables (Y) to unit change in the predictor variables. μ is the error term which captures the unexplained variations in the model.

Regression analysis was conducted to empirically determine whether cost, flexibility, quality, time and dependability were significant determinant of customer retention.

Table 4.8: Regression Model Fitness

| Model | R | R Square | Adjusted Square | R | Std. Error of the Estimate |
|-------|------|----------|-----------------|---|----------------------------|
| 1 | .887 | .787 | .708 | | .18895 |

Regression results in Table 4.8 show that the coefficient of determination also called the R square is 78.7%. This means that the combined effect of the predictor variables (cost, flexibility, quality, time and dependability) explains 78.7% of the variations in customer retention. The correlation coefficient or R of 88.7% indicates that the combined effect of the predictor variables has a strong and positive correlation with customer retention of motor dealers in Kenya.

Table 4.9: ANOVA

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|-------|------|
| 1 | Regression | 8.454 | 3 | 2.818 | 8.277 | .000 |
| | Residual | 2.285 | 25 | 0.036 | | |
| | Total | 10.739 | 28 | | | |

a. Predictors: cost, flexibility, quality, time and dependability.
b. Dependent Variable: customer retention of motor dealers in Kenya

Analysis of variance (ANOVA) on Table 4.14 shows that the combined effect of cost, flexibility, quality, time and dependability was statistically significant in explaining changes in customer retention of motor dealers in Kenya. This is demonstrated by a p value of 0.000 which is less than the acceptance critical value of 0.05.

Table 4.10: Regression Coefficients

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|-------|---------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 1.522 | 0.224 | | 6.795 | .000 |
| | Quality | 0.691 | 0.096 | 0.595 | 7.198 | .000 |
| | Cost | 0.785 | 0.057 | 0.728 | 13.772 | .000 |
| | Dependability | 0.693 | 0.087 | 0.606 | 7.966 | .000 |
| | Time | 0.665 | 0.126 | 0.539 | 5.278 | .000 |
| | Flexibility | 0.609 | 0.111 | 0.502 | 4.969 | .000 |

a. Predictors: cost, flexibility, quality, time and dependability.
b. Dependent Variable: customer retention of motor dealers in Kenya

Source: Research data

Table 4.10 presents the regression coefficients of the free factors. The outcomes uncover that cost, adaptability, quality, time and constancy are factually critical in clarifying client maintenance of engine merchants in Kenya. Regression comes about demonstrating that quality and client maintenance had a positive and noteworthy

relationship ($t(df) = 7.198, p < .001$). The discoveries suggest that an expansion in quality by one unit prompts to an increment in client maintenance of engine merchants in Kenya by 0.691 units. Comes about further demonstrate that Cost and client maintenance of engine merchants in Kenya had a positive and noteworthy relationship ($t(df) = 13.772, p < .001$). The discoveries infer that an expansion in cost by one unit prompts to an increment in client maintenance of engine merchants in Kenya by 0.785 units. The discoveries additionally showed that constancy and client maintenance of engine merchants in Kenya had a positive and noteworthy relationship ($t(df) = 7.966, p < .001$). This infers an expansion in reliability by one unit prompts to an expansion in client maintenance of engine merchants in Kenya by 0.693 units.

The outcomes demonstrate that time and client maintenance of engine merchants in Kenya had a positive and noteworthy relationship ($t(df) = 5.278, p < .001$). The discoveries infer that an expansion in time by one unit prompts to an expansion in client maintenance of engine merchants in Kenya by 0.669 units. At last, the outcomes show that adaptability and client maintenance of engine merchants in Kenya had a positive and critical relationship ($t(df) = 4.969, p < .001$). The discoveries infer that an expansion in adaptability by one unit prompts to an increment in client maintenance of engine merchants in Kenya by 0.609 units.

Likewise, while referring to Zeithanl (2008), Kuria watched that administration firms do give prevalent esteem through upgraded offers which can enhance consumer loyalty by expanding the client's apparent advantages with the point of holding clients.

A study directed by Brecht, Ph.D. (2015), called attention to the accompanying 5 basic elements that drive client maintenance techniques. These are: start with your clients, oversee desires, go well beyond, measure lifetime esteem and enhance Customer Service If development and long haul benefits are what you are looking for, then make client maintenance a need

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents a summary of the key findings of the study as well as the conclusions, limitations of the study, and recommendations for further research.

5.2 Summary of the Findings

The study revealed that the firms apply reasonable mark-ups to their products for the customers to pay fair and affordable prices. The firms apply continuous improvement practices aimed at minimizing operational cost. The firms apply lean management practices to reduce wastes. The firms use competent technicians to just have enough and thus reduce the direct labour cost. The firms avoid duplication of roles to minimize overhead cost. The firms apply the philosophy of ‘do it right the first time’ to reduce repeat job costs. Low cost of cost of raw materials without compromising the quality.

The findings also revealed that majority of the respondents agreed to a great extent that; the firm manages its resources to meet various changing customers’ needs. The firms change its operational strategies according to the market changes. The firms adopt to shorter delivery schedules given by the customers and works on delivering within the given timelines. The industry redesigns product features according to customers’ demands. The firms introduce new products in the market time after time. The firm easily changes production outputs according to the customer changes of demand volume.

The findings showed that majority of the respondents agreed to a great extent that; the firm hires skilled and qualified personnel. The firm is certified with quality ISO certification. Firms sell vehicles and offers services which are of high level of reliability to the users. The firm sales vehicles and offers services which conforms to customer specifications. The firm continuously improves processes to minimize defects. The firm produces products of high aesthetic value. The firms sell vehicles which are easily serviceable with ready availability of spare parts.

As indicated by the discoveries, dominant part of the respondents consented, as it were, that; the firm sticks to client guaranteed conveyance times. Clients are educated in time if there should be an occurrence of any supplementary business related to repairs of their vehicles. The firms ensure that spare parts are supplied in time. Repair and service quotations are issued to customers in time. The firms use legitimate line administration framework to serve clients at the gathering to minimize holding up time. Workers react to client enquiries in time. Representatives are measured on how quick they serve clients.

The discoveries depicted that dominant part of the respondents consented, as it were, that; the firm offers its items and administrations at stable costs; there are no successive costs changes. The firm offers repairs and administrations 'right the first run through'. Representatives are never excessively occupied with, making it impossible to react to client demands. The firms give guarantee on their items and administrations. The firms have skillful specialized group that offers dependable specialized support to its clients. The firms offer ensured quality items to its clients.

As indicated by the discoveries, greater part of the respondents consented, all things considered, that; many clients have been doing rehased buys. Change of consumer loyalty levels, One-off clients have been changed to continuous client. The association has possessed the capacity to change uninterested clients into steadfast ones. Receiving operations execution target rehearses have empowered the association to art techniques to grow close and durable associations with clients.

5.3 Conclusion

The aim of this research was to examine the impact of operational performance objectives on customer retention of motor industry in Kenya. The study concluded that all the independent variables have positive relationship with the dependent variable but cost is the most important operational objective factor that is used by the motor dealers in Kenya to retain customers in Kenya. This is achieved through; mark-
pus applied on products, continuous improvement, labour cost reduction as well as low cost of raw materials.

Additionally, the motor dealers are quite flexible in their operational objectives especially so at to meet changing customers' needs as well as those of the market. It however needs to improve on how easily they change production outputs according to the customer changes of demand volume in order to be more efficient in retaining their customers.

The study further conclude that motor dealers in Kenya strive to achieve quality in their operations so as to enhance customer retention by hires skilled and qualified personnel, certified with quality ISO certification, offering services which are of high level of reliability to the users as well as customer specifications. Time factor was

used to enhance customer retention by the motor dealers in Kenya by adhering to promised delivery times, any changes related to customer works, timely issuance of quotations amongst others. Dependability of motor dealers in Kenya is achieved through; stability of prices, doing the job the first time right and availability of employees to attend to developing customer needs.

At last, client maintenance among engine merchants in Kenya was exemplified by; clients doing rehased purchases change of consumer loyalty levels; one-off clients have been changed to regular client and uninterested clients into steadfast ones, empowering the association to art systems to grow close and enduring associations with clients.

5.4 Recommendations

The exploration comes about uncovered that general client maintenance is entirely noteworthy; however there is still opportunity to get better with respect to the five operations execution goals dissected in this study.

In connection to the quality target, the overview comes about have demonstrated that clients have a tendency to get pulled in to the right quality items and administrations. Consequently the engine merchants in Kenya ought to give careful consideration to this specific part of value as saw conduct of representatives is a solid determinant of administration quality in the retailing segment. In association with this, the associations ought to arrange and direct pertinent preparing to enhance abilities of its work force, an angle that has the most essentialness on quality.

Review comes about demonstrated that that the speed goal is not great to some degree for two parameters to be specific speed of client administration and prompt

accessibility of products. Engine merchants in Kenya ought to in this way lay more accentuation on checking on the viability of their operational methodology concerning administration conveyance.

Any adjustments in the strategies ought to then be conveyed to the representatives. On the off chance that this is legitimately executed, the representatives will be in a superior position to play out their individual work in a more powerful and productive way.

Besides, engine merchants in Kenya ought to nearly screen the stock level of their things all the time and ought to likewise contemplate the utilization example of their items. This will help them estimate to a decent level of exactness the request of their items both in the fleeting and long haul.

Explore comes about have demonstrated that lining time is not sensible. To enhance their trustworthiness and volume adaptability, the engine merchants in Kenya ought to lay more prominent accentuation on modifying their ability to take care of client's demand by, for example, enrolling low maintenance staff for not exactly the typical working day on pinnacle days or amid occupied periods. This technique is widely utilized as a part of administration operations (Slack *et al.*, 2010).

The engine merchants in Kenya ought to likewise support work adaptability in the work put; they ought to prepare the specialists to be multi-gifted so that amid occupied periods staff from different areas could serve on sit out of gear registration counters to diminish lining time to a base. The appropriation of this adaptable approach could further be fortified by advancing collaboration in the association.

This work focused on Kenya motor merchants only. Scholars could carry out the same study in other industries. There are other factors which affect the operations of engine merchants in Kenya, an area which is a source of study.

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APPENDICES

APPENDIX 1: QUESTIONNAIRE

Dear Respondent,

This questionnaire is aimed at collecting data on operations performance objectives and customer retention of motor dealers in Kenya. You are kindly requested to fill in the questions following the instructions given. The information you provide will be treated with utmost confidentiality and will be used for the purpose of accomplishing academic goals. Do not include your name anywhere in the questionnaire. Note that there are no wrong or right answers.

SECTION A: DEMOGRAPHIC INFORMATION

(Please complete this section by checking the correct answer)

1. What is your gender? Male Female

2. What is your age Bracket?

20-28 28-35 36-43 44-51 Above 51

3. What is your level of education?

Certificate/ Diploma level

Bachelor level

Master's Level

PhD level

4. What is the name of your organization?

.....

5. How long have you worked with this organization?

0-10 years

11-20 years

Over 20 years

6. How many employees do you have?

Less than 100

101-200

201-300

More than 300

**SECTION B: IMPACT OF COST ON CUSTOMER RETENTION IN
THE MOTOR INDUSTRY IN KENYA**

7. In determining the extent to which your organization uses cost as a customer retention technique, please indicate to what extent your organization practices the following strategies on a scale of 1 – 5 (where; 1=very small extent, 2=small extent, 3=Moderate, 4= great extent, 5= very great extent).

| To what extent does your organization use cost as customer retention strategy? | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| Low cost of cost of raw materials without compromising the quality | | | | | |
| The firm applies the philosophy of ‘do it right the first time’ to reduce repeat job costs | | | | | |
| The firm avoids duplication of roles to minimize overhead cost. | | | | | |
| The firm uses competent technicians to just have enough and thus reduce the direct labour cost | | | | | |
| The firm applies lean management practices to reduce wastes | | | | | |
| The firm applies continuous improvement practices aimed at minimizing operational cost | | | | | |
| The firm applies reasonable mark-ups to their products for the customers to pay fair and affordable prices | | | | | |
| Any other (Please specify) | | | | | |

SECTION C: THE IMPACT OF FLEXIBILITY ON CUSTOMER RETENTION IN THE MOTOR INDUSTRY IN KENYA.

8. In determining the extent to which your organization uses flexibility as a customer retention technique, please indicate to what extend your organization

practices the following strategies on a scale of 1 – 5 (where; 1=very small extent, 2= small extent, 3=Moderate, 4= great extent, 5= very great extent..

| To what extent does your organization use flexibility as a customer retention strategy? | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| The firm easily changes production outputs according to the customer changes of demand volume | | | | | |
| The firm introduces new products in the market time after time | | | | | |
| The company redesigns product features according to customers' demands | | | | | |
| The firm adopts to shorter delivery schedules given by the customers and works on delivering within the given timelines. | | | | | |
| The firm changes its operational strategies according to the market changes. | | | | | |
| The firm manages its resources to meet various changing customers' needs | | | | | |
| Any other (Please specify) | | | | | |

SECTION D: THE IMPACT OF QUALITY ON CUSTOMER RETENTION IN THE MOTOR INDUSTRY IN KENYA.

9. In determining the extent to which your organization uses quality as a customer retention technique, please indicate to what extent your organization practices the following strategies on a scale of 1 – 5 (where; 1=very small extent, 2= small extent, 3=Moderate, 4= great extent, 5= very great extent.

| To what extent does your organization use quality as a customer retention strategy? | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| The firm sales vehicle which are easily serviceable with ready availability of spare parts. | | | | | |
| The firm produces products of high aesthetic value | | | | | |
| The firm continuously improves processes to minimize defects. | | | | | |
| The firm sales vehicles and offers services which conforms to customer specifications. | | | | | |
| Your firm sales vehicles and offers services which are of high level of reliability to the users. | | | | | |
| The firm is certified with quality ISO certification. | | | | | |
| The firm hires skilled and qualified personnel. | | | | | |
| Any other (Please specify) | | | | | |

SECTION E: THE IMPACT OF TIME ON CUSTOMER RETENTION IN THE MOTOR INDUSTRY IN KENYA

10. In determining the extent to which your organization uses time as a customer retention technique, please indicate to what extent your organization practices the following strategies on a scale of 1 – 5 (where; 1=very small extent, 2= small extent, 3=Moderate, 4= great extent, 5= very great extent.

| To what extent does your organization use time as customer retention strategy? | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| Employees are measured on how fast they serve customers | | | | | |
| The firm uses proper queue management system to serve customers at the reception to minimize waiting time. | | | | | |
| Repair and service quotations are issued to customers in time | | | | | |
| Customers are informed in time in case of any supplementary work related to repairs of their vehicles | | | | | |
| Employees respond to customer enquiries in time | | | | | |
| The firm ensures that spare parts are supplied in time | | | | | |
| The firm adheres to customer promised delivery times | | | | | |
| Any other (Please specify) | | | | | |

SECTION F: THE IMPACT OF DEPENDABILITY ON CUSTOMER RETENTION IN THE MOTOR INDUSTRY IN KENYA

11. In determining the extent to which your organization uses dependability as a customer retention technique, please indicate to what extent your organization practices the following strategies on a scale of 1 – 5 (where; 1=very small extent, 2= small extent, 3=Moderate, 4= great extent, 5= very great extent.

| To what extent does your organization use dependability as customer retention strategy? | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| The firm offers guaranteed quality products to its customers | | | | | |
| The firm has competent technical team that offers reliable technical support to its customers | | | | | |
| The firm gives warranty on their products and services | | | | | |
| Employees are never too busy to respond to customer requests | | | | | |
| The firm offers repairs and services ‘right the first time’. | | | | | |
| The firm offers its products and services at stable prices; there are no frequent prices changes | | | | | |
| Any other (Please specify) | | | | | |

SECTION G: CUSTOMER RETENTION

12. In determining the extent to which operations performance objectives have influenced customer retention in your organization, please indicate to what extent the following areas have improved on a scale of 1 – 5 (where; 1=very

small extent, 2= small extent, 3=Moderate, 4= great extent, 5= very great extent.

| To what extent does operations performance objectives influence customer retention in your organization? | 1 | 2 | 3 | 4 | 5 |
|--|----------|----------|----------|----------|----------|
| Adopting operations performance objective practices have enabled the organization to craft strategies to develop close and long-lasting relationships with customers | | | | | |
| The organization has been able to transform uninterested customers into loyal ones | | | | | |
| One-off customers have been transformed to frequent customer | | | | | |
| Improvement of customer satisfaction levels | | | | | |
| Many customers have been doing repeated purchases | | | | | |

END

THANK YOU FOR YOUR INPUT AND COOPERATION!!!