KEY ACCOUNT MANAGEMENT PRACTICES, MARKET SENSING CAPABILITIES, ORGANISATIONAL CHARACTERISTICS AND PERFORMANCE OF COMMERCIAL BANKS IN KENYA

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DECLARATION

This PhD Thesis is my original work and has not been submitted for a degree in any other University or college for academic or examination purposes

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DEDICATION

Dedicated to my lovely family; My dear spouse, Cecilia Mueni, my children, Keith Evans Ndambuki and Keynan Edith Mutio. You have always given me a reason to fire up

And

In Memory of Joshua Muya Muinde. Rest in Peace

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ABBREVIATIONS AND ACRONYMS

FSD	Financial Services Deepening
KAM	Key Account Management
KAMO	Key Account Management Orientation
KAMP	Key Account Management Practices
MSC	Market Sensing Capabilities
RDT	Resource Dependency Theory
ROI	Returns on Investment
RDT	Resource Dependency Theory
OP	Organizational Performance
OC	Organizational Characteristics

ABSTRACT

The broad objective of this study was to determine the influence of key account management practices, market sensing capabilities, and organizational characteristics on performance of commercial banks in Kenya. The specific objectives were to: establish the influence of Key Account Management Practices on Performance of commercial banks in Kenya; assess the effect of market sensing capabilities on the relationship between key account management practices and performance of commercial banks: establish the influence of organizational characteristics on the relationship between Key Account Management Practices and Performance of commercial banks and to determine the joint effect of Key Account Management Practices, Market Sensing Capabilities and Organizational Characteristics on Performance of all 42 commercial banks in Kenya. The study is grounded using the relationship marketing theory, the dynamic capabilities theory and the resource dependence theory. A descriptive cross-sectional study design was used. Primary data was collected using semi-structured questionnaires. Secondary data were collected from relationship mangers of commercial banks. Analysis was done using correlation and regression analysis to test the relationships between the study variables. Results revealed a statistically significant relationship between Key Account Management Practices and Performance (Adj.R^2=0.243, Sig=.002). Market Sensing Capabilities were also found to significantly mediate the relationship between Key Account Management Practices and Performance (Adj.R^2=.256, Sig=0.000). Organizational Characteristics on the other hand were found to have a significant moderating influence on the relationship between Key Account Management Practices and Performance (Adj. $R^{2=}$ 0.382, Interaction $\beta = 1.533$, $p < 0.05$). The joint effect of Key Account Management Practices, Market Sensing Capabilities and Organizational Characteristics on Performance was found to be statistically significant. The study has made contribution to theory, policy and management in relation to relationship marketing generally and key account management specifically. The study recommends the adoption of the dimensions of Key account management because they have been found to influence performance. The study has certain limitations; a single respondent was used in data collection which may bias the responses; the study was cross- sectional in design and therefore data was collected at only one point in time which may also bias the findings and the fact that the study was conducted within a subsector within the service sector which has certain peculiar characteristics. For future research directions, the study recommends among others that longitudinal studies be conducted.

CHAPTER ONE: INTRODUCTION

1.1 Background of the study

Key account management has evolved from the principles of customer focus and relationship marketing in business to business markets. Unlike key account selling, key account management gives priority to lasting, symbiotic relationships between buying and selling firms which will lead to increased profits for both parties (McDonald et al., 2000). In interconnected business markets, companies adopt key account management programs so as to build relationships with large and important clients (Ivens & Pardo, 2007). Davies and Ryals (2014) report a positive correlation between key account management practices and firm performance. Market sensing capabilities have been reported to influence the association between key account management practices and organizational performance (Piercy, 2009). These capabilities enable an organization to be proactive in its response to changes in consumer needs. As a result of this customer orientation, market sensing capabilities have been shown to influence business performance (Foley & Fay, 2004). Organizational characteristics have been linked to successful planning, implementation, goal achievement and eventual sustainability of marketing programs (Lynette & Holt, 2007).

This research is underpinned by the relationship marketing theory, the resource dependence theory and the dynamic capabilities view. The relationship marketing theory seeks to explain the key drivers that have an impact on certain firm outcomes and the causal relations between them (Sheth & Parvatiyar, 2007). The resource dependence theory holds that firms use resources to exist in their environments (Peteraff, 2006). The

dynamic capabilities view explains the relationship between a firm's core capabilities and its performance (Anderson & Tushman, 1990).The theory seeks to explain how firms react to change and links it to key account management practices, market sensing capabilities and firm performance (Makkonen et al., 2014).

Globally, commercial banks are experiencing rising costs for instance increased regulatory compliance thus subjecting them to more burdens (Schubert, 2015). It is therefore more vital than ever before to focus on building customer relationships to identify new lines of business that could be tapped into so as to avert competition from other banks and non-traditional banks (Ernst & Young, 2014). This view is supported by Business Finance (2012) which states that banks are attempting to adopt more cost efficient strategies, enhance product mix, enhance pricing decisions and deepen relationships with customers. In the Kenyan commercial banking subsector, emphasis has been on meeting regulatory requirements such as capital adequacy, efficiency and core capital (Mathuva, 2009). Revenue generation has largely relied on traditional models such as service charges, interest rates and participation in money markets among others. Performance of commercial banks is a concern owing to the fact all other sectors in an economy rely on a stable commercial banking subsector. Any performance issues that affect commercial will inevitably have far reaching negative repercussions in the economy.

1.1.1 Key Account Management Practices

Key account management refers to the process of identification of key accounts, planning for those accounts, implementation and monitoring their performance. Ryals (2012) defines it the identification of accounts that are considered to be of strategic value to the firm and the design of programs to address their current and future needs. Ojasalo (2001) observes that key account management process entails the allocation and organization of resources to attain optimal business with balanced account portfolios whose contributions significantly contribute to the attainment of both present and future corporate objectives. Key account management marks a transition from the presumption that customers are similar in that they provide unique value to the selling firm. Workman et al., (2003) also stated that KAM serves key customers with dedicated assets.

Davies and Ryals (2014) classify key account management practices into organization wide, target and performance, operational, procedural practices and people related. This classification is in agreement with the imperatives for excellence in Key Account Management developed by The Management Center Europe (2013) as; the creation of a key account strategy driven by installation of cross-functional teams with a multi-disciplinary approach, re-definition of the contribution of marketing and sales, demonstration of commitment by the management by involving senior managers, recognition of key account management as a strategic role and proper measurement of success and progress. Homburg et al. (2003) state that across business firms, there exist diverse approaches and implementation level of KAM practices. Their findings argue that exhibiting variety of complementary and specific KAM practices is essential in safeguarding KAM effectiveness. The intensity of the firm's involvement in the activities

identified as key account management practices determines the performance of that firm. Palo and Natti (2012) describe the various practices as the organizational capabilities and mechanisms which in effect likens KAM to a dynamic capability that constitutes different practices. This variable was operationalized into operational, organization wide, target and performance, procedural practices and people related following Davies and Ryals (2014).

1.1.2 Market Sensing Capabilities

Marketing capabilities are the integrative processes that entail the application of collective knowledge, skills, and firm resources in order to fulfill market-related need thus allowing the business to adapt to market conditions, add value to its goods and services, overcome competitive threats and take advantage of market opportunities (Day, 1994). The market sensing capability of the firm describes its capability to gather interpret and accumulate knowledge that is accessible in organizational platform (Zahra & Sapienza, 2006). Market-sensing capabilities refer to the ability of the firm to apply market intelligence that could be obtained through personal and public sources or formal and informal mechanisms (Maltz & Kohli, 1996). Day (1994) opines that market-oriented organizations seem to have superior market-sensing capabilities. The implication of this argument is that a company which is truly market focused will have in place mechanisms to understand developments within its market. Sensing capability enables the enterprises to monitor market the continuously, interpret market opportunity accurately, and to understand emerging market threats (Fang et al., 2014). Firms in this capability will analyze, interpret and communicate information and anticipate better environmental change (Neill et al., 2007).

Foley and Fay (2004) cite the four components of market sensing capability as : Learning orientation which emphasizes commitment to learning open mindedness in learning and shared visions; organizational systems which includes decentralization in decision making, formalization of decision making; use of information systems , benchmarking market information through developing market information system and organizational communication which emphasizes on clear decision making criteria. Market oriented firms are distinguished by their ability to sense trends and events before the competitors (Day, 1994b). Marketing capabilities and by extension market sensing capabilities have been extensively used as mediating variables (Narver & Slater, 1990).

1.1.3 Organizational Characteristics

Organizational characteristics have been linked to successful planning, implementation, goal achievement and eventual sustainability of marketing programs (Livet, 2006). The internal organizational context broadly examines the relatively stable organizational characteristics including culture, structure and strategic leadership. These attributes develop an environment where organizational activities are executed and constitute to critical success factors (Barney, 1991).Several studies reveal that the size of a company and principal ownership are related to management practices embraced by the company's management (Ahire et al., 1995; Kotha & Swamidass , 1998; Hoang et al., 2010). Hoang et al. (2010) suggest that size, technology and organizational culture can sufficiently embrace organizational characteristics. The measure of a firm's size depends on the industry that firm is in. A firm's technology can be so peculiar to that firm that it qualifies to be classified as an organizational characteristic.

Firm size has also demonstrated great association with many industry characteristics such as concentration, vertical integration, industry-sunk costs and overall profitability of the industry (Dean et al., 1998). According to Dean et al. (1998) large companies often take the lead with respect to more managerial hierarchies, increased specialization of skills and functions, greater number of departments, greater centralization, greater formalization, and more bureaucracy than smaller companies (Hoang et al., 2010). It is on these grounds that the firm size is considered as an important predictor of performance.

The culture of an organisation is the systematic manner in which leaders, work groups and employees behave and interact. Organizational characteristics have been established to have a moderating effect in studies where the dependent variable is performance (Zheng et al., 2010). Research on the RBV demonstrates that organizational culture is a source of firms' competitive advantage, since it is a firm-level resource Barney, 1991). Culture is conceptualized in terms of involvement, consistency, adaptability and mission (Denison & Mishra, 1995), and trust and collaboration (Lee & Choi, 2003).

Terzioski and Samson (1999) established that significant differences exist in the association between management practices and organizational performance when the company size was taken into account. Larger companies were reported to benefit more than smaller companies from this relationship. Organizational structure explain the manner in which responsibility and power are allocated among members of an organization and the execution of work procedures. Gibson and Cohen (2006) argue that organizational structure determines the ability of the firm to resolve customer issues. According to Yavas and Rezayat (2003), corporate ownership determines organizational

culture which in turn guides a company's interpretation and implementation of strategy and ultimately organizational performance.

1.1.4 Firm Performance

Performance is viewed as the state of competitiveness of an enterprise, explained in its ability to reach set objectives, attained through a level of efficiency and effectiveness that ensures the presence sustainable market (Henry, 2004). According to Fan et al.(2014), different organizations have different goals in running their businesses and the measurement of performance may also be varied. The process of improvement is null and void if outcomes are not measured. Performance measurement implies to the process of measuring an organization's efficiency and effectiveness (Neely et al., 1995). Amaratunga and Baldry (2002) argue that among other functions, performance measurement helps the management in the allocation and redirection of resources and informs policy. Richard et al. (2009) describes organizational performance as the most pertinent management constructs and is commonly used as a dependent variable in research.

The Balanced Scorecard translates a firm's strategy into both financial and non-financial performance measurements. The model examines strategy from four perspectives namely: internal processes, financial, customer, learning and growth (Kaplan & Norton, 1996). The perspectives provide necessary feedback on the efficiency of executing the strategic plan so that necessary strategy adjustments can be made. The financial perspective checks on the physical assets such as inventory and manufacturing equipment, it may not be fitted to providing useful feedback in environments with

substantial intangible asset base. Intangible assets form an increasing proportion of the market value of the firm, there is therefore need for better reports on assets such as customer loyalty, highly-skilled staff proprietary processes. A large number of authors measure satisfaction using stakeholder satisfaction levels (Richard et al., 2009; Agle et al., 1999; Graves & Waddock, 1997a). Conceptualizing firm performance using this approach has been adopted in both manufacturing and service companies (Carneiro et al., 2007).

1.1.5 Commercial Banks in Kenya

The role of commercial banks in Kenya in the achievement of Vision 2030 is well documented (Makambi et al., 2013 ; Manyanza, 2011). The economic pillar of Kenya's Vision 2030 states that financial services should create a vibrant and globally competitive financial sector and highlights, among other financial institutions, commercial banks for this goal to be met. Makambi et al. (2013) note that reorganization of the banking sector and management of relationships with other institutions and interactions with clients is likely to affect performance.

The key players in the banking sector in Kenya are the Central Bank of Kenya, the Kenya Banker's Association and the commercial banks. As at 30th April, 2016, there were a total of forty two Kenyan commercial banks and the one mortgage finance company licensed to operate in Kenya (Central Bank Report, 2016).These forty two banks are organized into three tiers as follows: tier 1 banks are five (5) in number and the largest, controlling 49.9% of the market, tier 2 banks are sixteen(16) in number and are considered medium

sized, controlling 41.7% of the market, tier 3 has twenty one (21) banks and are considered as small controlling 8.4% of the market.

1.1.6 Research Problem

The objectives of key account management include the likelihood of increasing sales volume, the capacity to develop the seller's image, reducing conflicts, the need to facilitate know-how transfer or to enable the organization create the network effect (Turnbull, 1990). To achieve these outcomes, the management has to implement certain key account management practices. The intensity of managerial commitment to these key account management practices is related to organizational performance (Davies & Ryals, 2014). Organizational characteristics such as size, technology and culture determine how key account management practices influence organizational performance. The firm's ability to foresee changes in the market and respond to the changes has also been cited to influence the association between key account management practices and organizational performance (Foley & Fay, 2004).

Commercial banks are important financial intermediaries serving the general public in any society and apart from their many functions they facilitate growth and development (Sergeant, 2001). Owing to their central role in economic performance, any shocks that affect the stability of a country's banking sector will have implications on the country's overall economic performance. Commercial banks in Kenya and indeed globally are operating in a heavily regulated environment. This regulation is to large extent aimed at protecting the consumer. Excessive regulation strangles the revenue generation capabilities of the commercial banks. Against such a background then, banks have turned

to key account management as an alternative to the over scrutinized traditional models of raising revenues. Al-Tamini (2010) examined the factors that affect the performance of Islamic banks in the United Arab Emirates, reported that the performance of commercial banks is affected by both internal (bank specific) and external (macro-economic) variables. This view is supported by Waweru and Kalani (2009) who studied the commercial banking crises in Kenya and concluded that the national economic downturn was considered as the most vital external factor preceded by non-performing loans. However, Ongore and Kusa (2013) report that Kenyan commercial banks' performance is driven mainly by board and management decisions and those macro-economic factors are insignificant. Mathuva (2009) also argues that capital adequacy, efficiency, core capital and market concentration are determinants of performance of Kenyan commercial banks performance. In the findings by Mathuva (2009) and Ongore and Kusa (2013), a cultural shift that emphasizes paying greater attention to customer needs which is identified as a necessity for the survival of commercial banks in a competitive and increasingly regulated environment is not addressed.

A number of knowledge gaps on the association between key account management practices, market sensing capabilities, organizational characteristics and firm performance have been identified. Firstly, there are conflicts in literature on the conceptualization of key account management practices. A study by Davies and Ryals (2014) posit that critical success factors of KAM and the subsequent KAM program practices are often treated as equal especially in relation to culture. Their argument is that there are higher level and lower level KAM practices which should be separated during

measurement. Gosselin and Bauwen (2006) narrowed KAM practices to only two: customer alignment and selection

Secondly, there is inadequacy of reporting on an integrated approach that studies the four variables together in the same model. Foley and Fay (2004) studied the relationship between market sensing capabilities and organizational performance with market orientation as the mediating variable. Market sensing capabilities were used as the study's independent variables. Montgomery and Yip's (2000) study on the activities, actors and outcomes of key account management does not consider any moderating or mediating variables. Gounaris and Tsempelikos (2013) measured the direct relationship between key account management practices and performance. Additionally, a number of studies on key account management have market orientation or customer orientation as the moderating or mediating variables while some studies did not consider any moderating or mediating variables (Muhia, 2014; Gosselin & Bauwen, 2006). In terms of context, most studies involving key account management have been conducted in the manufacturing sectors (Salojärvi et al., 2010; Foley & Fay, 2004)

Studies on commercial banks in Kenya lay emphasis on financial prudence and governance and the effect of macroeconomic variables on their performance (Mathuva, 2009; Ongore & Kusa, 2013). To determine the practices by commercial banks in Kenya in the management of their key accounts, the mediating influence of market sensing capabilities and the moderating role of organizational characteristics and their performance, this study seeks to answer the following broad research question; what is the relationship between key account management practices, market sensing capabilities, organizational characteristics and the performance of commercial banks in Kenya?

1.3 Research Objectives

The study's general objective is to establish the relationship between key account management practices, market sensing capabilities, organizational characteristics and the performance of Kenyan commercial banks The study's specific objectives are to;

i. Establish the influence of key account management practices on performance of commercial banks

ii. Assess the effect of market sensing capabilities on the relationship between key account management practices and performance of commercial banks

iii. Establish the influence of organizational characteristics on the relationship between key account management practices and performance of commercial banks

iv. Determine the joint effect of key account management practices, market sensing capabilities and organizational characteristics on performance of commercial banks

1.4 Value of the Study

This study will contribute to knowledge in key account management sub-discipline of marketing by establishing the influence of moderating and mediating variables on the relationship between key account management practices and firm performance. Other researchers have concentrated on the moderating effect of market orientation and customer orientation. This study is anchored on the relationship marketing theory resource based view and the dynamic capabilities theory. These theories have not been

thoroughly interrogated in key account management literature. It is expected that this study will provide greater insight on the relationship between key account management practices, market sensing capabilities, organizational characteristics and performance of Kenyan commercial banks. The study will also enhance the resolution of the conflicts in then conceptualization of KAM practices.

Regulators and policy making institutions such as the Central Bank of Kenya and the Treasury will benefit by understanding the relationship between the implementation of key account management practices and the performance of commercial banks. Incidences of some banks making above normal profits while others are struggling or going out of business may be explained by the kind key account management practices they have put in place. This study will highlight key account management practices that may be of relevance specifically to commercial banks.

Commercial banks will benefit from this study in that managers will be able to put the right structures in place and encourage organizational cultures that enhance the relationship between key account management practices and performance. Managers will also be able to isolate the core capabilities of their institutions and seek to strengthen them because they understand their influence on the outcomes of any key account management practices they may have in place. The management of commercial banks will also benefit from the realization that performance of banks is dependent on other variables such as key account management practices and not just prudent financial management and sound governance.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This section presents the existing literature on the association between key account management practices, market sensing capabilities, organizational characteristics and organizational performance by looking at the theories on which the study in anchored and exploring different empirical studies on the same subject .The chapter also summarizes the empirical reviews on the variables under study and provide the gaps to be addressed. The chapter also outlines the conceptual model and the hypotheses to be tested.

2.2 Theoretical Foundations

The section contains a discussion on the theoretical foundations underpinning studies in key account management, market sensing capabilities, organizational characteristics and performance an organisation. The overarching theory for the study is the relationship marketing theory. The resource dependence theory emphasizes that relationships can at times be viewed as resources that can be used by the firm to exist in its environment. Dynamic capabilities are perceived as firm routines that encourage the development of organizational capabilities of the firm through modification of its current resource base. The dynamic capabilities theory relates the resources, including capabilities, to performance.

2.2.1 Relationship Marketing Theory

The Relationship marketing theory is attributed to Berry (1981). The theory explains the reasons, approaches and outcomes of relational exchanges between a firm with its customers and suppliers. The relationship marketing theory ideally seeks to identify the key factors that affect important firm outcomes and causal relations between the drivers and the outcomes (Sheth & Parvatiyar, 2007). According to Lewin and Johnston (1997) there are six constructs associated with relationship marketing theory; commitment, communication, relational dependence, cooperation and equity. Relationship marketing activities help in building and maintaining customer- seller relationships that affect the behaviors of customers which ultimately affect the seller's financial outcomes.

According to Mulki and Stock (2003), the rise of relationship marketing has been attributed environmental factors such as the firms' trends in developed economies to be service oriented and likely to adopt information technologies, niche-oriented, information-oriented and be global in nature. Hunt et al. (2006) argue that industrial demand can be perceived as being remarkably heterogenous with regards to consumer tastes and preferences and firms are seen as combiners of heterogenous and imperfectly mobile resources. Hunt et al. (2006) also conclude that the firm can develop relational resources. The relationship marketing theory is the most significant theory in this study since it explains that customer – supplier relationships can determine the performance of a firm. Moller and Hallinen's (2000) argument that relationship marketing theory derives from two paradigms: the market based relationship marketing and the network based relationship marketing and regardless of paradigm a firm uses, performance is affected.

2.2.2 Resource Dependence Theory

The Resource Dependence Theory (RDT) is associated with Pfeffer and Salancik (1978). The model conceptualizes the organization as an open system which is dependent on the external environment's contingencies. The basic premise of RDT is that the behavior of an organisation is affected by the context that behavior. The RDT theory upholds the effect of external factors on the behavior of the organisation and holds that even though they may be limited by their context, managers strive to reduce environmental dependence and uncertainity. As a result of the centrality of power, firms aspire to reduce the power of others over them (Hillman et al., 2009). Casciaro and Pisskowski (2005) note that there are five actions firms can take to reduce environmental dependence: mergers or joint ventures, vertical integration and other organizational associations, reorganization of board of directors, taking political action and engineering executive succession.

The RDT is a basic theoretical ideology for understanding joint ventures among other organizational relationships including strategic alliances and, R & D agreements and buyer and seller associations (Barringer & Harrison, 2000). According Goes & Park, (1997), empirical evidence supports relationships to reduce the complexity of both the domestic and international environments and gain resources. According to Davis (2009), firms might invite major customers and executives of constraining suppliers into their board for exchange of ideas. The highest level of a key account relationship is the interdependence stage a stage at which the supplier and the buying entity are virtually indistinguishable from one another and some of their operations are actually merged. The inclusion of this theory in the current study is justified by the fact that the evolution of

relationship marketing theory itself is explained by the need for an organization to be responsive to environmental changes. The theory in addition identifies the formation of relationships between buying and selling firms as a possible response to environmental uncertainties.

2.2.3 Dynamic Capabilities Theory

According to Teece et al. (1997), dynamic capabilities are defined as the ability of the firm to build, integrate and reconfigure both internal and external firm competencies so as to address the conditions of the dynamic environment. It is the ability to attain competitive advantage through increased flexibility and pace in handling the dynamic market environment (Teece & Pisano, 1994). A close link exists between the dynamic capabilities and the resource based view (Peteraf, 2006; Barney, 1991). This theory is basically interested with basic issues for instance competencies and organizational performance. It seeks to explain the relation(s) between a firm's exploration of its capabilities and performance. The dynamic capabilities view augments the popular view of the firm's external environment being increasingly hypercompetitive and turbulent (Anderson & Tushman, 1990).

According to the dynamic capabilities view, the manner in which specific competencies are developed by organizations to respond to business environment changes is highly linked to the business processes of the firm, market opportunities and positions. Processes describe the manner in which transactions are undertaken in organizations with respect to coordinating, learning and reconfiguring positions that define specific utilization of

technology, complementary assets, intellectual property, customer base and level of interaction with suppliers. These capabilities offer competitive advantage to the firms since firm specific assets for instance values, organizational experiences and culture are not tradable in the external market (Gizawi, 2014). Key account management can be treated as a resource. However Day (1994) notes that dynamic capabilities need to be introduced to make a resource responsive to both internal and external developments. This theory is applicable to this study because market sensing capabilities are viewed as dealing with mechanics for reorganizing firm resources in response to environmental dynamics.

2.3 Key Account Management Practices and Firm Performance

Researches on the association between key account management practices and supplier performance report conflicting findings. Galbreath (2002) and Kalwani and Narayandas (1995) argue that there is the possibility of higher profitability to prevail despite the existence of notable power asymmetries while Narayandas and Rangan (2004) and Homburg et al. (2002) have established higher levels of service compels suppliers to fight for profit from their key account associations. There is substantial evidence linking customer attention to organizational profitability and effectiveness (Reichfeld & Sasser, 1990). Tsempelikos and Gounaris (2015) report that strong positive correlation between a firm's key account management practices and performance.

Davies and Ryals (2014) operationalized key account practices into operational, organization wide, target and performance, procedural practices and people related. In their study, they reported a positive association between the practices and outcomes including increased revenues, improved customer retention and increased profit margins.

According to Homburg et al. (2003) the intra organizational activities that determine the effectiveness of KAM programs can be classified into the activities, intensity of the activities, degree of pro activeness and top management involvement among others. Tzempelikos & Gounaris (2015) also report that key account management practices positively affect performance. Following Hunt et al. (2006), key account management practices may be viewed as firm resources.

2.4 Key Account Management Practices, Market Sensing Capabilities and Firm Performance

Marketing capabilities are said to exist when knowledge and skills is repeatedly applied by a firm's employees to transform marketing inputs into outputs. Key account management practices are the marketing inputs and market sensing capabilities (MSC) facilitate their transformation to various performance indicators. Lindblom et al. (2008) report that there exists a relatively weak but statistically significant association between market sensing capabilities and firm performance. Emerging from relationship marketing and the RBV, relationships with key accounts have been identified as resources. Following this argument then market sensing capabilities, just like any other organizational capability can be used to exploit this resource thereby influencing firm performance. Day (1994) also reports that MSC are important in the development of market focus and eventually influence company performance.

Generally, market-sensing capabilities have been reported to be critical in the development of market focus and the subsequent company performance (Day, 1994). Arguably, this is the case since firms are in a position to understand and react to changes

in its environment as a result of information and intelligence generated out of market sensing. Even though research on market orientation is expansive, studies on the influence of market-sensing capabilities on performance of the business are still scarce (Lindblom, 2006). According to Vohries and Morgan (2005) MSC is the key accelerator for business performance. Distinctive capabilities provide the firm with the capacity to deliver services and products to the market in a superior manner compared to the competition. Market sensing capabilities therefore influence the attainment of the desired KAM outcomes. Day (1994) posits that market sensing capabilities enable the firm to become understand the changes in its markets and also accurately predict responses to its marketing initiatives.

2.5 Key Account Management Practices, Organizational Characteristics and Firm Performance

There is a strong association between the predisposition of an organisation towards key account management and organizational characteristics (Arun, 2013). It can therefore be argued that the characteristics of the firm determine that firm's key account management practices. Further, Arun (2013) reports that an organization's characteristics such as culture, size and technology and its orientation to key account management influence performance. An organization that intends to implement KAM has to set up an organizational structure and culture that is supportive (Woodburn, 2008). This view is supported by Davies and Ryals (2014) who argue that key account management require significant commitment over time including substantial changes to cultures, structures and processes.

Davies (2013) found that having a culture that supports KAM and active top management engagement and support are essential in differentiating good KAM programs from the bad ones. This view is supported by Workman, Homburg and Jensen (2003) and Tzempelikos and Gounaris (2013). According to Woodburn (2008), in a KAM driven organization there has to be a sharing culture where staff and managers are prepared to share resources and power for the good of the enterprise. Literature on the influence of customer relationship management (CRM) technologies on KAM performance is conflicting with some studies reporting that such investments support performance (Richard et al., 2007) while others establish no evidence of worthwhile performance outcomes (Avlonitis et al., 2005). The size of a firm is viewed as a moderator of the association between key account management strategy and that firm's performance. Miller et al.(1998) argues that large organizations are expected to adopt more formal and comprehensive strategic processes since they are more sophisticated.

According to Foley and Fay (2004), a marketing capability is created when the marketing employees of the firm continuously apply their knowledge and skills to transform marketing inputs to outputs. For this transformation to take place there must be a combination of intangible resources such as knowledge and tangible organizational assets. Market sensing capabilities have been reported to influence the link between KAM practices and organizational performance (Piercy, 1991). Organizational characteristics have also been shown to influence the association between KAM practices and firm performance (Gibson & Cohen, 2003).

Market sensing capabilities and organizational characteristics jointly influence the association between key account management practices and performance of the firm.

According to Day (1994b), assets are the resources that have been accumulated by the and capabilities that brings these assets together and allows them to be advantageously deployed. Market sensing capability is manifested in an organization's willingness to learn, shared vision and organization wide communication, decentralization of decision making and use of reward systems. Organizational characteristics such as ability to reconfigure operations very fast determine how the activities above are performed (Norman, 2001).

2.6 Key Account Management Practices, Market Sensing Capabilities, Organizational Characteristics and Firm Performance

According to Foley and Fay (2004), a marketing capability is developed when a firm's marketing employees repeatedly apply their knowledge and skills to the transformation of marketing inputs to outputs. For this transformation to take place there must be a combination of intangible resources such as knowledge and tangible organizational assets. Market sensing capabilities have been reported to influence the relationship between KAM practices and organizational performance (Piercy, 1991). Organizational characteristics have also been shown to influence the relationship between KAM practices and firm performance (Gibson & Cohen, 2003).

Market sensing capabilities and organizational characteristics jointly influence the relationship between key account management practices and firm performance. According to Day (1994b), assets are resource endowments that the business has accumulated and capabilities are the glue that brings these assets together and enables them to be deployed advantageously. Market sensing capability is manifested in an

organization's willingness to learn, shared vision and organization wide communication, decentralization of decision making and use of reward systems. Organizational characteristics such as ability to reconfigure operations very fast determine how the activities above are performed (Norman, 2001).

2.7 Summary of Knowledge Gaps

Several knowledge gaps emerging from the literature review are summarized in Table 2.1. The studies that have been reviewed report varied findings in relationships among the pertinent variables. Even though some studies examine related variables, the divergence in findings can be explained by differences in the study designs, the units of analysis or even the countries in which such studies were conducted.

Table 2.1: Summary of Knowledge Gaps

The Study	Focus	Methodology	Findings	Gaps	Focus of Current study
Davies & Ryals (2014)	Focus was to establish the effectiveness of KAM practices	Studied 209 with formal KAM program in UK	Identified nine(9) criteria for KAM effectiveness	Study examines effectiveness at KAM level not Organizational level	The present study will look into the influence of KAM practices at the organizational level
Muhia (2014)	Key account management, E commerce implementation models, market orientation and performance of selected Kenyan private	Data was collected using questionnaires Data analysis done using factor analysis and structural modeling equation	The study found that the implementation models E-commerce and market orientation had a notable impact on performance	The study did not investigate the effect of MSC and characteristics of the firm	The study will incorporate the mediating impact of MSC and the moderating impact of firm characteristics
Gounaris & Tzempelikos (2013)	A conceptualization and empirical validation of key account management orientation	In-depth interviews followed by a quantitative study on 304 suppliers	Developed operational variables for KAMO	The authors admit that the sample size was inadequate	The current study will be a census study of commercial banks in Kenya which

		form different sectors			should be more adequate and sufficient
Guenzi et al. 2010)		Cross sectional study was carried out using judgment sampling with key account managers as respondents	The perception of the Key account managers on the adoption of a relational strategy from the selling firm's perspective is linked with adoption of specific behaviors e.g. customer orientation	The study only focused on the human(behavioral) aspect of KAM, organizational characteristics are not addressed	The current study will involve both behavioral and firm characteristics
Gosselin & Bauwen (2006)	A conceptual perspective on strategic customers' management in business markets (emphasis is on customer selection and alignment).	Quantitative survey based on questionnaire research	Competitive advantage is one of the key account management outcomes	The study emphasized the selection of key accounts only. Post- selection undertakings relating to key accounts are	The current study's emphasis is on all practices not just key customer selection and alignment

				ignored	
Brady (2004)	Insights into a case company's approach to B2B relationship	Author gathered evidence using the case study method	Marketing orientation literature can lean heavily on organizational theory.	The author used a case study design	The author will use a census of commercial banks in Kenya
Foley & Fay (2004)	The moderating influence of market orientation on the relationship between MSC and performance	Conclusions based on 10 American firms in the manufacturing sector	The mediation effect of Market orientation between the relationship was reported to be significant relationship	The study uses MSC as an independent variable	The current study integrates more variables: KAM practices, MSC, organizational characteristics & performance
Federico & Kiichiro (2004)	Outcomes of KAM practices	Evidence was gathered using the case study method	KAM practices lead to greater customer satisfaction	The study does not consider any intervening or moderating variables	The current study integrates KAM practices with both intervening and moderating variables
Montgomery & Yip (2000)	Activities, actors and outcomes of KAM	165 managers in manufacturing and services	Customers' demands encompass co-ordination of	Did not study any mediating or moderating	This study considers the moderating

		companies	resources	variables	variables
Montgomery et. al . (1998)	Examined the association between KAM and organizational performance	Survey of 191 firms with global accounts	Extent of KAM use positively affects performance	Did not use any mediating or moderating variables	The current study will use 4 items in measuring performance
Milman & Wilson (1995)	Examined the managerial consequences for selling companies of progression from key account selling to KAM	Used questionnaire interviews on top and middle managers	Progression towards KAM can be initiated by managers in both buying and selling firms	The study considers only the outcomes of KAM	The current study considers not only the outcomes but also the moderating variables

Source: Author(2017)

2.8 Conceptual Framework and Hypotheses

A conceptual framework and conceptual hypotheses have been advanced from the literature review and are presented as follows;

2.8.1 Conceptual Framework

The below conceptual framework illustrated as model in Figure 1 indicates that Key Account Management Practices is the independent variable and firm performance the dependent variable. The relationship between the two is however mediated by market sensing capabilities and moderated by organizational characteristics.

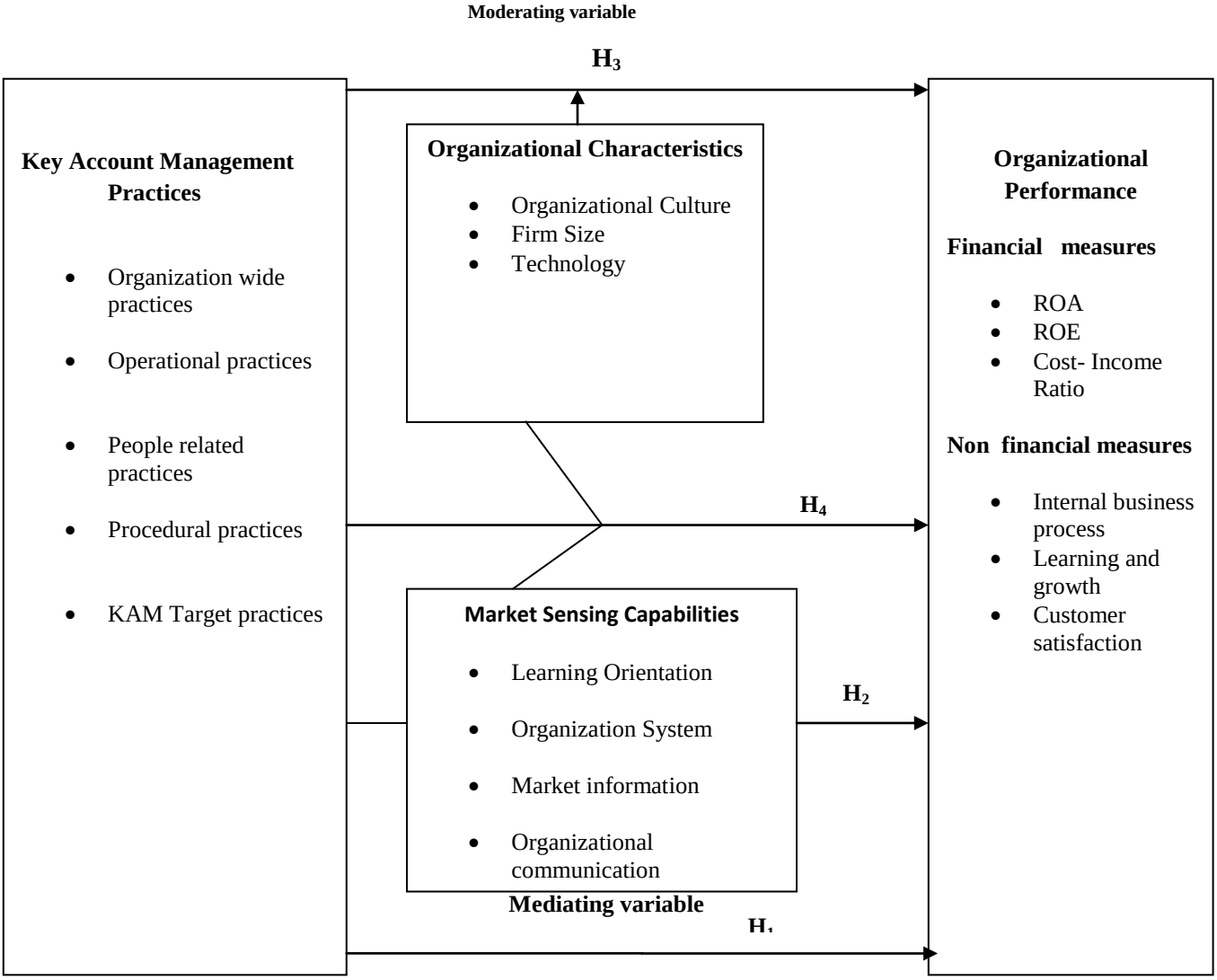

Figure 2.1: Conceptual Model

ual model above, four conceptual hypotheses that explain the relationships between the pertinent variables as follows:

H_1: There is a significant relationship between Key Account Management Practices and Firm Performance

H_2: Market Sensing Capabilities significantly mediate the relationship between Key Account Management Practices and Firm performance

H_3: Organizational Characteristics significantly moderate the association between Key Account Management Practices and Firm Performance

H_4: Key Account Management Practices, Market Sensing Capabilities and Organizational Characteristics have a significant joint effect on Firm Performance.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

The section contains the philosophical orientation, research design, population of the study, data collection technique, operationalization of variables to be used in the study and tests of reliability and validity. Data analysis and the analytical models for the study objectives and hypotheses are also presented.

3.2 Philosophical Orientation

In most cases projects are initiated by researchers are anchored on assumptions regarding the approach to be adopted for the inquiry (Lincoln & Guba, 2000).These assumptions are referred to variously as paradigms, epistemologies or ontologies (Crotty, 1998).Paradigms are beliefs that guide the researcher's actions. These beliefs are based on the discipline field of the researcher and past experiences. The research approach adopted by the researcher is either quantitative, qualitative or a mixed method depending on one's beliefs. Research in social science is mostly guided by two paradigms: positivism and phenomenology. Phenomenology is concerned with the study of experience from the perspective of the individual and is therefore considered to be a subjective source of knowledge. It is concerned with theory building.

Positivism holds that real world occurrences can be empirically observed and explained through logical analysis (Lincoln & Guba, 2000). Positivism involves theory testing aimed at rejecting or accepting the null hypotheses (Bryman & Bell, 2003). Psitivism is

dependent on quantitative research which uses statistical methods and numbers in establishing analyses and measurements that can be easily replicated by others. Under the positivist paradigm, problem solving follows a series of formulating hypotheses where social reality assumptions are made preceded by hypotheses testing and these quantitative techniques are mostly employed for the process; the outcome of the process is determines whether the hypotheses is either rejected or rejected (Buttery & Buttery, 1991). Therefore, the positivistic approach enabled the researcher type of underlying relationships, test hypotheses and make deductions from the findings of the study.

The current study was meant to establish relationships between the independent variable (Key Account Management Practices), the mediating variable (Market Sensing Capabilities), the moderating variable (Organizational Characteristics) and the dependent variable (Organizational Performance. The positivist approach was therefore relevant in this research because the study's intention was to test the hypotheses formulated as predictions of phenomena that have been objectively observed.

3.3 Research Design

This is the overall plan for answering the research question or for testing hypotheses. It narrows down the decisions from diverse assumptions to detailed data collection and analysis techniques. Creswell (2008) posits that the research design shouls be selected based on considerations such as the researcher's worldview assumptions, the approaches of inquiry, and the specific data collection methods, analysis and interpretation. The study used a descriptive cross-sectional design. Nachmias and Nachmias (2004) observe

that cross sectional studies enable the researcher to determine whether significant relationships among variables exist.

A survey study, among other qualities, generally, describes what exists, in what amount, and in what context without any interference with the subjects (Isaac & Michael, 1997). Cross-sectional designs provide information on existing differences rather than changes to the dependent variable following intervention (Hall, 2008). Data is therefore collected at a single, specific period as opposed to longer time frames. Olsen and George (2004) note that this research design may use either the entire population or the subset. The descriptive cross sectional study design has been previously used in similar studies by Owino (2014), Njeru (2013) and Kabare (2013).

3.4 Population of the Study

This study's population consisted of all commercial banks in Kenya. There were a total of forty two (42) licensed commercial banks in Kenya as at 30th April, 2016 (Central Bank of Kenya, 2016). In the banking industry, these forty two banks are organized into three (3) tiers as follows; Tier 1 which at this time consisted of 5 banks and were the largest in size, tier 2 banks were 16 in number and were considered medium in size, tier 3 had 21 banks and were considered small. Responses were sought from relationship managers in all the 42 banks.

3.5 Data collection

Both secondary and primary data was collected for the study. Secondary data on financial performance was retrieved Financial Services Deepening (FSD) Kenya, Central

Bank of Kenya reports, Kenya Banker's Association documents and other reliable sources. A questionnaire that contained only structured questions was used to collect both quantitative and qualitative primary data. The questionnaire were divided into five parts (Appendix 1). Part A was designed to capture the bank's demographic information such as number of years in operation, size as measured by deposits and its ownership. Part B captured information on key account management practices on a scale of 1-5. Part C captured information on dimensions of market sensing characteristics namely; learning organization, organization system, market information and organizational communication, all on a scale of 1-5. Part D had items on organizational characteristics on a scale of 1-5. Part E was divided into two parts; items on financial performance and others on non-financial performance which were on a scale of 1-5.

The target respondents were either the marketing managers or relationship managers or their equivalents. Data was collected from one respondent in each bank. These persons were deemed to be relevant respondents by virtue of the fact that they are best placed to provide information on key account management practices within their organizations.

3.6 Reliability and Validity Tests

3.6.1 Reliability Test

Reliability is the degree to which a technique of measurement can be depended upon to secure consistent results upon repeated application (Cooper & Schindler, 2006).The research instrument is a reliable measure of the variables if the repeated application of that instrument produces consistent results.

Cronbach's alpha (α) coefficient is used to provide a measure of the internal consistency of the scale. It is denoted as a number that lies between 0 and 1. According to Nunnally

(2003) internal consistency within the instrument is considered to be high when the value of α is 0.7 and above and is considered low when its value is below 0.5. Bagozzi and Youjae (2012) recommend a reliability standard of 0.6 or greater but argue that a lower measure of 0.5 can also be used. The current study's overall cronbach's alpha was .987 which is consistent with Nunally (2003).

3.6.2 Validity Test

Validity shows whether the research truly measures what it intended to measure and how correct the findings are. When behavior is measured by the researchers, validity chips in to determine if indeed behavior was measured (Bollen, 1989). Construct validity in this study was enhanced by pretesting the instrument on five (5) respondents and performing factor analysis to determine the correctness of the constructs and the respondents' understanding of them. Waithaka (2014) in a study on related variables pretested the instrument on five respondents. Different studies have used factor analysis to determine the questionnaire's validity (Thuo, 2010; Njeru, 2013; Kabare, 2013). Content validity of the study was enhanced by selective use of modified questions from related previous studies.

3.7 Operationalization of the study variables

The operationalization of the study variables is guided by the objectives. The Key Account Management Practice is the independent variable and is operationalized as organization wide practices, operational practices, people oriented practices, procedural practices and target and performance practices. These variables were examined using a

five-point Likert type scale. Market sensing capabilities was used as a mediating variable and was operationalized as learning, organizational systems, market information and organizational communication following Foley and Fay (2004). Organizational characteristics was the moderating variable and was operationalized as size, technology and organizational culture. These variables were measured using five-point Likert type scales. Firm performance was the dependent variable and was operationalized using balanced score card measures (Kaplan & Norton, 1996) of customer satisfaction, internal processes, learning and growth, and financial measures including ROA , ROE and Cost-Income ratios. A summary of how the variables were operationalzed is presented in Table 3.1.

Table 3.1. Operationalization of Study Variables

Variable	Operational definition	Construct / Indicator	Supporting literature	Measurement scale & Questionnaire item
Key accounts management practices (Independent Variable)	Organization wide practices	Extent to which the bank shows commitment to procuring the buy-in of senior managers, harmonizing KAM and corporate strategy, active involvement of top management & reorganization of organizational structure to make it compatible with KAM	Davies & Ryals (2014), The Management Center Europe (2013)	5 point rating scale Section B1
	Operational practices	Extent to which the bank shows commitment to; development of individual Key account plans, establishing feedback from key accounts, investment in joint activities & joint investments with key accounts	Davies & Ryals (2014), The Management Center Europe (2013)	5 point rating scale Section B2
	People related practices	Extent to which the bank shows commitment to ; the appointment of specialist & trained managers, appointment of cross functional KAM teams and the existence of specific motivation and reward schemes for key account managers	Davies & Ryals (2014), The Management Center Europe (2013)	5 point rating scale Section B3
	Procedural practices	Extent to which the bank shows commitment to ; KAM policies and procedures, KAM managers' access to internal resources, differential and higher service levels for key accounts and forecasting the lifetime value of key accounts	Davies & Ryals (2014), The Management Center Europe (2013)	5 point rating scale Section B4

	Target Attainment practices	Extent to which the bank shows commitment to specification of KAM targets, benchmarking against other banks	Davies & Ryals (2014), The Management Center Europe (2013)	5 point rating scale Section B5
Market sensing capability (Mediating Variable)	Learning orientation	Degree to which the organization shows commitment to shared visions, learning open mindedness in learning including the tent to which the organization values opinions of employees	Foley & Fay,(2004)	5 point rating scale Section C1
	Organizational systems	Extent of decentralization in decision making formalization of decision making rules, benchmarking activities and , use of reward systems	Foley & Fay,(2004)	5 point rating scale Section C2
	Market information	Degree to which the organization is committed to development of a market information system	Zahra &Sapienza, 2006	5 point rating scale Section C3
	Organizational communication	Extent to which employees understand values and the decision making criteria	Zahra & Sapienza, 2006	5 point rating scale Section C;4
Organizational characteristics	Organizational Culture	Extent to which the organization designs process to allow for exchange of knowledge across functional boundaries and the organization bases performance on knowledge creation	Ahire et al, (1995); Hoang et al,(2010).	5 point rating scale Section D1
	Size of the company	Measured by the company's customer deposits , Total Net Assets and Capital reserves of the company and branch network	Ahire et al, (1995); Hoang et al,(2010).	5 point rating scaleD2
	Technology	The extent to which the organization uses technology and upgrades technology to keep abreast with customer developments	Ahire et al, (1995); Hoang et al,(2010).	5 point rating scaleD2
Organizational performance	Customer satisfaction	Extent to which the organization increases its market share the customer retention	Kaplan & Norton (2001), Business	5 point rating scale Section

		rate, handling customer complaints and new customers due to positive customer referrals.	Finance(2014)	E:11
	Internal business processes	Extent of commitment to research and development and innovation	Kaplan & Norton (2001), Business Finance(2014)	5 point rating scale Section E:12
	Learning and growth	Degree of the organization's commitment to continuous value addition to products improvement of technology in line with organization needs , design new products and carry out research on new products.	Kaplan & Norton (2001) ,Business Finance(2014)	5 point rating scale Section E:13
	Financial performance	The extent to which managers agree on bank's performance using ROA,ROE & Cost-Income ratio	Santos &Brito (2012)	5 point rating scale Section E:2

3.8 Diagnostic tests

Given that data analysis was done using multiple regression analysis, it was first evaluated in line with the assumptions for regression analysis namely normality, multicollinearity and homoscedasticity (Cooper & Schindler, 2006). Data was tested for normality using visual and statistical normality tests. A Scatter plot of the ZPRESID and ZPRED values of the data was used to test for homoscedasticity and linearity. Multicollinearity tests were done because there are several variables influencing performance in this study.

3. 9 Data analysis

Data preparation included checking of the questionnaires for completeness, sorting, coding, data cleaning. The unit of analysis was the individual commercial bank. The study used descriptive analyses such as mean scores, standard deviation, percentages, cross tabular presentations and frequency distributions to describe the demographic characteristics of the data. According to Easterby-Smith et al. (2012) most data samples contain variability that is clustered within the mean value and the extent of variation from the central point is an ideal way to capture data set as a whole.

A composite index was computed for both financial and non financial data. Both financial and non financial data were collected using likert scales. After computing the composite index for each, a composite index was determined for performance by combining the two composite indices.

Before testing the hypotheses it was necessary to determine how the variables of the study that is, key account management practices, market sensing capabilities, organizational characteristics and performance were correlated to each other. The Pearson correlation co-efficient was used to determine the association between key account management practices and performance of Kenyan commercial banks. Multiple regression analysis was used to determine the relationships between key account management practices, market sensing capabilities, organizational characteristics and organizational performance. Factor analysis was used to verify scale construction, simplify data and represent correlated variables with a smaller set of derived variables.

To test Hypothesis1 (H_1) which predicted that key account management practices significantly influence firm performance, multiple regression was used. To do this the dimensions of performance, namely financial and non-financial performance were regressed on the dimensions of key account management practices. Composite scores of key account management practices and performance were derived by totaling the scores of the individual items and dividing them by the total number of items. This is consistent with Pallant(2005). The regression equation was;

$OP=\beta_0+\beta_1 X_1+\varepsilon$……(3.1)

Where;

OP= Composite index for Organizational performance

β_0= Y- Intercept

β_1=Regression co-efficient for key account management practices

X_1=Composite index for key account management practices

ε = Regression error term

For Hypothesis 2 (H_2) which was meant to test the mediating influence of market sensing capabilities on the association between key account management and performance of commercial banks Kenny's and Baron (1986) four step procedure was employed. The first step involved a simple regression with the independent variable, key account management practices the dependent variable, performance of commercial banks to satisfy the first condition for mediation. In the second step the independent variable (KAMP) is regressed on the mediating variable (MSC) while in the third step is a simple regression with the mediating variable (MSC) prediction of the dependent variable (OP). The last step involves a multiple regression with both the independent variable (KAMP) and mediating variable (MSC) predicting the dependent variable (OP). Full mediation would be supported if KAMP practices were no longer statistically significant when MSC is controlled. If both KAMP and MSC were statistically significant the study would support partial mediation.

To test Hypothesis 3 ($H_{3)}$ on the moderating effect of organizational characteristics (OC) on the relationship between KAMP and OP, a hierarchical multiple regression equation was used. The first step involved the independent variables (KAMP and OC) in the model as predictors of the outcome variable which is firm performance. The second step involved calculation of an interaction term which is the multiplier of two independent variables (KAMP and OC). An interaction term depicts a joint association between key account management practices and organizational attributed to assess whether this association accounts for more variance in the dependent variable beyond the one depicted by either key account management practices or organizational individual organizational

attributes. The moderation effect is proved if the interaction term explains a statistically significant level of variance in dependent variable.

The single regression equation was : $OP=\beta_o+\beta_1 X_1+\beta_2 X_3+ \beta_3 X_1{}^*X_3+ \varepsilon$……(3.2)

Where;

β_o=Constant

β_1,β_2, β_3=Regression coefficients

OP= Composite index for Organizational performance

X_1=Composite index for key account management practices

X_3=Composite index for Organizational Characteristics

$X_1{}^*X_3$=Product variable (moderator)

ε =Error term

To test Hypothesis 4 (H_4) which predicted that the joint effect of key account management practices, market sensing capabilities and organizational characteristics was greater than the effect of key account management practices alone, regression equations were used. Composite scores of key account management practices, market sensing capabilities and performance were used in the analysis. The following model was used;

$OP=\beta o+\beta_1 X_1+\beta_2 X_2+\beta_3 X_3+\varepsilon$…….(3.3)

Where;

βo=Constant

β_1,β_2,β_3=Regression coefficients

OP= Composite index for Organizational performance

X_1=Composite index for key account management practices

X_2=Composite index for Market sensing capabilities

X_3= Composite index for Organizational characteristics

ε =Error term

The adjusted R^2 for the joint effect model was compared to the R^2 of the individual effect model. If the R^2 of the joint effect of key account management practices, market sensing characteristics and organizational characteristics on performance is greater than the individual effect of key account management practices on performance then the joint effect is statistically significant.

Table 3.2 Analytical Models of the Study Hypotheses and Interpretation

Research objectives	Research Hypotheses	Analytical Techniques	Interpretation
1.To determine the relationship between key account management practices and the performance of Kenyan commercial banks	**H1:** There is a relationship between key account management practices and organizational performance.	**Simple Regression Analysis** $OP=f(X_1)$ $OP=\beta_0+\beta_1 X_1+\varepsilon$ Where; OP= Composite index for Organizational performance β_0=Constant β_1=Regression co-efficient for key account management practices X_1=Composite index for key account management practices ε =Error term	• Adjusted R^2 to establish the extent to which organizational performance is affected by key account management practices • F test to assess overall significance of the simple regression model • **t-** test to determine significance of key account management practices
2. To determine the impact of market sensing capabilities on the association between key account management practices and performance of commercial banks in Kenya	**H2**: Market sensing capabilities mediate the association between key account management practices and organizational performance.	**Stepwise regression model (BARON&KENNY, 1986)** Step1:$OP= \beta_o+ \beta_1 X_1+ \varepsilon$ Step2:$MSC= \beta_o+ \beta_1 X_1+ \varepsilon$ Step 3:$OP=\beta_o+\beta_1 X_2+ \varepsilon$ Step4:$OP= \beta_o+\beta_1 X_1+\beta_2 X_2+ \varepsilon$ Where; β_o=Constant β_1,β_2, β_3=Regression coefficients OP=Organizational performance X_1=Composite index for key account management practices X_2=Composite index for market	• Adjusted R^2 to a assess how much change in dependent variable is due to the effect of the independent and mediating variables • **F** test tests the overall model significance • **t-**test to determine the significance of individual variables • **β** to establish the contribution of each predictor variable to the model's significance • A significant change in R^2 due to

		sensing capabilities ε =Error term	interaction of the mediating variable MSC and the independent variable key account management practices and organizational performance confirms mediation
3.To determine the influence of organizational characteristics on the relationship between key account management practices and performance of commercial banks in Kenya	**H3:**Organisational characteristics moderate the relationship between key account management practices and organizational performance	**Stepwise regression model** Step 1: $OP=\beta_o+\beta_1 X_1+\beta_2 X_3+ \varepsilon$ Step 2: : $OP=\beta_o+\beta_1 X_1+\beta_2 X_3+ \beta_3 X_1{}^{*}X_3+ \varepsilon$ Where; β_o=Constant β_1,β_2, β_3=Regression coefficients OP= Composite index for Organizational performance X_1=Composite index for key account management practices X_3=Composite index for Organizational Characteristics $X_1{}^{*}X_3$=Product variable(moderator) ε =Error term	• Adjusted R^2 to determine the degree of change in the dependent accounted for by the independent variables • **F** test to test the overall significance of the model • **t**-test to establish the significance of individual variables • **β** to determine the contribution of each predictor variable to the significance of the model • A significant change in R^2 due to interaction of the moderating variable OC and the independent variable X_1confirms moderation • If β_3 is significant with a change in R^2 then OC is a moderator
4. To determine the joint effect of market sensing capabilities and organizational characteristics on the relationship between key account management practices	**H4**: There is a joint effect of market sensing capabilities and organizational characteristics on the relationship between key account management practices	**Multiple Regression Analysis** $OP=f(X_1+ X_2 + X_3)$ $OP=\beta o+\beta_1 X_1+\beta_2 X_2+\beta_3 X_3+\varepsilon$ Where; βo=Constant β_1,β_2,β_3=Regression coefficients OP= Composite index for Organizational performance	• Adjusted R^2 to determine the change in dependent that is accounted for by the independent variable • **F** test to determine the overall model's significance • **t**-test to determine the individual variables' significance

and performance of commercial banks in Kenya	and organizational performance.	X_1=Composite index for key account management practices X_2=Composite index for Market sensing capabilities X_3= Composite index for Organizational characteristics ε =Error term	• **β** to show how each predictor is significant to the model • A significant change in R^2 due to interaction of the moderating variable OC and the independent variable KAMP confirms moderation • A significant change in the dependent variable due to the combined effect of the predictor variables rather than the individual effects confirms joint effect

CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSION

4.1 Introduction

This chapter contains the analysis of data, presentation of the findings and discussion of the data analyzed. It starts with a discussion of the response rate, assessment of research instruments and testing for the assumptions of regression analysis. The findings of descriptive statistics of the profiles of respondents and organizations are presented followed by descriptive statistics findings on the study's variables. Factor analysis is also performed on each of the variables under investigation. Data is also tested for validity and reliability.

4.2 Response Rate

The unit of analysis was the organization, in this case the commercial bank. Each organization is believed to exhibit uniqueness in relation to the key management practices embraced, market sensing characteristics, organizational characteristics and performance. A total of forty two (42) questionnaires were sent out. A total thirty six (36) questionnaires were filled and returned. Two of the returned questionnaires were not considered in analysis because of incompleteness therefore only thirty four (34) questionnaires were used in the final data analysis.. This represented a response rate of 81%. This response is considered good enough for data analysis (Magutu, 2014).

A review of the collected data revealed that there were few and random cases of missing values. These missing values did not reveal any systematic pattern for both dependent and independent variables. Since the missing variables were few and random, their

imputation was considered unnecessary and they were excluded pair wise in the SPSS 20.0.

4.3 Demographic Characteristics

Descriptive statistics were used to analyze the characteristics of respondents and respondent institutions. The responses are summarized in as follows:

4.3.1 Respondent Characteristics

Respondent characteristics such as level of formal education and number of years worked in the bank were considered important in this study.

4.3.1.1 Respondents Highest Level of Formal Education

An employee's highest level of education can determine the management responsibilities to be assigned to him or her. It can also determine one's ability to respond to the issues of key accounts management and market sensing capability as the key variables of this study. The study required the respondents to indicate their highest level of education and the results are as in the Table 4.1.

Table 4.1 Highest Level of Formal Education

Level of Formal Education	Frequency	Percentage
Master's degree	18	52.9
Bachelor's degree	15	44.1
Diploma	1	2.9
Total	**34**	**100.0**

Source: Primary Data (2017)

From the results in table 4.1, most of the respondents (52.9%) were holders of Masters degrees. Holders of Bachelor's degrees ranked second at 44.1%. Only a small number of the respondents were non degree holders (2.9 %). Cumulatively, degree holders made up 97% of the respondents. This indicates that banks take into account the educational considerations in the appointment of individuals into relationship marketing related positions in the banking industry. The respondents were also knowledgeable and well suited to address the issues contained on the questionnaire.

4.3.1.2 Number of Years Worked in the Bank

This question was intended to determine the duration the respondent had worked with the respondent bank. The duration worked by the respondent was considered important because longevity of service may be associated with an employee's appreciation of the prevalent managerial culture. A person's experience may determine their ability to discharge their responsibilities and they also draw from institutional memory.

Table 4.2 Years worked in the Bank

Years	Frequency	Percent
Less than 10 years	23	67.6
10-15 years	8	23.5
16-20 years	2	5.9
21-25 years	1	2.9
Total	**34**	**100.0**

Source: Primary Data (2017)

The findings in Table 4.2 show that 67.6 % of the respondents have worked for the bank for less than ten years. Only 2.9 % of the respondents have worked for the bank for more

than 21 years. Collectively, over 91 % of the respondents have worked for the bank for less than 15 years. It has been argued that key account management is a philosophical shift in managerial thinking and this explains the relatively high number of respondents who hold relationship and marketing related positions in banks have been in their employment for a relatively short period of time (less than 15 years). Many institutions in developing countries however are still grappling with very rudimentary forms of relationship marketing (Thuo, 1999).

4.3.2 Demographic Profile of the Respondent Banks

The demographic profiles of the banks were established using number of years the bank has been in operation in Kenya, asset base, structure of ownership, and the number of branches operated by the bank. The results are as follows;

4.3.2.1 Number of years in operation of the Bank in Kenya

The number of years a firm has been in operation may determine their ability to build long term customer relations and build a key account portfolio. The age of the bank was of interest in this question. The findings of the distribution of the number of years in operation of the banks are shown in Table 4.4.

Table 4.4 Number of years in operation of the Bank in Kenya

Years	Frequency	Percent
Less than 10 Years	23	67.6
10-15 Years	8	23.5
16-20 Years	2	5.9
21-25 Years	1	2.9
Total	**34**	**100.0**

Source: Primary Data, (2017)

The results in Table 4.4 above show that a majority of the banks (67.6%) have been operating for less than ten (10 years). Indeed, over 90% of the banks have been running for less than fifteen (15) years . It is only about 9 % of banks that have been in operation for more than sixteen (16)years. Owino (2014) notes that older institutions are likely to enjoy the advantage of experience and therefore their learning is also likely to influence their performance. It has been argued that the adoption of the key account management culture takes time and the implication, holding constant other factors, might be that the older the firm the higher the likelihood of it adopting key account management practices.

4.3.2.2 Ownership of Commercial Banks

The structure of ownership of an organization may determine the organization's customer relationship practices and also its capabilities in terms of information collection and dissemination. This question sought to examine the manner in which equity in commercial banks is held. The report is presented in Table 4.5.

Table 4.5 Structure of ownership of Commercial Banks in Kenya

	Frequency	Percentage
Both foreign and locally owned	19	55.9
Wholly locally owned	11	32.4
Partly private and partly government owned	4	11.8
Total	**34**	**100.0**

Source: Primary Data (2017)

According to Table 4.5, most of the commercial banks in Kenya are owned by both foreigners and locals (55.9 %). Thirty two (32.4 %) of the banks are wholly locally owned while only 11.8% are owned partly by the government and partly privately owned. The structure of ownership was believed to be important because for the banks in which the government is a partial owner, key account management may not be critical since the bank is assured of sufficient deposits from government institutions.

4.3.2.3 The Asset Base of the Bank

The asset base of a bank is the strongest indicator of a bank's size. It also reflects on how well the deposits of the bank's customers are protected. The results are tabulated hereunder in Table 4.6.

Table 4.6 Asset Base of the Bank

Asset Base	Frequency	Percent
Above Kshs 40 Billion	25	73.5
Kshs 31-40 Billion	8	23.6
Below Kshs 10 Billion	1	2.9
Total	**34**	**100.0**

Source: Primary Data (2017)

The results in table 4.6 show that more than 73% of the respondent banks have an asset base of more than Ksh. 40 Billion. 23.4 % of commercial banks have an asset base of between Kshs.31- 40 B. Those with asset bases of below Ksh.10 B are only 2.9%. These figures indicate that most Kenyan commercial banks are well above the global average of the equivalent of Ksh. 28B in terms of asset bases.

4.3.2.4 Number of Branches Operated by Commercial Banks

The number of branches operated by a bank may determine the bank's ability to serve key customers. The level of penetration and market coverage for a bank can be measured using the number of branches it operates, the bank's agency banking network, the banks' automated machines (ATM) network and the level of interconnectivity with other bank's ATM's and also the level to which it has made use of mobile phone banking. The current question focused on the number of branches bank operates. The findings are presented in Table 4.7

Table 4.7 Number of Branches

Branch Network	Frequency	Percent
Below 5 Branches	6	17.6
5-10 Branches	7	20.6
11-15 Branches	6	17.6
16-20 Branches	3	8.8
Total	**34**	**100.0**

Source: Primary Data (2017)

Table 4.7 indicates that a majority of commercial banks in Kenya operate more than 20 branches. Those operating between 16-20 branches account for 8.8% of the entire sub sector. It is important to note that the combined total of those banks that operate between 5 and 20 branches is 64.6%. The results could be explained by the fact that most banks have now turned to alternative methods of reaching their customers such as the use of mobile banking and agency banking.

4.4 Reliability and Validity

This section of the study sought to ensure that the research scales were reliable and valid, and the data met the regression assumptions. The following section gives a discussion of validity and reliability tests.

4.4.1Test of Internal Consistency Reliability

The scales used in the research were examined for internal consistency and reliability using Cronbach's alpha. The results of the analysis are presented in Table 4.8

Table 4.8 Overall Reliability Statistics

Cronbach's Alpha	Number of Items
0.987	135

Cronbach's Alpha Coefficients for the Measurement Scales for the Constructs

Variable	Dimension Measured	Number of Items	Alpha
Key account Management practices	Organization wide Practices	9	.923
	Operational practices	9	.926
	People-related practices	11	.898
	Procedural practices	9	.916
	Target Setting practices	10	.986
Market Sensing Capabilities	Learning orientation	11	.876
	Organization systems	10	.981
	Market Information	10	.783
	Organizational communication	10	.774
Organizational Characteristics	Organizational Culture	11	.887
	Organization Size	4	.798
	Organization Technology	6	.672
Organizational Performance	Customer satisfaction	12	.903
	Internal Business process	6	.751
	Learning and growth	8	.901

As shown in Table 4.8 the research constructs had alpha co-efficients of higher than 0.7 except for organization technology which was slightly low at 0.672. The overall alpha co-

efficient was 0.987. It can be concluded that overall the instrument met the recommended minimum threshold (Nunally, 1994).

4.4.2 Test for Homoscedasticity and Linearity

A Scatter plot was used to test for homoscedasticity and linearity. The scatter plot presents the standardized residuals (ZRESID) plotted against the standardized predicted (ZPRED) values used. Figure 4.1 shows the graph representing the data.

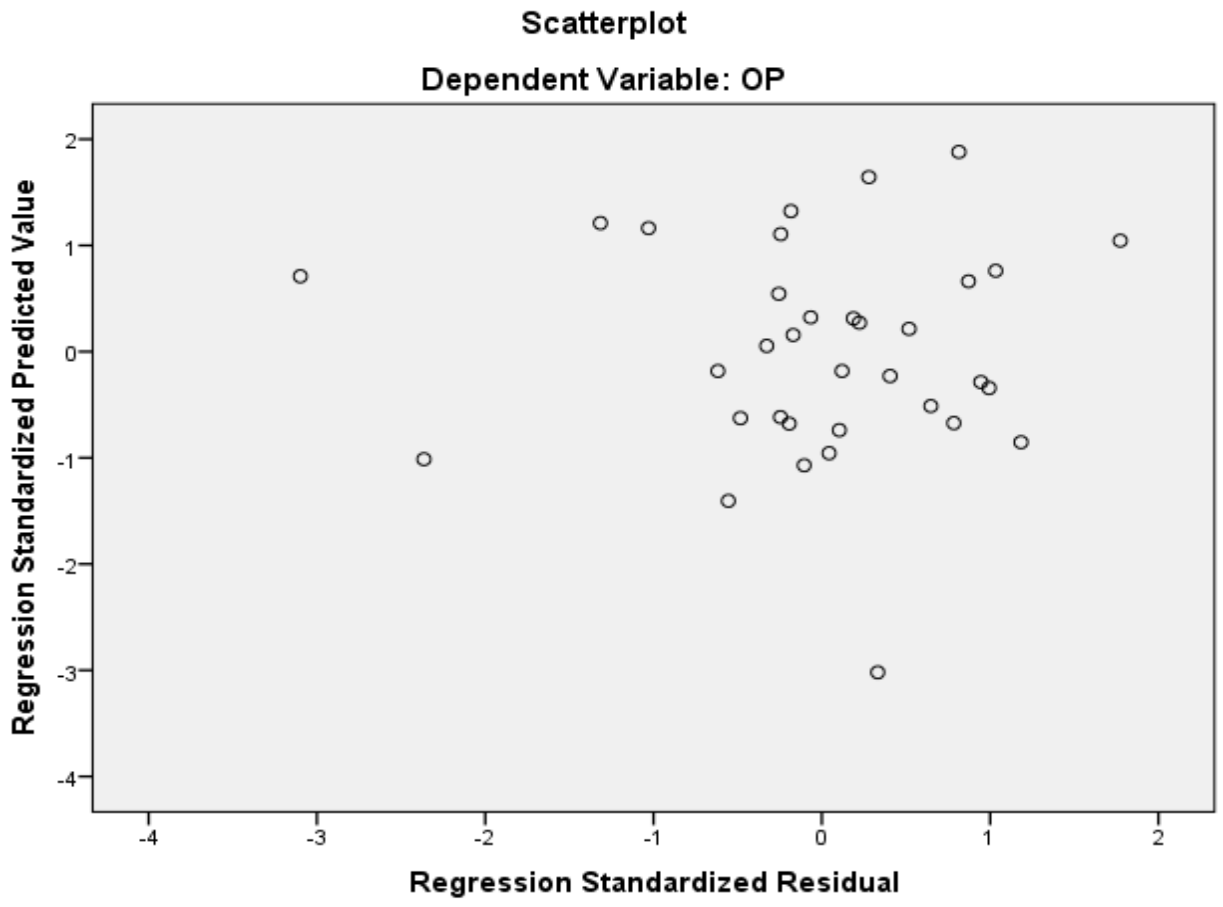

Figure. 4.1 Scatter Plot of ZPRESID and the ZPRED values of the Data

Figure 4.1 shows that the data is evenly and randomly spread around zero. It does not appear to funnel out and no curve is evident. This is indicative of the fact that the conditions necessary for linearity and homoscedasticity have been fulfilled.

4.5 Descriptive Statistics and Factor Analysis for Key Account Management Practices

The emergence of key account management was as a result of organizations' attempt to focus on the customer satisfaction better. Any firm that intends to pursue key account management strategy ought to put in place certain practices. Whatever practices the management puts in place must be designed such that they minimize failure of the KAM strategy (Davies, 2014). This study tested key account management practices using organization wide, operational, people related, procedural and target practices.

The questions were presented inform of five point rating scale ranging from 1= Not at all to 5= to a very large extent. The study adopted a mean score of < 4.50 to be agree to a very large extent, between 3.50 and 4.49 means that the respondents agree to a large extent, between 2.50 and 3.49 means moderately agree, between 1.50 and 2.49 means agree to a small extent while a score of 0 and 1.45 means that respondents did not agree at all. The rationale for adopting such a scale is to facilitate interpretation of data.

4.5.1. KAM Organization wide Practices

Organization wide practices influence the manner in which key account is interpreted especially the top management's commitment to key account management. The top management has to initiate cultural change within the firm to align organizational culture and key account management. In the current study, organization wide practices were

measured using 9 items on a scale of 1 to 5. Results of the descriptive analysis are presented in Table 4.9.

Table 4.9 Mean and Standard Deviation for KAM Organization wide Practices

Practices	N	Mean Score	Std. Deviation	COV %
KAM managers directly report to the bank's CEO	34	4.12	.146	3.50
The bank has made organizational structure changes to accommodate KAM	34	3.97	.200	5.03
There top management is actively involved in key account management	34	3.59	.248	6.90
The bank clearly identifies key accounts	34	3.56	.133	3.73
The bank has defined key account selection criteria	34	3.53	.187	5.29
The bank has a KAM Champion	34	3.47	1.261	36.34
KAM within the bank	34	3.47	0.929	26.77
The bank considers senior manager buy-in of KAM important	34	3.38	1.074	30.76
Everyone in the bank is trained to understand KAM	34	3.38	1.303	38.55
Average		**3.61**	**1.091**	**30.22**

Source: Primary Data, 2017

The results in Table 4.9 indicate that the means of the 9 items ranged between 3.38 and 4.12. The overall mean score for organization wide practices was 3.61(COV=30.2%). Item 1 sought to determine the relative importance of key account management in the bank by asking about the reporting structure. The fact that the mean score of 4.12 means

that this item was agreed with to a large extent by the respondents. Item 2 sought to establish whether the bank's structure had been changed to accommodate KAM. The mean score for this item was 3.97 implying that respondents agreed with this statement to large extent. The results were similar for items 3,4 and 5.

Respondents only moderately agreed with items 6, 7, 8 and 9 all with mean scores of less than 3.50. This means that issues such as the appointment of key account champions within the bank, getting the top management to buy-in to the KAM idea and ensuring everybody in the bank is trained on KAM are not considered of great concern.

4.5.2 KAM Operational Practices

Operational practices guide the manner in which the key account strategy and programs are implemented. This dimension is meant to determine the bank- customer interactions and how they are designed to take place. The bank may have a proper KAM strategy in place but the operational practices that determine the implantation. Operational practices were assessed using a point rating scale. The results of KAM operational practices are presented in Table 4.10.

Table 4.10 Mean and Standard Deviation for KAM Operational Practices

Practices	N	Mean Score	Std. Dev	COV %
The bank has a well-developed feedback process with key customers	34	3.94	0.814	20.97
The bank's top management is constantly in touch with that of the key account	34	3.88	0.977	25.18
The bank initiates joint activities with key accounts	34	3.82	0.193	50.52
The bank makes products suitable to the needs of a particular key account	34	3.79	0.122	32.18
The bank's does promotional campaigns that are tailor-made for a particular key account	34	3.68	0.147	39.94
The bank undertakes joint investment with key accounts	34	3.53	0.051	14.44
The bank sets prices with a specific key account in mind	34	3.32	0.173	52.10
The bank has individual key account plans	34	3.15	0.209	6.63
The bank has branches close to the key accounts	34	3.09	0.111	3.59
Average		**3.58**	**0.310**	**8.65**

Source: Research Data, 2017

According to Table 4.10, operational practices had an average mean score of 3.58. This means that operational practices were generally considered important. Item 1 assessed

how relationship managers rated the bank's feedback mechanism with key accounts. The mean score for this item was 3.94 implying that most banks developed feedback programs with key accounts. On whether the bank's top management is constantly in touch with that of the key account, respondents to a large extent agreed (Mean =3.88). Respondents also indicated that they agreed with items 3 -6 to a great extent.

Key account is explained as a special case of market orientation (Davies & Ryals, 2014). It is therefore not surprising that the mean scores ranged between 3.09 and 3.94. Item 9 on whether having bank branches close to the key account was considered returned a mean score of 3.09. This could be explained by technological advancements that have not only eased inter firm communication but also enabled the conduct of bank transaction on the internet.

4.5.3 KAM People-related practices

People related practices were meant to assess the extent to which banks implement various aspects of employee relations between the bank's employees and those of their key customers among others. The manner in which key account management is implemented depends on the bank's practices in relation to its employees. The importance of the human factor in the organization as a precursor to developing a market orientation is argued emphatically by Webster (1994). Examples include aspects of employee training and reward schemes. Since key account management is largely based on creation of relationships between employees of the buyer and those of the seller, these dimensions were also measured. The results are as presented in Table 4.11.

Table 4.11 Mean Scores and Standard Deviation for KAM People-related practices

Practices	N	Mean Score	Std. Deviation	COV %
Those in key management are regularly trained to address emerging trends	34	4.41	.657	14.89
The bank has fully trained key account managers	34	4.26	.790	18.54
There are specific motivation and reward schemes for key account managers in place in the bank	34	4.18	.869	20.78
The bank considers the likely hood of long term relations with customers	34	4.18	.673	16.10
The bank considers the composition of the customer's buying decision unit	34	4.06	.983	24.21
In the bank we consider the key account's relations with our competitors	34	3.97	.834	21.00
The bank encourages interaction between our employees and those of our key accounts	34	3.94	.851	21.59
The bank has established cross functional key account management teams	34	3.91	.712	18.20
In the bank we consider the input of our key accounts personnel when preparing marketing plans	34	3.91	1.138	29.10
The bank has appointed specialist key account managers	34	3.88	.946	24.38
The bank regularly sponsors events that bring our employees and those of our key accounts	34	3.85	.892	23.17
Average		**4.05**	**.849**	**20.96**

Source: Primary Data, 2017

The results contained in Table 4.11 indicate that all respondents agreed to a large extent that individuals in key account management are regularly trained on emerging trends in customer needs with a mean score of 4.41. Item 2 on whether the banks had fully trained KAM managers, the mean score was 4.26. This emphasis on training is attributed to the

fact that in key account management knowledge about dynamics in the customer's industry is critical. In item 3 on whether the banks have specific reward and motivation schemes for key account managers in place, the respondents also agreed to a large extent(mean=4.18). Items 3 and 4 all had a means above 4.00 indicating that the respondents were in agreement to a large extent.

Key account management implementation at the highest level is referred to as integrated key account management (McDonald, 2010). At this level there is both the operations of the seller and buyer are integrated. This integration is ensured by establishing cross functional key account teams in both organizations. The statement on the establishment of cross functional teams had a mean score of 3.91

(Std=.712,COV=18.2%). This indicates that banks value to a large extent the creation of highly integrated relations with their key accounts through the establishment of cross functional teams.

4.5.4 KAM Procedural practices

The study conceptualized procedural practices focusing on the guidelines and support accorded to key account management personnel. The extent to which respondents agreed with statements on key account guidelines and support was assessed on scale of 1 to 5 using 9 items. The results of the analysis are demonstrated in Table 4.12.

Table 4.12 Mean Score and Standard Deviation for KAM Procedural practices

Practices	N	Mean	Std. Deviation	COV %
The bank ensures sufficient IT support for key account management	34	4.32	.638	14.76
In the bank we forecast the lifetime value of key accounts	34	4.21	.880	20.90
There are procedures in place in the bank for handling key accounts	34	4.09	.965	23.59
The bank provides differentiated service levels for key accounts	34	4.09	1.083	26.47
The bank provides higher service levels to key accounts	34	4.06	1.043	25.68
The bank's key account managers can easily access the internal resources	34	4.00	.696	17.40
The key account managers can determine their operational budgets independently	34	3.82	.936	24.50
Key account managers can deploy and redeploy persons responsible for key accounts	34	3.56	1.021	28.67
The bank has established specialized policies for handling key accounts	34	3.38	1.155	34.17
Average		**3.95**	**.935**	**23.67**

Source: Primary Data, 2017

The grand mean score for procedural practices according to Table 4.12 was 3.95 (Std=.935, COV=23.7%). This indicates that the respondents generally agreed with procedural practices to a large extent. The statement to the effect that banks ensure

adequate IT support to KAM had a mean score of 4.32 (Std.Dev=.638, COV=14.8%). The item was meant to assess the extent to which the bank management would provide IT support to key account managers. It support is vital in key account management because the art information on developments touching on the selling as well as the buying firm is required. This information will be useful in forecasting lifetime value of key accounts (Mean Score =4.21,Std=.880,COV=20.9%). Key customers are different from other customers (Pardo, 1997), as a result of their revenue generation capability, network benefits or other strategic reason. The selling firm therefore may have to develop a different set of guidelines and offer superior support to managers of key accounts.

Service levels provided to key accounts relative to non key accounts was also measured. The results indicate that banks provide differentiated and higher service levels for key accounts (Mean> 4.00). According to Salojärvi et al. (2010) key accounts should get preferential treatment with regard to service levels. Support to key account managers in terms of access to internal resources, latitude in determining operating budgets, and deployment of personnel all had mean scores of more than 3.50 indicating the respondents largely supported the statements.

4.5.5 KAM Target Practices

Target practices was conceptualized as those bank activities that relate to setting goals and objectives relating to the key account management function. These are the kind of practices that the bank has in place to guide key account management. This approach is supported by Salojärvi et al. (2010).

Table 4.13 Mean Scores and Standard Deviation for KAM Target Practices

Practices	N	Mean Score	Std. Deviation	COV %
We have both long term and short term targets in the bank	34	4.18	.904	21.62
Each manager in the bank has specific key account targets	34	4.12	.808	19.61
The bank benchmarks against other banks on KAM	34	4.06	.952	23.44
We only have long term key account targets in the bank	34	3.91	1.055	26.98
Reporting on progress of key accounts in terms of meeting stated objectives is regular	34	3.76	.819	21.78
In the bank we have specific targets for the entire KAM program	34	3.68	.945	25.67
There are specific KAM targets for each key account in the bank	34	3.53	.961	27.22
The bank's key account objectives are stated only in financial terms	34	3.47	1.051	30.28
We only have short term key account targets in the bank	34	3.38	1.129	33.40
Key account objectives of the bank are stated only in both financial and nonfinancial terms	34	3.32	1.065	32.07
Average		**3.74**	**.969**	**25.90**

Source: Primary Data, 2017

The results in Table 4.13 indicate that banks prepare both short and long term key account targets (Mean Score = 4.18). It is also indicated that each manager has specific key account targets set for them (Mean Score= 4.12). These key account targets are the minimum revenues that should be realized from key accounts. Items 7 was meant to establish the degree to which the respondents agreed with a statement on whether there were specific targets for the KAM program. A mean score of 3.68 implied that banks set specific targets for all their key accounts.

Table 4.14 Summary of Descriptive Statistics for Key Account Management Practices

Dimensions of Key Account Management practices	**Mean**	**Std. Deviation**	**COV (%)**
People Related	4.05	.849	20.96
Procedural practices	3.95	.935	23.67
Target Practices	3.74	.969	25.90
KAM Organization wide Practices	3.61	1.09	30.19
Operational Practices	3.58	1.089	30.41
Overall Score	**3.79**	**.986**	**26.01**

Source: Primary Data, 2017

According to table 4.14, the results indicate that banks consider people related practices to be the most important in their key account management strategy. In contrast, operational practices are the considered least important (Mean=3.79). Key account management is about relationship management both within and outside the organization. The results imply that most banks appreciate the place of relationship management in the overall key account management strategy.

4.5.6 Factor Analysis for Key Account Management Practices

Exploratory factor analysis for key account management practices was conducted. Principal component analysis extraction method with varimax rotation technique was used and assessment of validity done by examining the factor loadings to establish whether the items in the scale loaded highly on the construct. The Kaiser -Mayer-Olkim tests for all indicators of key account management practices were above 0.7. The Barlett's tests for all indicators were 0.00 showing that the correlation matrices are not identity matrices and therefore factor analysis could be performed. The results are presented in subsequent tables.

4.5.7 Factor Analysis for Organization wide Practices

This indicator of key account management practices had been tested using a total of 9 items. Factor analysis of this indicator produced the results in Table 4.15.

Table 4.15 Rotated Matrix for Organization Wide Practices

Item Description	Component Loadings	
	1	2
The bank has made changes in organizational structure to accommodate KAM	.941	
The bank considers senior manager buy-in of KAM important	.935	
The bank has defined key account selection criteria	.930	
Everyone in the bank is trained to understand KAM	.927	
The bank clearly identifies key accounts	.909	
KAM managers directly report to the bank's CEO	.901	
The bank has a KAM Champion	.770	
There is active involvement of top management in KAM within the bank		.848

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

From the rotated matrix for key organization wide practices above, all the items had a factor loading of above .400. The factor loadings all ranged between .516 and .941.Only two factors namely, the bank has made changes in organizational structure to accommodate KAM and the bank considers senior manager buy-in of KAM important. The factors explained 76.32 % of the total variance of the construct (Appendix V). The two items were therefore retained for analysis. The result of the factor analysis indicate

that the items under organization wide practices can be reduced into only two which can be renamed as senior management buy in of key account management practices (factor 1) and active involvement of senior management in key account management within the bank (factor 2). The senior management buy in of KAM includes such activities as the bank making changes in organizational structure to accommodate KAM, The bank has defined key account selection criteria, training of all employees in the bank to understand KAM, clear identification of key accounts and the fact that key account managers report to the bank's CEO. There is active involvement of top management in key account management matters within the bank was the only item in factor 2.

4.5.8 Factor Analysis for Operational Practices

This indicator of key account management practices had been tested using a total of 10 items. Factor analysis of this indicator produced the results in Table 4.16.

Table 4.16 Rotated Matrix for Operational Practices

Item Description	Component Loadings		
	1	2	3
The bank has branches close to the key accounts	.886		
The bank has a well-developed feedback process with key customers	.837		
The bank's top management is constantly in touch with that of the key account	.828		
The bank makes products suitable to the needs of a particular key account	.768		
The bank has individual key account plans	.693		
The bank initiates joint activities with key accounts		.774	
The bank sets prices with a specific key account in mind		.732	
The bank has appointed specialist key account managers		.644	
The bank's does promotional campaigns that are tailor-made for a particular key account			.793
The bank undertakes joint investment with key accounts			.510

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

a. Rotation converged in 4 iterations.

From the rotated matrix for operational practices, all the items had a factor loading of above .400. The factor loadings all ranged between .510 and .866. Three items were retained for further analysis namely: the bank has branches close to the key accounts, the bank has a well-developed feedback process with key customers and the bank's top management is constantly in touch with that of the key account. The factors explained

64.13 % of the total variance of the construct (Appendix VI). The items were retained for analysis. The results in Table 4.16 show that all the ten items loaded onto 3 factors. The reduced factors can be named as follows: Developing customer feedback processes (Factor 1) which involves opening bank branches close to the key accounts, the top management of the bank being constantly in touch with the top management of the key account, the bank designing tailor made products and plans. Customer specific service (Factor 2) includes those activities that are aimed at delivering service that suit the needs of the individual customer and at prices determined for that particular customer. Promotional activities (Factor 3) include activities meant to link banks and their key accounts. There were only two items loading to this factor; joint investment activities between the bank and key accounts and designing customer specific communication programs.

4.5.9 Factor Analysis for People Related Practices

People related practices as an indicator of key account management practices was measured using 10 items. The results of factor analysis are as presented in Table 4.17.

Table 4.17: Factor Analysis for People Related Practices

Item Description	1	2	3	4
The bank regularly sponsors events that bring our employees and those of our key accounts	.975			
The bank encourages interaction between our employees and those of our key accounts	.949			
Those in key management are regularly trained to address emerging trends	.929			
In the bank we consider the input of our key accounts purchasing personnel when preparing marketing plans	.918			
The bank considers the composition of the customer's buying decision unit		.708		
In the bank we consider the key account's relations with our competitors		.703		
The bank considers the likely hood of long term relations with customers			.894	
The bank has established cross functional key account management teams			.559	
The bank has fully trained key account managers				.650
There are specific motivation and reward schemes for key account managers in place in the bank				.638

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

a. Rotation converged in 11 iterations.

From the rotated matrix for people related practices above, all the items with a factor loading of less than .400 were eliminated. The factor loadings all ranged between .559 and .975. Four items where therefore retained for further analysis. The factors explained 74.75 % of the total variance of the construct (Appendix VII). The results in Table 4.17 show that the ten items loaded onto 4 factors implying that only four items are sufficient to explain the people related construct. Interaction between employees of the bank and the key account can be named as factor1. Included in this factor are issues relating to banks sponsoring events that bring its employees and those of the bank's key customers together and encouraging interaction between its employees and those of key customers. Factor 2 is loaded onto by two items which can be named as consideration of the customer's decision making unit. The possibility of long term relations is factor 3 and also includes the formation of key account management teams within the bank.

4.5.10 Factor Analysis for Procedural Practices

Procedural practices as an indicator of key account management practices was measured using 9 items. The results of factor analysis are as presented show that only one component was extracted and therefore the data was rendered un- rotatable. The item procedural practices is retained for the extracted component. The factors explained 80.66% of the total variance of the construct (Appendix VIII).

4.5.11 Factor Analysis of Target Related Practices

Target related practices as an indicator of key account management practices was measured using 11 items. The results of factor analysis are presented in Table 4.18.

Table 4.18: Rotated Factor Matrix for target related practices

Item Description	Component		
	1	2	3
Objectives for key accounts of the bank are in nonfinancial terms	.965		
Key account objectives of the bank are stated only in both financial and nonfinancial terms	.958		
The bank benchmarks against other banks on KAM	.958		
We only have short term key account targets in the bank	.957		
We only have long term key account targets in the bank	.955		
In the bank we have specific targets for the entire KAM program	.946		
We have both long term and short term targets in the bank	.946		
Reporting on progress of key accounts in terms of meeting stated objectives is regular	.946		
The bank's key account objectives are stated only in financial terms	.931		
There are specific KAM targets for each key account in the bank		.997	
Each manager in the bank has specific key account targets			.999

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

From the rotated matrix for target related practices above, all the items with a factor loading of less than .400 were eliminated. The factor loadings all ranged between .931 and .999. Three factors where therefore retained for further analysis since they explained

92.83 % of the total variance of the construct (Appendix IX). The items were all retained for analysis. The items were grouped in terms of the strength of their loadings on various factors.

The results in Table 4.18 show that all 11 items loaded onto three components implying that this construct could be explained using only three factors. Factor1 contains those items that address specific KAM objectives including the types of objectives, the use of benchmarking in KAM and reporting on the progress of key account programs. Factor 2 has only one item which captured data on whether there are specific targets for each key account. Factor 3 similarly has one item which is on the responsibility for each key account with a loading of .999.

4.5.12 Descriptive Statistics for Market Sensing Capabilities

According to Day (1994a), capabilities are intangible and complex bundles of individual skills, assets and accumulated knowledge and input factors exercised through organizational routines and processes. The market sensing capability of a firm depicts its capacity to extract knowledge from the market regarding its competitors, customers and technologies and utilize it so as to acquire more knowledge on its capabilities. Various approaches have been employed to test market-sensing capabilities: process-based, input-based or outcome based measures.

In this study, market sensing capabilities were measured as learning orientation, organizational systems, market information and organizational communication. The questions were based on a five point rating scale ranging from 1= Not at all to 5= to a very large extent. The study adopted a mean score of < 4.50 to be agree to a very large

extent, between 3.50 and 4.49 means that the respondents agree to a large extent, between 2.50 and 3.49 means moderately agree, between 1.50 and 2.49 means agree to a small extent while a score of 0 and 1.45 means that respondents did not agree at all.

4.5.13 Learning orientation

Learning is necessary to motivate tactical adjustments in operations, production and planning and is therefore vital for making operating decisions (Senge, 1990). In order to deliver superior value to its market, a company needs to continually examine the underlying knowledge resource base. In this study, learning was assessed principally using continuous review of processes, critical review of assumptions and employee learning. The findings depicted in table 4.19.

Table 4.19 Mean and Standard Deviation for Learning orientation indicators

Indicator	N	Mean Score	Std. Deviation	COV %
There is total agreement in the bank's vision across all levels and functions	34	4.44	.561	12.63
In the bank we continually review our processes.	34	4.44	.746	16.80
In the bank we critically review our assumptions about our clients	34	4.35	.734	16.87
There is commonality of purpose in the bank	34	4.32	.638	14.76
Employees are committed to the goals of the bank	34	4.32	.806	18.65
Learning is seen as being key to the bank's survival	34	4.29	.676	15.75
In the bank we continually question our perception of the market place	34	4.24	.819	19.22
Learning is viewed as key to improvement of KAM by the bank	34	4.00	.816	20.40
Employee learning is viewed as an investment in the bank	34	3.71	1.315	35.44
Management basically agree that our bank's ability to learn is key to our competitive advantage.	34	3.47	1.051	30.25
Average		**4.16**	**.816**	**19.61**

Source: Research Data, 2017

The results according to Table 4.19 indicate that there is total agreement with the bank's vision across the bank. (Mean=4.44). For key account strategy to be successful it is necessary for employees to agree with the overall vision of the firm since key account strategy is itself a derivative of the company's global vision (Baker, 1999). The question

on whether banks continually review their processes was equally well supported with a mean score 0f 4.44 (Std. Dev.=.756).

The results also indicated that banks perform a critical review of the assumptions about their clients for example the kind of business they are in, the technology employed and the markets they serve. Learning is a facilitator of innovation and ultimately has an influence on business performance. Baker and Sinkula (1999) argue that a superior learning environment will strive to fully employ resources, including the behaviors that accompany a market orientation. The results on items 5 which focused on learning indicate that banks view learning as being key to their survival (Mean=4.29). Respondents moderately agreed on the statement that employee learning is an important investment.

4. 5.14 Organization systems

Organization systems were assessed principally on the basis of degree of centralization, degree of formalization and the extent to which benchmarking is utilized in the bank. Centralization and formalization influence the latitude of decision making enjoyed by managers and employees when dealing with key accounts(Foley & Fahy, 2004). The results are presented in Table 4.20.

Table 4.20 Mean Score and Standard Deviation for Organization systems indicators

Indicator	N	Mean Score	Std. Deviation	COV %
There exists formal rules on engaging key accounts in the bank	34	4.29	.871	20.30
The bank considers the key account management practices of competitors	34	4.15	.989	23.83
The bank's reward systems is market based on defined KAM outcomes	34	4.03	.834	20.69
There are clear hierarchical structures in key account management	34	3.82	.904	23.66
The bank benchmarks against the attitudes of competitors	34	3.82	.968	25.34
There are formal rules and procedures for KAM in the bank	34	3.71	1.060	28.57
The reward system is established taking into account those of competitors	34	3.65	1.012	27.72
The bank's KAM systems are decentralized to the branch levels	34	3.50	1.161	33.14
The bank's KAM goals are clearly stated	34	3.47	1.051	30.25
The bank uses the values of competitors for benchmarking	34	3.44	.786	22.84
Grand Mean , Std. Deviation& COV		**3.78**	**.964**	**25.50**

Source: Primary Data, 2017

The results in Table 4.20 show that there exists formal rules in banks guiding employee engagements with key account (Mean = 4.29). It is also indicated that banks consider the

key account management practices of competitors (Mean = 4.15). Item 3 on the existence of clear hierarchical structures for key account management with a mean of 3.82 indicates that banks have clear lines of reporting in so far as key accounts are concerned. This could be explained by the fact that key accounts are critically important to the bank and therefore it is felt that to safeguard them there has to be very clear lines of reporting.

The key account management systems are decentralized to the branch levels to a large extent (Mean= 3.50). It may be argued that this is because even though much of key account sourcing may be done at senior levels in the bank, account servicing will be done at the branch level. Foley and Fahy (2004) report that the higher the degree of decentralization the better the firm becomes at customer satisfaction.

4.5.15 Market Information

This dimension sought to assess the extent to which banks collect information about the customers, intermediaries, competitors and how such information is disseminated within the bank. One way of achieving excellence in key account management is to ensure that information about customer service and satisfaction flows throughout the organization. Webster (2010) emphasizes that for a firm to be truly customer focused there is need for information to be made available to everybody within the firm and those in outside the firm but fall within its value addition chain, bank agents in the case of banks.

Table 4.21: Mean Score and Standard Deviation for Market Information indicators

Indicator	N	Mean Score	Std. Deviation	COV %
All employees of the bank are aware what the key account management goals of the organization are	34	4.50	.788	17.51
In the bank we actively analyze information about our customers.	34	4.35	.734	16.87
The bank's information system allows for efficient and effective exchange of information	34	4.32	.727	16.82
The key accounts management team plays an advocacy role on key accounts in the bank	34	4.29	.676	15.75
Sensing changes in the market is relevant to the bank's business.	34	4.24	.554	13.06
The bank collect's information about our competitors.	34	3.94	.736	18.68
The bank provides information to other members of the distribution chain. e,g Bank Agents	34	3.91	.933	23.86
The bank's marketing team is responsible for making everybody in the organization customer focused	34	3.88	1.008	25.97
The bank constantly collects market information about our customers.	34	3.71	.871	23.48
Average		**4.08**	**.779**	**19.09**

Source: Primary Data, 2017

The overall mean score according to Table 4.21 is 4.08. This means that market information as a function of management is generally performed to a large extent. According to item 2, all employees of the bank are aware about the key account goals of the bank (Mean = 4.50). Analysis of customer information about customers was supported to large extent also (Mean = 4.35).

Understanding developments within the buying organization is considered very important for the success of key account management strategy (Bacon, 1999). The key account management team arguably plays the role of championing for key account management within the bank. Bacon(1999) notes that there must be advocates of the buying firm within the selling company.

4.5.16 Organizational Communication

The last aspect of market sensing capabilities was organizational communication. Organizational communication explains the manner in which communication among individuals, departments, divisions and with the stakeholders of the organization. O'Connor (1998) notes that there are certain market oriented behaviors including communication that influence its performance. The study sought to establish the extent to which banks were keen on communicating internally about key accounts and also the extent to which they communicate to the particular key accounts.

Table 4.22: Mean Score and Standard Deviation for Organizational Communication indicators

Indicator	N	Mean Score	Std. Deviation	COV %
We use communication to reduce interdepartmental conflicts	34	4.29	.579	13.49
The bank's departments meet regularly to review key account performance	34	4.24	.781	18.41
The bank's Communication on key accounts is two way	34	4.21	.592	14.06
The bank insists on documented communication for key accounts	34	4.15	.744	17.92
The bank has established communication timelines on key accounts	34	4.12	.686	16.65
Information on competitors is made known to all involved key account management	34	4.03	.969	24.04
The bank's lines of communication in relation to key accounts are clearly laid out	34	4.00	.816	20.40
We communicate expected outcomes from key account plans in the bank	34	4.00	.816	20.40
The bank's key account decision making criteria is known to everybody	34	3.94	.736	18.68
In the bank we communicate our organizational values clearly	34	3.74	.931	24.89
Average		**4.08**	**.765**	**18.75**

Source: Primary Data, 2017

As indicated in Table 4.22, banks use interdepartmental communication to reduce conflicts within the departments (Mean =4.29, Std. Dev=.529). The existence of interdepartmental conflicts is expected in companies pursuing key account management strategy because ideally many departments are expected to participate in the satisfaction of one account. Regular departmental meetings are reportedly held to review the performance of key accounts (Mean=4.24, Std. Dev=.781).

According to the results above, banks insist on proper documentation of communication with key accounts (Mean =4.15, Std. Dev.= .744. This might be explained by the fact that most of this communication may be of a contractual nature thereby necessitating proper record keeping. The responses indicate that banks have communication timelines with their key accounts (Mean= 4.12, Std. Dev= .686). Organizational communication is to large extent considered important in the management of key accounts by banks (Grand Mean= 4.08).

Table 4.23: Summary of Descriptive Statistics for Market Sensing Capabilities

Dimension of Market Sensing Capabilities	**Mean Sore**	**Std. Deviation**	**COV %**
Learning Orientation	4.16	.816	19.61
Market information	4.08	.779	19.09
Organizational Communication	4.08	.765	18.75
Organizational Systems	3.79	.964	25.43
Average	**4.028**	**.831**	**20.67**

Source: Primary Data, 2017

The results in Table 4.23 show that learning orientation within banks is considered the most important aspect of market sensing. Organizational systems on the other hand are considered least important (Mean=3.79). The results mean that continuous improvement through learning is given prominence in banks. Being a very competitive industry, the only way for banks to remain ahead of competition is through continuous learning and skill improvement.

4.5.17 Factor Analysis for Market Sensing Capabilities

Exploratory factor analysis for items in the constructs of market sensing capabilities was conducted. Principal component analysis extraction method with varimax rotation method was used and assessment of validity was done by examining the factor loadings of the items in the scale. The Kaiser -Mayer-Olkin(KMO) tests for all indicators of key account management practices were above 0.7. The Barlett's tests for all indicators were 0.00 implying that the correlation matrices are not identity matrices and therefore factor analysis could be performed. The results are presented in subsequent tables.

4.5.18 Factor Analysis of Learning orientation indicators

The degree of learning orientation within the respondent bank was measured using 11 items. The results of factor analysis are as presented in Table 4.24.

Table 4.24: Rotated Factor Component Matrix for Learning Orientation

Item Description	Component	
	1	2
Employee learning is viewed as an investment in the bank	.979	
In the bank we critically review our assumptions about our clients	.951	
In the bank we continually question out perception of the market place	.942	
Learning is seen as being key to the bank's survival	.941	
There is commonality of purpose in the bank	.940	
Employees are committed to the goals of the bank	.933	
There is total agreement in the bank's vision across all levels and functions	.891	
Learning is viewed as key to improvement of KAM by the bank	.860	
In the bank we continually review our customer service processes.		.992

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

From the rotated matrix for learning orientation indicators in Table 4.24, all the items with a factor loading of less than .400 were eliminated. The factor loadings all ranged between .960 and .992. Two factors explained 89.82 % of the total variance of the construct (Appendix X). The items were grouped in terms of the strength of their loadings on various factors.

From Table 4.24, all nine items loaded onto two factors. Factor 1 items are largely to do with customer oriented learning within the bank. Items such as employee learning being viewed as investments by the bank and the bank's continuous review of assumptions about their key accounts loaded very heavily on the factor (factor loading of above .95). Factor 2 had only one item which was intended to capture data on the extent to which banks continually review key account service processes (factor loading of 0. 992).

4.5.19 Factor Analysis for Organization systems indicators

The organization system indicators within the respondent bank was measured using 10 items. The results of factor analysis as presented in Table 4.25.

Table 4.25: Rotated Component Matrix for Organization Systems

Item Description	Component			
	1	2	3	4
The bank's KAM systems are decentralized to the branch levels	.851			
There are clear hierarchical structures in key account management	.842			
There exists formal rules on engaging key accounts in the bank	.791			
The bank's KAM goals are clearly stated	.708			
The bank considers the key account management practices of competitors	.672			
The bank uses the values of competitors for benchmarking		.845		
There are formal rules and procedures for KAM in the bank			.567	
The reward system is established taking into account those of competitors				.958

Rotation Method: Varimax with Kaiser Normalization.
Extraction Method: Principal Component Analysis
a. Rotation converged in 5 iterations.

From the rotated matrix for organization systems indicators, all the items with a factor loading of less than .400 were eliminated. The factor loadings all ranged between .567 and .958. All items above where therefore retained for further analysis. Four factors explained 76.003 % of the total variance of the construct (Appendix XI). The items were grouped in terms of the strength of their loadings on various factors.

A total of four factors were retained for further analysis with factor 1 getting six loadings, factor 2, 3 and 4 getting one loading each. Factor 1 loadings can be viewed as describing the degree of decentralization of the KAM function to branch levels. Factor 2 is on banks benchmarking their values against those of competitors. Factor 3 is on the degree of formalization in KAM while factor 4 is on the establishment of reward systems for KAM.

4.5.20 Factor Analysis for Market Information indicators

The market information indicator within the respondent bank was measured using 10 items. The results of factor analysis as presented in Table 4.26.

Table 4.26: Rotated Component Matrix for Market Information Indicators

Item Description	Component		
	1	2	3
All employees of the bank are aware what the key account management goals of the organization are	.960		
The bank's information system allows for efficient and effective exchange of information	.945		
The bank constantly collects market information about our customers.	.943		
The bank provides information to other members of the distribution chain. e,g Bank Agents	.925		
The bank collect's information about our competitors.	.723		
In the bank we actively analyze information about our customers.		.804	
The key accounts management team plays an advocacy role on key accounts in the bank		.799	
Sensing changes in the market is relevant to the bank's business.			.904
The bank's marketing team is responsible for making everybody in the organization customer focused			.519

Rotation Method: Varimax with Kaiser Normalization.
Extraction Method: Principal Component Analysis.
a. Rotation converged in 4 iterations.

From the rotated matrix for organization systems indicators, all the items with a factor loading of less than .400 were eliminated. The factor loadings all ranged between .519 and .960. The factors explained 75.64 % of the total variance of the construct (Appendix XII). The items were grouped in terms of the strength of their loadings on various factors. Factor 1 loaded with five factors with the lowest loading being 0.723. All five factors focus on creation of awareness about KAM within the bank and within the bank's agents. Factor 2 loaded with two items which focus on information dissemination. Factor 3 is about collection of customer information.

4.5.21 Factor Analysis for Organizational Communication indicators

The organizational communication indicators within the respondent bank was measured using 10 items. The results of factor analysis as presented in Table 4.27.

Table 4.27: Rotated Component Matrix for Organization Communication Indicators

Item Description	Component		
	1	2	3
The bank has established communication timelines on key accounts	.959		
The bank insists on documented communication for key accounts	.948		
In the bank we communicate our organizational values clearly	.943		
The bank's Communication on key accounts is two way	.925		
The bank's key account decision making criteria is known to everybody	.735		
Information on activities of the bank's competitors is made known to all involved key account management		.797	
The bank's lines of communication in relation to key accounts are clearly laid out		.779	
We use communication to reduce interdepartmental conflicts			.962

Rotation Method: Varimax with Kaiser Normalization.
Extraction Method: Principal Component Analysis.
a. Rotation converged in 4 iterations.

From the rotated matrix for organizational communication indicators, all the items with a factor loading of less than .400 were eliminated. The factor loadings all ranged between 0.735 and 0.962. Three factors explained 68.92 % of the total variance of the construct

(Appendix XIII). The items were grouped in terms of the strength of their loadings on various factors.

All the ten items loaded onto the three components. The reduced interpretation of the factor analysis is that factor1 is that the items focus on timeliness and documentation of communication between the bank and key accounts. Factor 2 contains items that address sharing of information about key accounts across all parties involved in serving that key account. Factor 3 with only one item loading is on the use of communication for the resolution of interdepartmental conflicts.

4.5.22 Descriptive statistics for Organizational Characteristics

This is the third independent variable of the study. An Organization can be explained through development of a frame work where the total work is split into manageable components to allow for the attainment of organizational goals and goals or as a machinery or structure manned by group of individuals who are interested meeting common objectives (Kobe, 2007). This study sought to assess the organizational characteristics of commercial banks in Kenya. This variable was operationalized into organizational culture, bank size and the level of technology used in the bank. Questions were based on a five point rating scale ranging from 1= Not at all to 5= to a very large extent. The study adopted a mean score of < 4.50 to be agree to a very large extent, between 3.50 and 4.49 means that the respondents agree to a large extent, between 2.50 and 3.49 means moderately agree, between 1.50 and 2.49 means agree to a small extent while a score of 0 and 1.45 means that respondents did not agree at all.

4.5.23 Organizational Culture

This aspect of organizational culture sought to establish the beliefs, customs value systems and behavioral norms and ways of conducting business within and outside the bank. Badura et al.(1999) note that the culture of an organization will be manifest in leadership, decision making process and in the way through which the formal structure and business procedures are transposed into routine activities. A summary of the results is contained in Table 4.28.

Table 4.28: Mean Score and Standard Deviation for Organizational Culture indicators

Organizational Culture Indicators	N	Mean Score	Std. Deviation	COV %
We encourage guarded risk taking in the bank	34	4.44	.705	15.87
There is trust among employees of the bank	34	4.41	.783	17.75
Employees in the bank trust one another	34	4.24	.699	16.48
We value fairness and reward in the bank	34	4.18	.797	19.06
Employees in the bank are not penalized for new ideas that do not work.	34	4.15	.558	13.44
Rules in the bank are dealt with in a pragmatic way	34	4.09	.712	17.40
The bank supports individual decision making	34	4.03	.834	20.69
The bank encourages innovative solutions to customer problems	34	4.00	.739	18.47
We promote team work among our staff members	34	4.00	.739	18.47
In the bank we advise our clients the best way we know how	34	3.94	.694	17.61
Bank managers are long term directed	34	3.74	.864	23.10
Average		**4.11**	**.738**	**17.95**

Source: Primary Data, 2017

Table 4.28 reveals that banks encourage guarded risk taking (Mean=4.44, Std. Dev.=.705). This response is not surprising given the nature of the business of commercial banks. Trust among employees is also highly regarded (Mean= 4.41, Std. Dev=.783). Possibly in an attempt to encourage innovativeness banks do not penalize employees for new ideas implemented prudently that do not work (Mean=4.15, Std. Dev=.558). This is complemented by item number 8 on which respondents indicate that banks provide innovative solutions to customer problems (Mean=4.00, Std.Dev=.739).

Item 6 was intended to assess the degree to which banks permit flexibility in the interpretation of rules. This item had a mean score of 4.09 (Std. Dev.=.712). This indicates that banks allow a wide latitude to their managers in the interpretation of rules when dealing with key accounts. This pragmatic approach to rules is supported by Kalwani and Narayandas (2000). This result is highly supportive of item 8 which sought to measure whether banks support individual decision making (Mean=4.03, Std.Dev.=.834). Banks also indicate that they encourage both application of innovative solutions to issues touching on key accounts and teamwork in the addressing the needs of key accounts both with means > 4.00.

4.5.24 Bank Size

This was the second aspect of organizational characteristics to be measured. The size of the bank was measured using four items namely: customer deposits, branch network, capital reserves and total net assets. The respondents were required to indicate the extent

to which the provided measures of bank size were considered important on a scale of 1 (Not at all important) to 5 (very important). The results are as provided in Table 4.29.

Table 4.29: Mean Score and Standard Deviation for Indicators of Bank Size

Indicators	N	Mean	Std. Deviation	COV %
The bank management believes branch network is important	34	4.53	.611	13.48
Our customer deposits are considered important	34	4.53	.662	14.61
The bank's capital reserves are considered critical	34	4.15	.892	21.49
The bank's Total Net Assets is a critical consideration	34	4.09	.753	18.41
Grand Mean and Std. Deviation		**4.33**	**.730**	**16.85**

Source: Primary Data, 2017

The results in Table 4.29 indicate that customer deposits are considered as a very important indicator of bank size (Mean = 4.53, Std.Dev. .611). The results can be interpreted to mean that banks are applying the most customer oriented approach in determining the size of a bank. The second item sought to assess the extent to which branch network is considered as an important measure of size. This item has a mean score similar to customer deposits (Mean=4.53, Std Dev.=.662). This indicates that the number of branches operated by a bank is just as important as customer deposits in determining the size of a bank. The capital reserves of a bank are considered quite in important in

determining bank size (Mean=4.15, Std. Dev=.892). The total net assets scored a mean score of 4.09 (Std.Dev=.753, COV=16.9%).The fact that the grand mean of indicators of bank size was 4.33 underscores the importance of bank size.

4.5.25 Bank Technology

Technology determines how an organization delivers value to the customer. Bank technology as an aspect of organizational culture was meant to indicate the extent to which the bank has embraced the service technologies provided. This dimension was measured using 6 items on a scale of 1 (Not at all) to 5 (very large extent).

Table 4.30: Mean Score and Standard Deviation for Indicators of Bank Technology

Indicators	N	Mean	Std. Deviation	COV %
The bank involves Key accounts in the design of customer interface software	34	4.56	.613	13.44
The bank has heavily utilized Automated Machines	34	4.44	.705	15.87
The bank has utilized internet banking	34	4.38	.779	17.78
Technology audit is carried out frequently in the bank	34	4.32	.684	15.83
The bank uses mobile banking	34	4.06	1.043	25.68
The bank has installed the best customer interface software in the industry	34	3.91	.830	21.22
Average		**4.28**	**.776**	**18.13**

Source: Primary Data, 2017

Table 4.30 indicates that banks involve their key customers in the design of software that interface with the consumer (Mean=4.56, Std.Dev= .613). Involvement of consumers in service design or improvement has been argued as the hallmark of customer focus (Baker, 1999). Banks indicate that they have invested in automated teller machines (ATMs) and are also heavily utilizing internet banking (Mean =4.44 and 4.38 respectively). The use of mobile banking was indicated as important though with lower mean of 4.06. Mobile phone banking is one of the newest technologies in the banking industry and like with other new technological innovations, banks may not be heavily reliant on it for now.

Table 4.31: Summary of Descriptive Statistics for Organizational Characteristics

Dimension of Organizational characteristics	**Mean Score**	**Std. Deviation**	**COV %**
Bank Size	4.33	.730	16.85
Bank Technology	4.28	.776	18.10
Organizational Culture	4.11	.738	17.95
Average	**4.24**	**.748**	**17.64**

Source: Research Data, 2017

The results according to Table 4.31 indicate that bank size is considered an important aspect of organizational characteristics (Mean=4.24, Std. Dev.=.730, COV=17.6%). Organizational culture is also considered important but ranks below both size and technology. The size of a financial institution is important in that it is likely to inspire confidence on the part of customers.

4.6 Factor Analysis for Organizational Characteristics

Exploratory factor analysis for items in the constructs of organizational characteristics was conducted. Principal component analysis extraction method with varimax rotation method was used and assessment of validity was done by exploring the factor loadings of the items in the scale. The Kaiser -Mayer-Olkin(KMO) tests for all indicators of organizational characteristics were above 0.7. The Barlett's tests for all indicators were 0.00 demonstrating that the correlation matrices are not identity matrices and therefore factor analysis could be performed. The results are presented in subsequent tables.

4.6.1 Factor Analysis on Organizational Culture

Organizational culture as a construct of organizational characteristics was measured using 11 items. The findings of factor analysis as presented in Table 4.32.

Table 4.32: Rotated Component Matrix for Organizational Culture

Item Description	Component		
	1	2	3
Bank managers are long term directed	.961		
Employees in the bank trust one another	.958		
The bank encourages innovative solutions to customer problems	.958		
We promote team work among our staff members	.951		
In the bank we advise our clients the best way we know how	.947		
We encourage guarded risk taking in the bank	.924		
There is trust among employees of the bank	.789		
Rules in the bank are dealt with in a pragmatic way		.730	
Employees in the bank are not penalized for new ideas that do not work.		.630	
The bank supports individual decision making		.573	
We value fairness and reward in the bank			.864

Rotation Method: Varimax with Kaiser Normalization.
Extraction Method: Principal Component Analysis
a. Rotation converged in 4 iterations.

From the rotated matrix for organizational culture indicators, all the items with a factor loading of less than .400 were eliminated. The factor loadings all ranged between 0.573 and 0.961. Three factors explained 77.63 % of the total variance of the construct

(Appendix XIV). The items were grouped in terms of the strength of their loadings on various factors.

The reduced factor interpretation is as follows: factor1 items share commonness in terms of explaining long term directedness of bank managers. This means that when dealing with key accounts, bank managers are focused on the long term. Factor 2 is about bank employees making decisions without necessarily undergoing bureaucratic processes. Decision making is pragmatic. Factor 3 contains only one item which explains fairness in rewards for those involved in satisfying the needs of key accounts.

4.6.2 Factor Analysis of Bank Size

Bank size as a construct of organizational characteristics was measured using 6 items. The results of factor analysis as presented in Table 4.33.

Table 4.33: Rotated Component Matrix for Bank Size

Item Description	Component	
	1	2
Our customer deposits are considered important	.956	
The bank management believes the number of employees is important	.954	
Floor size is an important consideration	.946	
The bank's capital reserves are considered critical		.750
The bank's Total Net Assets is a critical consideration		.710

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

From the rotated matrix for bank size indicators, all the items with a factor loading of less than .400 were eliminated. The factor loadings all ranged between 0.710 and 0.956. Two factors explained 77.63 % of the total variance of the construct (Appendix XVI). The items were grouped in terms of the strength of their loadings on various factors.

The factors are reduced to two components which shows that bank size can be explained using two factors only. Factor 1 aggregates the non-financial measures of bank performance while factor 2 accommodates items relating to financial measures of bank size.

4.6.3 Factor Analysis of Bank Technology

The technology employed by a bank as a construct of organizational characteristics was measured using 6 items. The results of factor analysis as presented in Table 4.34.

Table 4.34: Rotated Component Matrix for Bank Technology

Item Description	Component		
	1	2	3
Technology audit is carried out frequently in the bank	.972		
The bank has heavily utilized Automated Machines	.956		
The bank has installed the best customer interface software in the industry	.925		
The bank involves customers in the design of customer interface software		.897	
The bank uses mobile banking		.634	
The bank has utilized internet banking			.926

Rotation Method: Varimax with Kaiser Normalization.
Extraction Method: Principal Component Analysis
a. Rotation converged in 4 iterations.

From the rotated matrix for bank technology indicators above, all the items with a factor loading of less than .400 were eliminated. The factor loadings all ranged between 0.634 and 0.972. Three factors explained 85.71 % of the total variance of the construct (Appendix XVI). The items were grouped in terms of the strength of their loadings on various factors.

Three factors emerged after reduction; factor 1 is on regularity of technological audits. Factor 2 accommodates items leaning towards customer involvement in decisions to do with bank technology. Factor 3 is about utilization of internet banking.

4.6.4 Descriptive Statistics for Organizational Performance

This was the dependent variable of the study. Organizational performance was assessed from using the Balanced Score Card conceptualization (Kaplan & Norton, 1992). Non financial performance was measured using customer satisfaction indicators, the internal process indicators, and learning and growth indicators.

4.6.4.1 Customer Satisfaction

Customer satisfaction is directly aligned with the core business of any firm. Customer satisfaction in this study was assessed using 9 items. The respondents were required to indicate the extent to which the statements provided described customer satisfaction in their banks on a scale of 1 (Not at all) to 5 (very large extent).

Table 4.35: Mean Score and Standard Deviation for customer satisfaction

Indicators	N	Mean	Std. Deviation	COV %
The bank innovates frequently on customer service delivery and complaint resolution	34	4.32	.684	15.83
The bank's corporate image has improved	34	4.29	.760	17.71
The bank gets a sizeable number of new customers through positive customer referral compared to competitors	34	4.26	.710	16.67
Compared to competitors the bank's customer retention rate is higher	34	4.21	.641	15.22
The bank manages to deliver special products flexibly according to customers' orders.	34	4.12	.729	17.69
The bank's customers are always proud of our services	34	4.12	.844	20.48
The bank's customers do not leave even when there are price changes in the market	34	4.03	.797	19.77
Prices of the bank's products are much more competitive compared to our competitors.	34	3.94	.694	17.61
The bank's market share is larger than that of our competitors'	34	3.79	.946	24.96
Average		**4.12**	**.756**	**18.34**

Source: Primary Data, 2017

The results in Table 4.35, respondents reported that banks frequently innovate on customer service delivery and complaint resolution (Mean= 4.32, Std. Dev= .684). In a competitive environment, innovation and continuous service improvement is key to customer retention and acquisition. Complaint analysis and resolution has been suggested as a possible indicator of the direction that innovation should take (Kotler, 2000). On item 3, respondents indicated that banks get a sizeable number of new customers from referrals (Mean= 4.26, Std. Dev=.710). The willingness of a customer to refer another to firm is an indication satisfaction on their part.

Item number 5 was meant to assess the degree to which banks design services to meet the special needs of the customer. This item had a mean score of 4.12 (Std. Dev=.729). Willingness to customize products to customer needs and requirements will ultimately lead to customer satisfaction. A very critical indicator of the depth of the relationships an organization has with its customers is the fact that these customers do not leave even when there is an increase in prices. This item registered a mean score of 4.03 (Std. Dev.= .946). The market share of a bank was considered to be moderately important in determining customer satisfaction.

4.6.4.2 Internal Business Process

This aspect of organizational performance was meant to assess the extent to which the banks consider the items provided in relation to internal processes. Internal business process was measured using 6 items. The relevant results are summarized in Table 4.36.

Table: 4.36: Mean and Standard Deviation for customer Internal Business process

Indicators	N	Mean Score	Std. Deviation	COV %
IT and accounts are better managed in our bank compared to our competitors	34	4.24	.699	16.48
We give a lot of attention to quality control in the bank	34	4.18	.834	19.95
Outward logistics including after sales services are well managed in our bank.	34	4.15	.610	14.69
In marketing innovations (entering new markets, new pricing methods, new	34	3.91	.996	25.47
The bank introduces a large number of new products compared to our competitors	34	3.91	.753	19.25
The bank invests in research and development	34	3.71	1.001	26.95
Average		**4.02**	**.812**	**20.19**

Source: Primary Data, 2017

The results in Table 4.36 show that the respondents agreed to large extent with all the items provided. The statement that IT and accounting issues were better addressed in the banks than by their competitors (Mean= 4.24, Std Dev.=.699). Item 2 was meant to assess the extent to which banks undertake quality control. This item had a mean score of 4.18 (Std. Dev=.834). On whether banks introduced a large number of products compared to competitors, the mean score was 3.91 (Std. Dev=.753). This indicates that respondents

moderately agreed with this statement. Commercial banks are heavily regulated in terms of new product improvement by the regulator and this may explain the results on this item.

4.6.4.3 Learning and Growth

This was the last aspect of non-financial measures of organizational performance. Learning and growth is an indicator of an organizations' investment in improvement. In this study respondents were required to indicate to which they believe the bank has shown marked improvement in the items provided. A total of 8 items were used to measure learning and growth. The results are as shown in Table 4.37.

Table 4. 37: Mean and Standard Deviation for Learning and growth

Indicators	N	Mean	Std. Deviation	COV %
In new product and service introduction, our bank is often first-to-market	34	4.44	.786	17.70
The bank is continuously designing new products.	34	4.29	.799	18.62
The bank is committed to ensuring that our products and procedures conform to the needs of customers	34	4.26	.828	19.43
In the bank we understand there is need for employee development on client relations	34	4.12	.844	20.48
The bank is continuously carrying out technological improvement	34	4.12	.591	14.34
The bank is committed to ensuring that our IT systems comply with the current needs of the company.	34	4.00	.778	19.45
The bank management is committed to continuously develop new features on our existing products.	34	3.79	.914	24.11
The bank's new products and services are often perceived as very novel by customers.	34	3.03	.717	23.66
Average		**4.01**	**.782**	**19.50**

Source: Primary Data, 2017

Results in Table 4.37 indicate that banks generally scored well on all items that is being the first to introduce new products in the markets, continuously designing new products, commitment to products and procedures conform to customer needs and continuously improving their IT systems (all with a mean score of above 4.00). Item 7 which sought to assess the extent to which banks are committed to the development of new features had a mean of 3.79. Literature explains that even development of new product features gives rise to new product so for interpretation purposes item 7 is included in item 2.

Table 4.38: Summary of Descriptive statistics for Non- Financial Performance

Dimension of Non-Financial performance	**Mean**	**Std. Deviation**	**COV %**
Customer satisfaction	4.12	.756	18.34
Internal Business process	4.02	.812	20.19
Learning and growth	4.01	.782	19.50
Average	**4.05**	**.783**	**19.33**

Source: Research Data, 2017

Table 4.38 shows that respondents agreed with items on all the items presented under non financial performance to large extent. However, customer satisfaction had a higher grand mean than internal business process and learning and growth (Average mean=4.12, Std. Dev=.756). The implication is that market based measures of performance are considered better indicators of performance than internally focused measures of performance.

4.6.4.4 Factor Analysis of Non Financial Measures of Bank Performance

Exploratory factor analysis for items in the constructs of non financial performance was executed. Principal component analysis extraction method with varimax rotation method was used and assessment of validity was done by examining the factor loadings of the items in the scale. The Kaiser -Mayer-Olkin (KMO) tests for all indicators of organizational characteristics were above 0.7. The Barlett's tests for all indicators were 0.00 indicating that the correlation matrices are not identity matrices and therefore factor analysis could be performed.

4.6.4.5 Factor Analysis of Customer Satisfaction

This construct of non-financial performance was measured using 13 items. The results of factor analysis as presented in Table 4.39.

Table 4.39: Rotated Component Matrix for Customer Satisfaction

Item Description	Component				
	1	2	3	4	5
The bank continuously improves on existing products and raises quality of new products	.912				
The bank's customers do factor in the bank's relationship with them in their corporate plans	.892				
Our customers are always proud of our services	.820				
The bank's market share is larger than that of our competitors'	.637				
We have been able to integrate some of our processes with those of certain key accounts		.839			
The bank innovates on customer service delivery and complaint resolution		.790			
Prices of the bank's products are much more competitive compared to our competitors.		.753			
The bank's corporate image has improved		.711			
Our customers in the bank do not leave even when there are price changes in the market		.622			
Compared to competitors the bank's customer retention rate is higher			.946		
Our customer's rate of trial of competitor's products is very low				.922	
The bank gets a sizeable number of new customers through positive customer referral compared to competitors				.651	
The bank manages to deliver special products flexibly according to customers' orders.					.780

Rotation Method: Varimax with Kaiser Normalization.
Extraction Method: Principal Component Analysis.
a. Rotation converged in 11 iterations.

From the rotated matrix for customer satisfaction indicators, all the items with a factor loading of less than .400 were eliminated. The factor loadings all ranged between 0.622 and 0.946. Five factors explained 83.25 % of the total variance of the construct (Appendix XVII). The items were grouped in terms of the strength of their loadings on various factors.

Factor reduction of this construct produced 5 components. Factor 1 is on continuous quality improvement within the bank. Factor 2 consolidates items on integration of some bank processes with those of key accounts. Factor 3 explains the rate of bank customer retention of customers which is also an indicator of customer satisfaction. Factor 4 aggregates items on rate of customer trial of the products of competitor banks. Lastly factor 5 explains banks designing products that suit the needs of individual customers.

4.6.4.6 Factor Analysis of Internal Business process

Internal business process as a measure of non-financial performance was measured using 6 items. The results of factor analysis as presented in Table 4.40.

Table 4. 40: Rotated Component Matrix for Internal Business Process

Item Description	Component	
	1	2
We give a lot of attention to quality control in the bank	.936	
IT and accounts are better managed in our bank compared to our competitors	.902	
In marketing innovations (entering new markets, new pricing methods, new	.505	
The bank introduces a large number of new products compared to our competitors		.825
The bank invests in research and development		.809
Outward logistics including after sales services are well managed in our bank.		.621

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

From the rotated matrix for internal business process indicators, all the items with a factor loading of less than 0.400 were eliminated. The factor loadings all ranged between 0.505 and 0.936. Two factors explained 66.44 % of the total variance of the construct (Appendix XVIII). The items were grouped in terms of the strength of their loadings on various factors.

Factor reduction indicates that factor 1 aggregates items focusing on quality control whereas factor 2 explains items on new product development. These two factors are therefore sufficient to explain internal business processes.

4.6.4.7 Factor Analysis on Learning and Growth

Learning and growth as a construct of non-financial performance was measured using six items. The results of factor analysis as presented in Table 4.41.

Table 4. 41: Rotated Component Matrix for Learning and Growth

Item Description	Component			
	1	2	3	4
The bank's new products and services are often perceived as very novel by customers.	.976			
In the bank we understand there is need for employee development on client relations	.961			
The bank is committed to ensuring that our products and procedures conform to the needs of customers	.951			
In new product and service introduction, our bank is often first-to-market		.811		
The bank introduces a large number of new products compared to our competitors		.565		
The bank is committed to ensuring that our IT systems comply with the current needs of the customer.			.832	
In marketing innovations (entering new markets, new pricing methods, new			.734	
The bank invests in research and development				.918

Rotation Method: Varimax with Kaiser Normalization.
Extraction Method: Principal Component Analysis.
a. Rotation converged in 9 iterations.

From the rotated matrix for learning and growth, all the items with a factor loading of less than .400 were eliminated. The factor loadings all ranged between 0.565 and 0.976.The two factors were retained for further analysis. The factors explained 82.34 % of the total variance of the construct (Appendix XIX). The items were grouped in terms of the strength of their loadings on various factors.

CHAPTER FIVE: TESTS OF HYPOTHESES

5.1 Introduction

This chapter is an outcome of the preliminary findings as presented in chapter four and literature review presented in chapter two. This study's purpose was to establish the relationships between four variables namely: key account management practices, market sensing capabilities, organizational characteristics and performance. The research objectives and hypotheses as contained in chapters one and two respectively are meant to establish existing relationships and are conclusively addressed in this chapter.

This section presents the findings of the quantitative analyzes of the association among the variables of the study and the tests of hypotheses. These analyzes are presented in four sections namely: relationship between key account management and performance; the relationship between key account management practices, market sensing capabilities and performance; the relationship between key account management practices, organizational characteristics and performance; the influence of key account management practices, market sensing capabilities, organizational characteristics and performance.

5.2 Correlation Analysis

Correlation analysis using Pearson's Product Moment and correlation coefficient method was done on the variables of the study to establish any underlying relationships amongst them. The results are presented in Table 5.1.

Table 5.1: Correlation Analysis of the Study Variables

KAMP	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	34			
MSC	Pearson Correlation	.482**	1		
	Sig. (2-tailed)	.004			
	N	34	34		
OC	Pearson Correlation	.443**	.271	1	
	Sig. (2-tailed)	.009	.121		
	N	34	34	34	
OP	Pearson Correlation	.516**	.364*	-.123	1
	Sig. (2-tailed)	.002	.034	.489	
	N	34	34	34	34

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

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

Source: Research Data, 2017

The findings in Table 5.1 show that the relationship between corporate key account management practices and organizational performance was positive and statistically significant (r=.516, p-value=.002). Similarly the relationship between market sensing capabilities and organizational performance is moderately positive and statistically significant (r =.364, p-value = .034).

The association between key account management practices and market sensing capabilities is positive and statistically significant (r = .482, p- value = 0.004). The

association between key account management and organizational characteristics is also positive and statistically significant (r = .443, p- value =.009). The implication is that key account management practices, market sensing capabilities and organizational characteristics influence organizational performance. The relationship between key account management practices and organizational performance also returns a positive and significant correlation (r = . 516, p- value = 0.002).

5.3 Regression Analyses and Hypothesis Testing

This study was based on the premise that key account management practices influence organizational performance but this association is mediated by market sensing capabilities and moderated by organizational characteristics. Simple and multiple regression analyses were conducted at 95 % confidence level to determine the statistical significance of the hypothesized relationships.

5.3.1 Key account Management Practices and Firm Performance

The study's first objective was to assess the direct relationship between key account management practices and the performance of Kenyan commercial banks. Key account management practices was operationalized into organization wide KAM practices, people related KAM practices, procedural KAM practices and target setting KAM practices. Bank performance was tested using both non-financial and financial measures. All were in a scale of 1 to 5. Literature supports the proposition that there is a positive relationship between key account management practices and performance (Gounaris & Tsempelikos, 2013; Davies & Ryals, 2014). This empirical evidence and logic led to the

belief that key account management practices have a positive and statistically significant relationship with performance of commercial banks. To assess the influence of key account management practices and Kenyan commercial banks' performance, the hypothesis below was tested;

H_1: There is a significant relationship between Key Account Management Practices And Performance

Key account management practices were regressed on performance and the results are presented Table 5.2.

Table 5.2: Regression results for Key Account Management Practices and Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.516[a]	.266	.243	.50376

a. Predictors: (Constant), KAMP

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.944	1	2.944	11.601	.002[b]
	Residual	8.121	32	.254		
	Total	11.065	33			

a. Dependent Variable: OP

b. Predictors: (Constant), KAMP

Coefficients

Model		Un-standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.102	.892		.114	.910
	KAMP	.847	.249	.516	3.406	.002

a. Dependent Variable: Organizational Performance

The results in Table 5.2 show that key account management practices had a statistically significant influence on organizational performance. It explained 26.6 % of variance (R^2=0.266). The standardized regression coefficients (β) of the composite scores of key account management practices were 0.516 with a t-test of 3.406 and a p-value of .002.

The results indicate a linear relationship between bank performance and key account management practices.

Previous studies have reported a positive and significant relationship between key account management practices and non financial performance. Gounaris and Tsempelikos (2013) report a positive association between key account management practices and performance. Homburg et al. (2002) however found an inverse relationship between account management practices and performance. The hypothesis that key account management practices significantly influence performance is therefore backed by the present study. The resulting regression equation is;

$OP=\beta_0+\beta_1 X_1+ \varepsilon$

OP= 0.102 + 0.516 KAMP

Where

OP= Organizational Performance

KAMP= Key Account Management Practices

5.3.2 Key Account Management Practices, Market Sensing Capabilities and Performance

The mediating influence of market sensing capabilities on the relationship between key account management practices and performance was measured using Baron and Kenny (1986). In the current study it was hypothesized that key account management practices indirectly influence the performance of Kenyan commercial banks. Literature supports

the mediating role of market sensing capabilities (Ahmed et al,. 2017; Ardyan, 2016) and this leads to the second hypothesis:

H_2; Market Sensing Capabilities significantly Mediate the relationship between Key Account Management Practices and Performance of Kenyan commercial banks

Table 5.3 Regression Results for the Effect of KAMP on Organizational Performance

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.516[a]	0.266	0.243	0.50376

a. Predictors: (Constant), KAMP

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.944	1	2.944	11.601	.002[b]
	Residual	8.121	32	0.254		
	Total	11.065	33			

b. Dependent Variable: OP
c. Predictors: (Constant), KAMP

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.102	0.892		0.114	0.001
	KAMP	0.847	0.249	0.516	3.406	0.002

a. Dependent Variable: OP

Table 5.3 shows that Key Account Management Practices has a direct effect on organizational performance as indicated by a coefficient of 0.516. The results in Table indicate that the influence of KAMP on organizational performance is significant (R Square = 0.266, F = 11.601, $p < 0.05$) with 26.6% of the variation in organizational performance explained to a large extent by the variation in KAMP. The F ratio indicates that the regression of KAMP on organizational performance is significant at $p < 0.05$, imply that the regression model had a goodness of fit. The beta was equally significant ($\beta = 0.516$, $t = 3.406$, $p < 0.05$). The first mediation condition that the independent variable should be linked to a large extent to the dependent variable without the existence of the mediating variable is therefore fulfilled

Table 5.4 Regression Results for the effect of KAMP on MSC

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.482[a]	0.232	0.208	0.36042

a. Predictors: (Constant), KAMP

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.257	1	1.257	9.674	.004[b]
	Residual	4.157	32	0.13		
	Total	5.414	33			

a. Dependent Variable: MSC

b. Predictors: (Constant), KAMP

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.59	0.638		2.49	0.018
	KAMP	0.553	0.178	0.482	3.11	0.004

a. Dependent Variable: MSC

Table 5.4 indicates that Key Account Management Practices has a direct effect on marketing sensing capabilities with a coefficient of 0.482. The results in Table 5.3 indicate that the influence of KAMP on MSC is significant (R Square = 0.232, F = 9.674, $p < 0.05$) with 23.2% of the variation in MSC being described to a large extent by the variation in KAMP. The F ratio shows that the regression of KAMP on MSC is significant at $p < 0.05$, which is evidence of the goodness of fit of the regression model. The beta was equally significant ($\beta = 0.516$, $t = 3.406$, $p < 0.05$). The first mediation

condition that the independent variable should be linked to a large extent to the dependent variable without the existence of the mediating variable is therefore fulfilled

Table 5.5 Regression Results for the Effect of MSC on Organizational Performance

Model Summary

Model	R	R Square	Adjusted R^2	Std. Error of the Estimate
1	.364[a]	0.132	0.105	0.54776

a. Predictors: (Constant), MSC

ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.464	1	1.464	4.879	.034[b]
	Residual	9.601	32	0.3		
	Total	11.065	33			

a. Dependent Variable: OP

b. Predictors: (Constant), MSC

Co-efficients[a]

Model		Un-standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.273	0.845		1.507	0.002
	MSC	0.52	0.235	0.364	2.209	0.034

a. Dependent Variable: OP

Table 5.5 indicates a weak relationship between market sensing capabilities and organizational performance (R=0.364) with market sensing capabilities explaining 13.2 % variation in organizational performance. The difference of 86.8% is accounted for by variables not considered in this model. The first mediation condition that the independent

variable should be linked to a large extent to the dependent variable without the existence of the mediating variable is therefore fulfilled

Table 5.6 Regression Results for the Effect of KAMP and MSC on Organizational Performance

Model	R	R^2	Adj. R^2	Std. Error of Estimate	R^2 change	F change	df	Sig. F change
1	0.516[a]	0.266	0.243	0.5038	0.516	10.141	1	0.000
2	0.623[b]	0.321	0.256	0.4734	0.107	1.252	1	0.000

a. Predictors (Constant), KAMP

b. Predictors (Constant), KAMP, MSC

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
Regression		2.455	1	2.944	11.601	0.002[b]
1	Residual	8.121	32	0.254		
Total		10.276	33			
Regression		4.249	2	1.856	9.726	0.002 [c]
2	Residual	6.027	31	0.210		
Total		10.276	33			

a. Dependent Variable: OP

b. Predictors (Constant), KAMP

c. Predictors (Constant), KAMP, MSC

Co- efficients [a]

Model	Unstandardized coefficients		Standardized coefficient	t	Sig.
	Beta	Std. Error	Beta		
(Constant)	0.102	0.892		0.714	0.01
1 KAMP	0.847	0.249	0.516	0.646	0.02
(Constant)	0.216	0.124		1.837	0.02
2 KAMP	0.257	0.033	0.471	0.245	0.07
MSC	0.065	0.241	0.322	0.862	0.01

a. Dependent Variable: OP

Table 5.6 indicates a strong relationship between key account management practices, market sensing capabilities and organizational performance with a correlation co efficient of 0.623 (P value= 0.000). The co efficient increased from 0.516 by 0.107 when MSC was introduced as a predictor in the model. This implies that the inclusion of MSC enhanced the relationship between KAMP and performance by an additional 10.7 %. The R^2 also increased from 0.266 to 0.321 (P value=0.000). With the presence of MSC the model becomes stronger as reflected in Table 5.6. Therefore MSC has a full mediation between KAMP and performance, which leads to the conclusion that hypothesis 2, is supported in the current study.

The results show that market sensing capabilities mediate the association between key account management and performance and are consistent with Vorhies and Mason (2009). Literature concludes that key account management and market orientation have a lot in common since they are both primarily concerned with customer satisfaction while

building long term relationships (McDonald & Woodburn 2000; Narver & Slater,1990; Kohli & Jaworski, 1990; Homburg & Pflesser, 2000). Indeed Tsempelikos and Gounaris (2013) report that key account management relationships can be found in market orientation. Empirical studies therefore do not draw a clear line of distinction between key account management and market orientation. Following this line of argument then, studies on the relationship between market orientation and performance with marketing capabilities as a mediating variable are deemed relevant in the current study.

5.3.3 Key Account Management Practices, Organizational Characteristics and Performance

The third objective assessed the influence of organizational attributes on association between key account management practices and performance. Theoretical foundation led to the belief that organizational characteristics moderate the association between key account management practices and performance. This believe culminated in the following hypothesis:

H_3: Organizational Characteristics significantly Moderate the relationship between Key Account Management Practices and Performance of Kenyan Commercial Banks

The relevant test results are presented in Table 5.4;

Table 5.4 Moderation Tests

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.516[a]	0.266	0.243	0.50376
2	.648[b]	0.419	0.382	0.4552

a. Predictors: (Constant), KAMP

b. Predictors: (Constant), KAMP, OC

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.944	1	2.944	11.601	.002[b]
	Residual	8.121	32	0.254		
	Total	11.065	33			
2	Regression	4.642	2	2.321	11.200	.000[c]
	Residual	6.423	31	0.207		
	Total	11.065	33			

a. Dependent Variable: OP

b. Predictors: (Constant), KAMP

c. Predictors: (Constant), KAMP, OC

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.102	0.892		0.114	0.910
	KAMP	0.847	0.249	0.516	3.406	0.040
	OC	5.114	1.631		3.136	0.004
2	(Constant)	1.383	0.922	0.544	2.794	0.002
	KAMP	1.164	0.251	0.709	4.647	0.000
	OC	-0.666	0.233	-0.437	-2.862	0.007
	Interaction term	0.234	0.073	1.533	3.202	0.007

Predictors: (Constant), Organization Characteristics, Key Account Management Practices

Predictors: (Constant), Organization Characteristics, Key Account Management Practices (interaction term)

Dependent Variable: Organizational Performance

From the regression findings as presented in Table 5.4, the relationship between Key Account Management Practices and organizational performance was significant (R Square = 0.266, F = 11.601, $p > 0.05$). The results indicate that 26.6% of the changes in organizational performance were attributed to key account management practices while 73.4% of the variation in organizational performance was due to other factors related to organizational performance. The F ratio shows that the regression of key account management practices on organizational performance is significant. The beta was significant ($\beta = 0.516$, $t = 3.406$, $p < 0.05$).

In establishing the moderating effect of organizational characteristics on the association between key account management practices and organizational performance, stepwise regression was used to establish the interaction effects. The second model shown in Table 4, shows that combining the predictors (key account management practices and organizational characteristics) was positive and significant (R Square = 0.419, F = 11.2, P< 0.05). The findings indicate that 41.9% of the variations in organizational performance are attributed key account management practices and organizational characteristics. The F ratio indicates that regression of key account management practices and organizational characteristics on organizational performance is significant at $p < 0.05$. However, the model failed to account for 58.1% of the variation in organizational performance, implying that other factors not included in the model other than key account management practices and organizational characteristics had an effect on organizational performance. The beta values for key account management practices was significant $\beta = 0.709$, $t = 4.647$, $p< 0.05$), the beta for organizational characteristics was significant ($\beta = -0.437$, $t = -2.862$, $p < 0.05$). The findings therefore support the hypothesis that organizational characteristics moderate the association between key account management practices and performance.

The beta coefficients imply that introducing organizational characteristics in the model moderates the influence of key account management practices on organizational performance significantly but negatively. This finding has is not consistent with literature. Organizational characteristics have been reported to positively moderate relationships where performance is the dependent variable (Waithaka, 2014).

The resulting regression equation is;

$OP = 1.383 + 0.709 X_1 - 0.437 X_2 + 1.533 X_3$

Where;

OP= Organizational Performance

X_1= KAMP

X_2= Organizational Characteristics

X_3= Interaction Term (KAMP*OC)

Under change statistics, the results reveal that there was a change in R square by 15.3 % from 26.6 % to 41.9 % when the interaction variable (Organization Characteristics, Key Account Management Practices) was introduced.

5.3.4 Key Account Management Practices, Market Sensing Capabilities, Organizational Characteristics and Firm Performance

The last objective sought to establish the joint effect of key account management practices, market sensing capabilities and organizational characteristics on performance. Theoretical logic led to the believe that there is a joint influence of key account management practices, market sensing capabilities, organizational characteristics on performance which gave rise to the following hypothesis:

H4: The joint effect of Key Account Management Practices, Market Sensing Capabilities and Organizational Characteristics on Performance is significant

Table 5.5 Test for Joint Effect

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.667[a]	0.445	0.39	0.45232

a. Predictors: (Constant), OC, MSC, KAMP

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	4.927	3	1.642	8.028	.000[b]
	Residual	6.138	30	0.205		
	Total	11.065	33			

a. Dependent Variable: OP

b. Predictors: (Constant), OC, MSC, KAMP

Coefficients[a]

Model		Un-standardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.004	0.971		1.034	0.309
	KAMP	1.028	0.274	0.627	3.751	0.001
	MSC	0.263	0.222	0.184	1.182	0.007
	OC	-0.686	0.232	-0.45	-2.959	0.006

a. Dependent Variable: OP

The regression results for model 1 indicate that joint effect of the influence of key account management practices, organizational characteristics and marketing sensing capabilities on organizational performance was significant (R Square = 0.445, F= 8.028, $p < 0.05$). The F ratio indicates that the regression of KAMP, MSC and OC on organizational performance is significant at $p < 0.00$. The beta values for key account management practices was significant $\beta = 0.627$, $t = 3.751$, $p< 0.05$), the beta for marketing sensing capabilities was insignificant ($\beta = 0.184$, $t = 1.182$, $p > 0.05$) and the beta for organizational characteristics was significant ($\beta = -0.686$, $t = -2.956$, $p < 0.05$).

The regression model used to predict the joint effect of key account management practices, market sensing capabilities and organizational characteristics on performance is fitted as follows:

$OP= 1.004 + 0.627X_1+0.184\ X_2- 0.45\ X_3+\varepsilon$

Where;
OP= Performance
X_1 = Key Account Management Practices
X_2 = Market Sensing Capabilities
X_3 = Organizational Characteristics

The positivist approach guided the attempt to clear the research gaps earlier explained. Four hypotheses were derived from the four objectives outlined in 1.3. Each of the four hypotheses was tested using regression analysis to establish any underlying relationships. Pearson's Product Moment Correlation was also carried out to establish any correlations between the study variables. A summary of the hypotheses tests are presented in Table 5.6.

Table 5.6: Summary and Results of Hypotheses Testing

Research objective	Research Hypotheses	Interpretation of results	Conclusion
1.To determine the relationship between key account management practices and the performance of commercial banks in Kenya	**H1:** There is a relationship between key account management practices and organizational performance.	R= 0.516; Adjusted R^2= 0.243; F=11.601 Significance at P-Value= 0.002 There is a weak but significant association between KAMP and performance, implying that KAMP explains 26.6 % changes in performance outcomes	The results indicate that KAMP significantly predicts firm performance outcome. Hypothesis 1 is therefore supported
2. To determine the influence of market sensing capabilities on the relationship between key account management practices and performance of commercial banks in Kenya	**H2**: Market sensing capabilities mediate the relationship between key account management practices and organizational performance.	R= 0.648; Change in Adjusted R^2= 0.256 FΔ = 8.889 Significance at P- Value= 0.000 There is a strong significant relationship between KAMP, MSC and performance outcomes of the firm, implying that the mediation effect of MCS changes the direct effect of KAMP on performance by 10.7 %	The results indicate that market sensing capabilities significantly mediate the relationship between key account management practices and performance Hypothesis 2 is therefore supported
3.To determine the influence of organizational	**H3:**Organisational characteristics moderate the relationship between key	R= 0.648; Adjusted R^2=	The results indicate that Organizational

characteristics on the relationship between key account management practices and performance of commercial banks in Kenya	account management practices and organizational performance	0.382 FΔ=0.401 Significance at P- Value = 0.000 There is a relatively weak but significant relationship between KAMP, Organizational Characteristics and performance of the firm, implying that OC is a weak moderator of the relationship between KAMP and performance	Characteristics moderate the relationship between key account management practices and performance. Hypothesis 3 is therefore supported.
4. To determine the joint effect of market sensing capabilities and organizational characteristics on the relationship between key account management practices and performance of commercial banks in Kenya	**H4**: There is a joint effect of market sensing capabilities and organizational characteristics on the relationship between key account management practices and organizational performance.	R= 0.667; Adjusted R^2= 0.39 Significance at P- Value= .000 There is a moderately weak relationship between KAMP, MSC, OC and performance, implying that 39% of bank performance outcomes is explained by the joint effect of KAMP, MSC and Organizational Characteristics	The results indicate that key account management practices, market sensing capabilities and organizational characteristics jointly influence firm performance Hypothesis 4 is therefore supported

Source: Primary Data, 2017

CHAPTER SIX: SUMMARY, DISCUSSION, CONCLUSIONS AND IMPLICATIONS

6.1 Introduction

The section presents a summary of the research problem while discussing the findings from the quantitative analyses of the hypothesized association. It also discusses the implications of the findings to managers and explains the limitations of the study while providing future research directions in key account management specifically and relationship marketing generally. The chapter is structured on the basis of the format established in the objectives and hypotheses in an attempt to explain the findings and reason out why they are the way they are and the extent of the consistency of the results with both empirical findings and theoretical arguments.

6.2 Summary

This study set out to establish the association between key account management practices, market sensing capabilities, organizational characteristics and performance by addressing four gaps in literature namely: the extant, unconsolidated and still growing literature on key account management practices; contradicting findings on the association between key account management practices and performance; the existing literature on the relationship between key account management practices and performance does not discuss the mediating and moderating influences of market sensing capabilities and organizational characteristics respectively; the joint effect of key account management practices, market sensing capabilities and organizational characteristics on performance.

To address the three gaps identified above, four objectives were established as follows: to determine the impact of key account management practices on performance of commercial banks; to assess the effect of market sensing capabilities on the relationship

between key account management practices and commercial banks' performance; to establish the influence of organizational characteristics on the association between key account management practices and performance of commercial banks and to determine the joint effect of key account management practices, market sensing capabilities and organizational characteristics on performance of commercial banks

The conceptual model presented in Figure 2.1 was hypothesized as follows: There is a significant relationship between KAMP and organisational performance; Market Sensing Capabilities significantly mediate the relationship between KAMP and performance; Organizational Characteristics moderate the relationship between KAMP and performance; KAMP, Market Sensing Capabilities and Organizational characteristics jointly influence performance. The hypothesized relationships were tested and a summary of the empirical findings is presented in Figure 6.1.

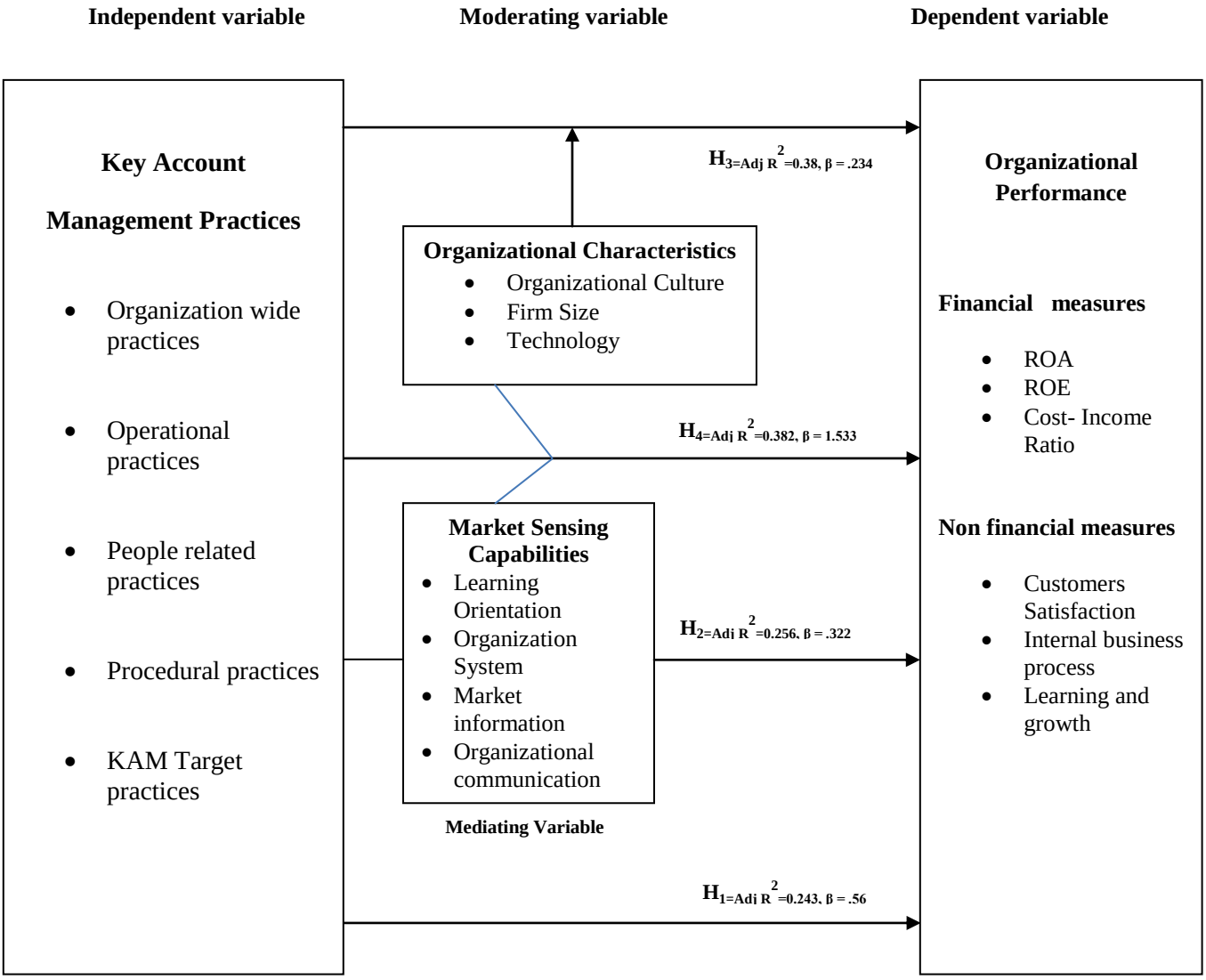

Figure 6.1: Empirical Model

6.3 Discussion of Findings

The foregoing results were discussed in relation to other studies to establish any underlying consistencies or disagreements. The findings largely are supported by existing studies.

6.3.1 Key Account Management Practices and Performance

The first research objective was to assess the influence of key account management practices on performance of Kenyan commercial banks. Key account management practices were categorized into organization wide practices, people related practices, target related practices, procedural practices and operational practices. Performance was tested using both financial and non financial measures. The believe was that the intensity with which the above mentioned practices are implemented influences both financial and non financial performance aspects of a firm.

The findings are in line with Narayandas and Kalwani (1995) and Galbreath (2002). They report that implementation of key account management programs increases the profitability of a firm. Galbreath (2002) found a positive correlation between key account management and a firm's return on investment. There is also substantial evidence linking higher customer service levels to enhanced profitability (Tsempelikos & Gounaris, 2015; Reichfield & Sasser, 1990). However, Homburg et al. (2002) report that increased attention to key accounts might negatively impact on a firm's profitability in the long term.

6.3.2 The Mediating Effect of Market Sensing Capabilities

This second objective sought to explore the mediating influence of market sensing capabilities on the association between key account management practices and the performance of Kenyan commercial banks. Market sensing capabilities were categorized into learning orientation, organizational systems, organizational communication and market information. The results indicate that market sensing capabilities positively and significantly mediate the relationship between key account management practices and performance. The implication is that market sensing capabilities is a mediator of the relationship between the two.

The results are consistent with Lindblom et al. (2008) who report that a weak but significant association exists between market sensing capabilities and performance. Day (1994) argues that market sensing capabilities are vital in the development of a customer focus and ultimately influence firm performance. Market sensing capabilities are concerned with collection of information about customers and the archiving of that information into some accessible institutional memory. The belief is that understanding of customer needs leads to superior delivery of value. This is further supported by Vorhies and Morgan (2005) who found that market sensing capabilities are key drivers of business performance.

6.3.3 The Moderating effect of Organizational Characteristics

The third objective of the study was to determine the moderating influence of organizational characteristics on the relationship between key account management practices and firm performance of commercial banks in Kenya. Size of the bank, culture and technology were used in the measurement of organizational characteristics. The

results indicate that organizational characteristics significantly moderate the relationship between key account management practices and the performance outcomes of a bank.

The results report a positive coefficient (1.533) for the interaction term between KAMP and organizational characteristics. The findings in this study are consistent with literature. Arun (2013) reports that there is a positive and significant relationship between the characteristics of an organization and performance. Arun's (2013) view that there is a positive relationship between confirms Woodburn's (2008) position and is further buttressed by Davies and Ryals (2014) argument that the success of key account management programs requires substantial adjustment in organizational culture and structure. Workman et al. (2003) report that the success rate of KAM programs are depended on the internal environments within the firms. They specifically address themselves to the importance of adopting an organization wide culture that is supportive of KAM programs. Sengupta et al. (1997) and Day (1994) are in agreement that intrapreneurial ability is a determinant of performance through the intermediate processes of communication and trust. These are both critical aspects of the culture of an organization.

6.3.4 Joint effect of Key Account Management Practices, Market Sensing Capabilities and Organizational Characteristics on Firm Performance.

This study objective was to examine the joint effect of key account management practices, market sensing capabilities and organizational characteristics on performance of Kenyan commercial banks. The results of the study indicate that the joint effect of key account management practices, market sensing capabilities and organizational characteristics on performance is greater than the influence of the individual variables. The findings showed that the individual variables had varied influences on performance. The study results indicate that organizational characteristics significantly moderate the association between key account management and performance even though the co-efficient is negative.

6.4 Conclusion

The study's broad objective was to establish the association between key account management practices, market sensing capabilities, organizational characteristics and the performance of Kenyan commercial banks. The study's specific objectives were to : establish the influence of key account management practices on commercial banks' banks; assess the effect of market sensing capabilities on the association between key account management practices and performance of commercial banks; establish the influence of organizational characteristics on the correlation between key account management practices and performance of commercial banks; determine the joint effect of key account management practices, market sensing capabilities and organizational

characteristics on commercial banks' performance. The study's findings led to the following conclusions;

There is a linkage between key account management practices and performance of commercial banks in Kenya and key account management practices are positively related to Kenyan commercial banks' performance. This finding confirms that the key account management practices that a firm has in place will have an influence on the performance of that firm. Very robust key account management practices therefore result in higher levels of performance.

The results also reveal that market sensing capabilities mediate the relationship between key account management practices and performance of Kenyan commercial banks. The finding are consistent with earlier findings on the mediating role of marketing capabilities on the relationship between a firm's market orientation and performance (Vorhies & Morgan (2005). The findings indicate that the key account management practices that a commercial bank has in place will influence that bank's ability to collect, analyze and manage information which in turn affects the bank's performance.

The results further reveal that organizational characteristics moderate the relationship between key account management practices and the performance of commercial banks in Kenya. The characteristics of the bank as reflected in size, technology and culture were found to influence performance negatively. The relationship is therefore such that when size, technology and culture are enhanced, the influence of KAMP on performance of the bank is negatively affected.

The results finally indicate that the joint effect of key account management practices, market sensing characteristics and organizational characteristics is greater than the influence of key account management practices alone. This shows that integrating key account management practices, market sensing capabilities, organizational characteristics has a superior effect on organizational performance than that of key account management practices alone.

6.5 Implications of the Research Findings

The current study examined the relationship between key account management practices and Kenyan commercial bank's performance. The study also examined the mediating role of market sensing capabilities and the moderating influence of organizational characteristics. This study was based on the relationship marketing theory, the resource dependency theory and the dynamic capabilities view. A study should contribute to the filling of existing research gaps for the benefit of both scholars and managers (Magutu, 2013). The findings of this study conducted in the commercial banks in Kenya therefore have implications for managers, scholars and policymakers.

6.5.1 Implications for Key Account Management Theory

The study found that key account management practices positively influence firm performance. These findings confirm the relationship marketing theory. The broad goal of the relationship marketing theory is to identify the key drivers that affect vital firm outcomes and of the causal associations between the drivers and the outcomes (Sheth & Parvatiyar, 2007). This theory roots for firms to deliberately isolate those activities and customers that have the greatest effect on the firms goals such as profitability. Key account management emphasizes the identification of those accounts that are considered

to be of strategic importance to the firm. A premise of the relationship marketing theory is that creation of long term relations between the supplier firm and the buying organization ultimately results in greater profits for both parties.

The findings support the resource dependency theory. The RDT is also a basic theoretical view to articulate joint ventures and associations among organizations including strategic alliances and, R & D agreements and buyer and seller relationships (Barringer & Harrison, 2000). Empirical evidence supports associations to reduce the international and domestic environmental complexity and gain resources (Goes & Park, 1997). It is noted in key account management literature that when KAM is practiced at the highest level, firms may invite executives of constraining major customers and suppliers onto their board to gain their support. The belief is that power games between the executives of the two firms may affect their performance.

The finding that market sensing capabilities significantly mediate the relationship between key account management practices and performance supports the dynamic capabilities theory. Dynamic capabilities is the ability to attain new competitive advantage sources through increased flexibility and speed in adapting to the dynamic environment (Teece & Pisano, 1994). Market sensing capabilities are a subset of the greater capabilities of the firm. The manner in which managers develop firm- specific competencies is greatly associated to the business processes of the firm, market opportunities and positions. Market sensing capabilities have therefore been confirmed to influence performance thereby confirming the postulations of the dynamic capabilities theory.

The study has contributed to theory by using an integrated approach to examine the relationships between key account management practices, market sensing capabilities and organizational characteristics. The finding that KAMP, Market sensing capabilities and Organizational characteristics significantly influence performance has expanded the knowledge horizon in relation to key account management. Most of the studies in key account management have used only two variables with KAM as the independent variable and performance at the outcome variable (Davies & Ryals, 2014; Gounaris & Tzempelikos, 2013). This has enriched the literature on key account management.

6.5.2 Implications for Policy

Commercial banks in Kenya are expected to play a key role in the attainment of Vision 2030. Indeed the banking industry generally has been identified as one of the most critical sectors under the economic pillar. The banking industry in any country provides the wheels on which economic development roll. It is therefore in the best interests of all other sectors that the banking industry be as vibrant as possible. The entry of non banking institutions into the provision of banking services has created an even greater urgency on the part of commercial banks in Kenya. The situation is further compounded by the emergence of mobile phone banking and internet banking all of which operate to lower the costs of customer switching from one bank to another.

The study established that the practices that a commercial bank has put in place for the management of their key customers have implications on their performance. The Central Bank of Kenya may consider recommending to commercial banks that they structure their boards such that strategic customers are given a representation. This will be in recognition of the fact when KAM is practiced at the highest level then the management

teams of the buyer and supplier get close and sometimes each may contribute in board meetings of the other.

The finding that market sensing capabilities influence the relationship between key account management practices and commercial banks' performance also has implications for policy. The Central Bank of Kenya may direct that commercial banks grow capacity to collect information about the market. This information collection function may have to be given support within the particular commercial bank just like any other department. This will make commercial banks more responsive to changing needs of their customers and the move is likely to be for the good of the entire industry in the long run.

6.5.3 Managerial Implications

The study has found an association between key account management practices and performance. These results point to the need for mangers of commercial banks to initiate a change of managerial paradigms within their banks. All employees including the top management have to be sensitized on the essence of key account management. The study advocates that all components of key account management including the organization wide, operational, target setting, people related and procedural practices be adopted. This is because their adoption has been proven to yield considerable benefits to the firm.

The study offers valuable insights on how commercial banks can use elements of market sensing such as; commitment to learning, open mindedness in learning ,decentralization in decision making, formalization of decision making, benchmarking activities, use of reward systems, development of a market information system; organizational communication which emphasizes on clear decision making approach and

organizational values. A firm's information collection and communication, learning orientation and organizational structures have been reported to influence performance when combined with key account management.

6.6 Limitations of the Study.

Even though the study has contributed to knowledge on the relationship between key account management practices, market sensing capabilities, organizational characteristics and performance, it has certain limitations. According to Kirchoff (2011) most research designs and methods have a validity flaw and limitation of precision and realism aimed at generalization.

The study was conducted in the context of the service sector and specifically the financial sector of the economy. Generalizability of the findings to sectors such as manufacturing may not be possible because of the structural, operational and regulatory differences. Due to the very nature of services where characteristics such as intangibility and heterogeneity are real challenges, trust between the seller and the buyer may be more critical in the formation of relationships than in manufacturing.

This study relied on only thirty four respondents for data analysis. This number is below the statistically recommended minimum of fifty units for rigor in regression analysis.

Only one respondent was used in the study to collect data from each bank. This meant that it was not possible to triangulate and check the extremes of the single respondent. The problem with using a single respondent is that it makes the study prone to respondent bias which may affect the validity of the study. Construct validity in this study was enhanced by pretesting the instrument on five (5) respondents and performing factor

analysis to determine the correctness of the constructs and the respondents' understanding of them. This ensured that even though only one respondent was used, the responses were as accurate as possible.

The study adopted the cross-sectional survey design. In a cross-sectional survey design, data is collected once at one point in time. Even though useful in pinpointing characteristics of the variables, cross-sectional studies may not be appropriate for capturing data on variables that may change overtime such as perceptions.

6.7 Suggestions for Further Research

This study's general objective was to establish the influence of key account management practices, market sensing capabilities and organizational characteristics on the performance of Kenyan commercial bamks. In the process of conducting this study, opportunities for further research in this area were identified as follows;

This study used firm performance as the outcome variable. Even though the study was measuring the influence of key account management practices on the performance of the firm as a whole, there is a possibility that the relationship was contaminated by the presence of other organization wide variables. There is need for future studies to focus on testing the influence of key account management practices on the performance of KAM programs. This approach insulates the KAM variables from interference from other organization wide variables.

The current study used the cross- sectional study design. It is recommended that the longitudinal research design should be used for the same study in future. A longitudinal design enables the collection of data at different points in time (Churchill & Emory,

2001). This design is especially relevant when studying the adoption of key account management on performance. The argument is that data on the two variables will be collected during the various stages in the KAM adoption process starting from Pre-KAM up to the current period.

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APPENDICES

APPENDIX I: RESEARCH QUESTIONNAIRE

This questionnaire is structured for collection of data from commercial banks in Kenya. This data will be analyzed to establish the relationship between key account management practices, market sensing capabilities, organizational characteristics and firm performance. The collected data will only be used for academic purposes and utmost confidentiality is assured. It is to completed by relationship managers, marketing managers or branch managers in commercial banks. The questionnaire is divided into various sections in order to exhaustively address the objectives of the study. Please answer the questions as precisely as possible. Clarification can be sought whenever it arises.

SECTION A: GENERAL INFORMATION

Please tick (✓) one of the choices provided for questions 1 to 8

1. Information on Respondent

1) Title/Designation……

2) Name of Bank ……

3) Highest level of formal education

O levels/A levels	( )
Diploma	( )
Postgraduate Diploma	( )
Bachelor's degree	( )
Master's degree	( )
Doctorate (PhD)	( )

4) How many years have you worked in this Bank?

Less than 10 years ( )

10-15 years ( )

16-20 years ( )

21-25 years ( )

26-30 years ( )

Over 30 years ( )

5) Number of years in operation of the Bank in Kenya

[ ] Below 10 years

[ ] 10-20 years

[ ] 21-30 years

[ ] 31-40 years

[ ] Above 40 years

6) What is the structure of ownership of the bank?

[ ] Wholly locally owned

[ ] Wholly foreign owned

[ ] Both foreign and locally owned

[ ] Wholly government owned

[ ] Partly Private and Partly government owned.

7) Indicate the asset base of the bank.

[ ] Below K Shs 10 billion

[ ] KShs 10-20 billion

[ ] KShs 21-30 billion

[ ] KShs 31-40 billion

[ ] above K Shs 40 billion

8) How many branches does the bank have in Kenya?

[ ] Below 5

[ ] 5-10

[ ] 11-15

[ ] 16-20

[ ] Above 20

SECTION B: KEY ACCOUNT MANAGEMENT PRACTICES

Indicate the extent to which the following statements describe the organization wide key account management practices in your bank using a scale where **1** =Not at all, **2** = Small Extent, **3** = Moderate Extent, **4** =Large Extent, **5** = Very Large Extent

B1: Organization wide KAM practices	**1**	**2**	**3**	**4**	**5**
The bank considers senior manager buy-in of KAM					
The bank has a KAM Champion					
There is active involvement of top management in KAM within the bank					
Everyone in the bank is trained to understand KAM					
The bank has defined key account selection criteria					
The bank has made changes in organizational structure to accommodate KAM					
The bank clearly identifies key accounts					

Please indicate the extent to which the following statements describe the Operational key account management practices in your bank using a scale where: **1** =Not at all, **2** = Small Extent, **3** = Moderate Extent, **4** =Large Extent, **5** = Very Large Extent

	1	**2**	**3**	**4**	**5**
B2: Operational KAM practices					
The bank has individual Key Account plans					
The bank has a well-developed feedback process with key customers					
The bank initiates joint activities with Key Accounts					
The bank undertakes joint investment with Key Accounts					

Indicate the extent to which the following statements describe the People related key account management practices in your bank using a scale where: 1-Not at all, 2-Small extent, 3-Moderate Extent, 4-Large Extent and 5- Very large Extent

	1	**2**	**3**	**4**	**5**
B3:People-related KAM practices					
The bank has appointed specialist Key Account Managers					
The bank has fully trained Key Account Managers					
The bank has established cross functional KAM teams					
There are specific motivation and reward schemes for Key Account Managers in place in the bank					
We consider the customer's relations with our competitors					
The bank considers the composition of the customer's buying decision unit					
The bank considers the likely hood of long term relations					

Indicate the extent to which the following statements describe the Procedural key account management practices in your bank using a scale where:**1** =Not at all, **2** = Small Extent, **3** = Moderate Extent, **4** =Large Extent, **5** = Very Large Extent

B4: Procedural KAM practices	**1`**	**2**	**3**	**4**	**5**
The bank has established specialized policies and procedures for handling key accounts					
The bank's Key Account managers have a good access to internal resources					
The bank provides differentiated and higher service levels for Key Accounts					
The bank ensures sufficient IT support for KAM					
In the bank we forecast the lifetime value of Key Accounts					

Indicate the extent to which the following statements describe describe the KAM Target and Performance practices in your bank using a scale where:**1** =Not at all, **2** = Small Extent, **3** = Moderate Extent, **4** =Large Extent, **5** = Very Large Extent

	1	**2**	**3**	**4**	**5**
B5: KAM Target practices:					
In the bank we have Specific targets for the entire KAM program					
The bank benchmarks against other Banks on KAM					
We have specific KAM targets for each key account in the bank					
In the bank we monitor the degree of attainment of the KAM program targets					

SECTION C: MARKET SENSING CAPABILITIES

Indicate the extent to which the following statements describe Learning Orientation in your company using a rating scale where 1= Not at all, 2 = Small Extent,3 =Moderate extent ,4=Large Extent, 5 = Very Large Extent

C1:Learning orientation indicators	**1**	**2**	**3**	**4**	**5**
Management basically agree that our bank's ability to learn is key to our competitive advantage.					
Learning is viewed as key to improvement of KAM by the bank					
Employee learning is viewed as an investment in the bank					
Learning is seen as being key to the bank's survival					
There is commonality of purpose in the bank					
There is total agreement in the bank's vision across all levels and functions					
Employees are committed to the goals of the bank					
In the bank we critically review our assumptions about our clients					
In the bank we continually question out perception of the market place					
In the bank we continually review our processes.					

Indicate the extent to which the following statements describe Organizational Systems in your company using a rating scale where 1= Not at all, 2 = Small Extent,3 =Moderate extent ,4=Large Extent,
5 = Very Large Extent

C2: Organization systems indicators	**1**	**2**	**3**	**4**	**5**
The bank's KAM systems are decentralized					
There are formal rules and procedures for KAM in the bank					
The bank's reward systems is market based on defined KAM outcomes					
The bank's KAM goals are clearly stated					

Indicate the extent to which the following statements describe Market Information in your company using a rating scale where **1**= Not at all, **2** = Small Extent,**3** =Moderate extent ,**4**=Large Extent, **5** = Very Large Extent

C3: Market Information indicators	**1**	**2**	**3**	**4**	**5**
The bank constantly collects market information about our customers.					
The bank collect's information about our competitors.					
Sensing changes in the market is relevant to the bank's business.					
In the bank we actively analyze information about customers.					
The bank provides information to other members of the distribution chain. E,g Bank Agents					
The bank's information system allows for efficient and effective exchange of information					
All employees of the bank are aware what the KAM goals of the organization are					

Indicate the extent to which the following statements describe Organizational Information in your company using a rating scale where **1**= Not at all, **2** = Small Extent,**3** =Moderate extent ,**4**=Large Extent, **5** = Very Large Extent

C4: Organizational communication indicators	**1**	**2**	**3**	**4**	**5**
In the bank we communicate our organizational values clearly					
The bank's key account decision making criteria is known to everybody					
The bank's lines of communication in relation to key accounts are clearly laid out					
We communicate expected outcomes from key account plans in the bank					

SECTION D: ORGANIZATIONAL CHARACTERISTICS

To what extent do the following statements reflect the culture in your bank?
1=Not at all, **2** = To a small extent, **3**=To a moderate extent, **4**=To a large extent and **5**=To a very large extent

SECTION E. ORGANIZATIONAL PERFORMANCE

D1: Organizational Culture indicators	**1**	**2**	**3**	**4**	**5**
The bank encourages innovative solutions to customer problems					
Bank managers are long term directed					
Rules in the bank are dealt with in a pragmatic way					
In the bank we advise our clients the best way we know how					
Employees in the bank trust one another					
The bank supports individual decision making					
We value fairness and reward in the bank					
We promote team work among our staff members					
We encourage guarded risk taking in the bank					
Employees in the bank are not penalized for new ideas that do not work.					
There is trust among employees of the bank					

To what extent do the following statements describe aspects of size of your bank?
1-Not at all, 2-Small extent, 3-Moderate Extent, 4-Large Extent and 5- Very large Extent

D2: Indicators of Size	**1**	**2**	**3**	**4**	**5**
The bank's Total Net Assets is a critical consideration					
Our customer deposits are considered important					
The bank's capital reserves are considered critical					
The bank management believes branch network is important					

To what extent do the following statements describe aspects of Technology in your bank? 1-Not at all, 2-Small extent, 3-Moderate Extent, 4-Large Extent and 5- Very large Extent

D3: Indicators of Technology	**1**	**2**	**3**	**4**	**5**
The bank has installed the best customer interface software in the industry					
Technology audit is carried out frequently in the bank					
The bank has heavily utilized Automated Machines					
The bank has utilized internet banking					
The bank uses mobile banking					
The bank involves customers in the design of customer interface software					

To what extent do the following statements on customer satisfaction describe performance in your bank on a scale of, 1-Not at all, 2-Small extent, 3-Moderate Extent, 4-Large Extent and 5- Very large Extent

Non financial performance

E1: Indicators of Customer satisfaction	**1**	**2**	**3**	**4**	**5**
Prices of the bank's products are much more competitive compared to our competitors.					
The bank's market share is larger than that of our competitors'					
Compared to competitors the bank's customer retention rate is higher					
The bank gets a sizeable number of new customers through positive customer referral compared to competitors					
Our customers in the bank do not leave even when there are price changes in the market					
We have been able to integrate some of our processes with those of certain key accounts					
The bank innovates on customer on customer service delivery and complaint resolution					
The bank's customers do factor in the bank's relationship with them in their corporate plans					
The bank's corporate image has improved					
Our customers are always proud of our services					
Our customer's rate of trial of competitor's products is very low					
The bank manages to deliver special products flexibly according to customers' orders.					
The bank continuously improves on old products and raises quality of new products.					

To what extent do the statements on Internal Business process apply to your bank on a scale of, 1-Not at all, 2-Small extent, 3-Moderate Extent, 4-Large Extent and 5-Very large Extent

E2: Indicators of Internal Business process	**1**	**2**	**3**	**4**	**5**
The bank invests in research and development					
In marketing innovations (new distribution methods, new pricing methods, entering new markets, etc.) our company is better than competitors					

The bank introduces a large number of new products compared to our competitors					
Outward logistics including after sales services are well managed in our bank.					
We give a lot of attention to quality control in the bank					
IT and accounts are better managed in our bank compared to our competitors					

To what extent do the following statements on Learning and growth apply to your bank on a scale of, 1-Not at all, 2-Small extent, 3-Moderate Extent, 4-Large Extent and 5- Very large Extent

E3: Learning and growth	**1**	**2**	**3**	**4**	**5**
The bank management is committed to continuously develop new features on our existing products.					
The bank is continuously designing new products.					
The bank is continuously carrying out technological improvement					
Our bank is often first in marketing the formation and introduction of new products					
The bank is committed to ensuring that our IT systems comply with the current needs of the company.					
The bank is committed to ensuring that our products and procedures conform to the needs of customers					
In the bank we understand there is need for employee development on client relations					
The bank's new products and services are often perceived as very novel by customers.					

E4. Financial Performance

Primary Data on Financial Performance

To what extent do the following statements describe Financial Performance in your company for the last 5 years? 1-Not at all, 2-Small extent, 3-Moderate Extent, 4-Large Extent and 5- Very large Extent

Statement	1	2	3	4	5
Return on Assets (ROA, %) in our bank is well above the industry average provided below					
The bank's Cost –Income ratio is well below industry average provided below					
Return on assets (ROE, %) in our bank is well above the industry average provided below					

Industry Averages

Ratio	Average for the last 5 years
ROA	2.8%
ROE	15.4%
CIR	46%

Secondary Data on Financial Performance

APPENDIX II

Licensed Commercial Banks in Operation in Kenya as At 31st December, 2015

SOURCE: Kenya Bankers Association (2016)

1. Commercial Bank of Africa
2. Citibank
3. Chase Bank Kenya (In Receivership)
4. CfC Stanbic Holdings
5. Barclays Bank of Kenya
6. Victoria Commercial Bank
7. United Bank for Africa
8. Trans National Bank Kenya
9. Bank of India
10. Standard Chartered Kenya
11. Sidian Bank
12. Prime Bank (Kenya)
13. Paramount Universal Bank
14. Oriental Commercial Bank
15. NIC Bank
16. National Bank of Kenya
17. Middle East Bank Kenya
18. Kenya Commercial Bank
19. Jamii Bora Bank
20. Bank of Baroda
21. Imperial Bank Kenya (In receivership)
22. I&M Bank
23. Housing Finance Company of Kenya
24. Habib Bank AG Zurich
25. Habib Bank
26. Gulf African Bank
27. Guardian Bank
28. Guaranty Trust Bank Kenya
29. Giro Commercial Bank

30. First Community Bank
31. Bank of Africa
32. Fidelity Commercial Bank Limited
33. Family Bank
34. Equity Bank
35. Equatorial Commercial Bank
36. Ecobank Kenya
37. Diamond Trust Bank
38. Development Bank of Kenya
39. Credit Bank
40. Cooperative Bank of Kenya
41. Consolidated Bank of Kenya
42. African Banking Corporation Bank (Kenya)

APPENDIX III ; KMO Tests

KMO and Bartlett's Test for Organization wide Practices

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.783
Bartlett's Test of Sphericity	Approx. Chi-Square	201.833
	df	36
	Sig.	.000

KMO and Bartlett's Test for Operational Practices

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.861
Bartlett's Test of Sphericity	Approx. Chi-Square	411.672
	df	36
	Sig.	.000

KMO and Bartlett's Test for People-Related Practices

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.894
Bartlett's Test of Sphericity	Approx. Chi-Square	537.604
	df	55
	Sig.	.000

KMO and Bartlett's Test for Procedural Practices

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.809
Bartlett's Test of Sphericity	Approx. Chi-Square	406.268
	df	28
	Sig.	.000

KMO and Bartlett's Test for Target Practices

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.932
Bartlett's Test of Sphericity	Approx. Chi-Square	660.054
	df	55
	Sig.	.000

KMO and Bartlett's Test for Learning Orientation

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.932
Bartlett's Test of Sphericity	Approx. Chi-Square	660.054
	df	55
	Sig.	.000

KMO and Bartlett's Test for Organization Systems

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.902
Bartlett's Test of Sphericity	Approx. Chi-Square	558.774
	df	45
	Sig.	.000

KMO and Bartlett's Test for Market Information

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.760
Bartlett's Test of Sphericity	Approx. Chi-Square	418.086
	df	36
	Sig.	.000

KMO and Bartlett's Test for Organizational Communication

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.779
Bartlett's Test of Sphericity	Approx. Chi-Square	325.564
	df	45
	Sig.	.000

APPENDIXIV; Total Variance Explained For Organization wide Practices

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.732	63.690	63.690	5.732	63.690	63.690	5.725	63.608	63.608
2	1.137	12.629	76.319	1.137	12.629	76.319	1.144	12.711	76.319
3	.974	10.827	87.146						
4	.535	5.940	93.086						
5	.308	3.425	96.511						
6	.132	1.465	97.976						
7	.085	.949	98.924						
8	.070	.775	99.699						
9	.027	.301	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX V; Total Variance Explained For Operational Practices

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.486	34.859	34.859	3.486	34.859	34.859	3.307	33.066	33.066
2	1.793	17.929	52.788	1.793	17.929	52.788	1.866	18.656	51.722
3	1.134	11.339	64.127	1.134	11.339	64.127	1.240	12.405	64.127
4	.931	9.308	73.435						
5	.771	7.713	81.148						
6	.650	6.499	87.647						
7	.434	4.341	91.988						
8	.393	3.931	95.919						
9	.264	2.636	98.554						
10	.145	1.446	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX VI; Total Variance Explained For People Related Practices

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.678	36.777	36.777	3.678	36.777	36.777	3.608	36.085	36.085
2	1.660	16.601	53.378	1.660	16.601	53.378	1.407	14.074	50.159
3	1.116	11.157	64.535	1.116	11.157	64.535	1.289	12.887	63.045
4	1.022	10.217	74.753	1.022	10.217	74.753	1.171	11.707	74.753
5	.966	9.656	84.409						
6	.792	7.921	92.329						
7	.432	4.320	96.649						
8	.188	1.875	98.525						
9	.099	.990	99.515						
10	.049	.485	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX VII; Total Variance Explained For Procedural Practices

Total Variance Explained

Initial Eigen values			Extraction Sums of Squared Loadings		
Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
7.259	80.656	80.656	7.259	80.656	80.656
.965	10.725	91.382			
.372	4.131	95.513			
.130	1.445	96.958			
.091	1.006	97.964			
.072	.805	98.769			
.060	.662	99.432			
.035	.393	99.825			
.016	.175	100.000			

Extraction Method: Principal Component Analysis.

APPENDIX VIII; Total Variance Explained For Target Practices

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.166	74.235	74.235	8.166	74.235	74.235	8.149	74.086	74.086
2	1.032	9.378	83.613	1.032	9.378	83.613	1.044	9.487	83.574
3	1.014	9.217	92.830	1.014	9.217	92.830	1.018	9.256	92.830
4	.236	2.149	94.979						
5	.181	1.647	96.626						
6	.094	.857	97.483						
7	.084	.767	98.250						
8	.068	.617	98.867						
9	.055	.501	99.368						
10	.043	.388	99.756						
11	.027	.244	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX IX; Total Variance Explained For Learning Orientation

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	7.420	74.197	74.197	7.420	74.197	74.197	7.373	73.726	73.726
2	1.072	10.720	84.917	1.072	10.720	84.917	1.119	11.191	84.917
3	.793	7.925	92.842						
4	.275	2.752	95.595						
5	.170	1.698	97.292						
6	.096	.964	98.256						
7	.084	.842	99.099						
8	.059	.591	99.689						
9	.019	.193	99.882						
10	.012	.118	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX X; Total Variance Explained For Organizational Systems

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.647	36.471	36.471	3.647	36.471	36.471	3.552	35.520	35.520
2	1.598	15.981	52.451	1.598	15.981	52.451	1.592	15.916	51.436
3	1.277	12.773	65.224	1.277	12.773	65.224	1.329	13.287	64.723
4	1.078	10.779	76.003	1.078	10.779	76.003	1.128	11.280	76.003
5	.729	7.294	83.297						
6	.505	5.054	88.351						
7	.408	4.077	92.428						
8	.294	2.942	95.370						
9	.263	2.632	98.002						
10	.200	1.998	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX XI; Total Variance Explained For Market Information

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.298	47.754	47.754	4.298	47.754	47.754	4.271	47.454	47.454
2	1.416	15.738	63.492	1.416	15.738	63.492	1.410	15.666	63.121
3	1.093	12.147	75.639	1.093	12.147	75.639	1.127	12.518	75.639
4	.783	8.700	84.339						
5	.652	7.241	91.580						
6	.432	4.805	96.385						
7	.166	1.850	98.235						
8	.107	1.192	99.427						
9	.052	.573	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX XII; Total Variance Explained For Organizational Communication

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.161	41.613	41.613	4.161	41.613	41.613	4.161	41.606	41.606
2	1.625	16.246	57.859	1.625	16.246	57.859	1.620	16.198	57.804
3	1.106	11.060	68.918	1.106	11.060	68.918	1.111	11.115	68.918
4	.986	9.856	78.774						
5	.939	9.392	88.167						
6	.570	5.697	93.864						
7	.325	3.246	97.109						
8	.149	1.489	98.599						
9	.079	.789	99.388						
10	.061	.612	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX XIII; Total Variance Explained For Organizational Culture

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.170	56.091	56.091	6.170	56.091	56.091	6.085	55.315	55.315
2	1.256	11.419	67.510	1.256	11.419	67.510	1.317	11.973	67.287
3	1.113	10.116	77.626	1.113	10.116	77.626	1.137	10.338	77.626
4	.971	8.830	86.456						
5	.777	7.060	93.516						
6	.320	2.913	96.429						
7	.170	1.544	97.973						
8	.094	.854	98.827						
9	.076	.694	99.521						
10	.037	.338	99.859						
11	.016	.141	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX XIV; Total Variance Explained For Size of organization

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.797	46.622	46.622	2.797	46.622	46.622	2.769	46.142	46.142
2	1.114	18.562	65.185	1.114	18.562	65.185	1.143	19.043	65.185
3	.997	16.612	81.797						
4	.872	14.535	96.332						
5	.129	2.153	98.485						
6	.091	1.515	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX XV; Total Variance Explained For Technology

Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
3.669	52.408	52.408	3.587	51.238	51.238
1.289	18.413	70.821	1.232	17.602	68.840
1.042	14.891	85.712	1.181	16.873	85.712

Extraction Method: Principal Component Analysis.

APPENDIX XVI; Total Variance Explained For Customer Satisfaction

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.182	39.865	39.865	5.182	39.865	39.865	3.342	25.708	25.708
2	1.828	14.059	53.924	1.828	14.059	53.924	3.186	24.507	50.215
3	1.505	11.578	65.502	1.505	11.578	65.502	1.658	12.755	62.970
4	1.197	9.211	74.714	1.197	9.211	74.714	1.413	10.866	73.836
5	1.110	8.537	83.250	1.110	8.537	83.250	1.224	9.414	83.250
6	.642	4.937	88.187						
7	.480	3.689	91.875						
8	.342	2.633	94.508						
9	.251	1.932	96.440						
10	.178	1.370	97.810						
11	.153	1.178	98.987						
12	.080	.616	99.603						
13	.052	.397	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX XVII; Total Variance Explained For Internal Business Processes

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.525	42.088	42.088	2.525	42.088	42.088	2.089	34.812	34.812
2	1.461	24.355	66.443	1.461	24.355	66.443	1.898	31.631	66.443
3	.846	14.104	80.547						
4	.559	9.320	89.867						
5	.442	7.369	97.236						
6	.166	2.764	100.000						

Extraction Method: Principal Component Analysis.

APPENDIX XIIX; Total Variance Explained For Learning and Growth

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.942	36.772	36.772	2.942	36.772	36.772	2.829	35.366	35.366
2	1.567	19.588	56.360	1.567	19.588	56.360	1.278	15.980	51.345
3	1.063	13.294	69.654	1.063	13.294	69.654	1.262	15.771	67.116
4	1.015	12.689	82.342	1.015	12.689	82.342	1.218	15.226	82.342
5	.821	10.265	92.607						
6	.438	5.480	98.087						
7	.100	1.249	99.337						
8	.053	.663	100.000						

Extraction Method: Principal Component Analysis.