

**SERVICE RECOVERY STRATEGIES AND COMPETITIVE
ADVANTAGE OF COMMERCIAL BANKS IN KENYA**

DENNIS CHEGE NGAMINI

**A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF
THE REQUIREMENTS FOR THE AWARD OF THE DEGREE OF
MASTER OF BUSINESS ADMINISTRATION, SCHOOL OF BUSINESS,
UNIVERSITY OF NAIROBI**

2020

DECLARATION

This research project is my original work and has not been presented for a degree at any other university for examination.



Signature:

Date: **01.12.2020**

Dennis Chege Ngamini

D61/88279/2016

This research project has been submitted for examination with my approval as the University Supervisors.



Signature: ----- Date: **01.12.2020**

Dr. Kennedy Ogollah

Department of Business Administration,

School of Business

University of Nairobi

DEDICATION

I dedicate this project to my parents and to my work colleagues for their understanding and unconditional support during the study period.

ACKNOWLEDGEMENT

I would wish to express my sincere gratitude to my supervisor Dr. Kennedy Ogollah for his guidance; selfless dedication and encouragement in making this project a reality. I also wish to acknowledge the contribution of the University of Nairobi fraternity especially the library staff, department chairman and moderators for the success of this research project.

Most important of all I extend my gratitude to the Almighty God for giving me the courage.

Thank you all

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ABBREVIATIONS AND ACRONYMS

TQM Total Quality Management

RBV Resource Based Theory

DCT Dynamic Capability Theory

CBK Central Bank of Kenya

CE Customer Experience

ABSTRACT

Service recovery strategy is achieved when customers derive value and satisfaction through the quality of service offered. When a service exceeds the previous expectations of a customer on that particular service then service excellence has taken place. Majority of firms excel in customer interactions but fails to pay sufficient attention on service recovery strategies. In Kenya, commercial banks just like other business organizations have spent a lot of resources to adopt various marketing activities to attract customer. The main aim of this research was to assess the impact that service recovery approaches have on Banks in Kenya. This study was based on two theories, Porter's competitive advantage theory and the resource based theory. The target population in this research comprised of 44 commercial banks in Kenya. The target respondents were senior managers in Commercial bank. Analysis was done using multiple linear regression and correlation analysis. It indicated that Banks in Kenya, for a great extent, improved their personalized services and responsiveness while at a moderate extent banks have improved their reliability, customer focus and communication. Findings established the existence of a that positive linkage amid service recovery strategies and competitive advantage. It concludes that service recovery strategies positively enhance organization competitiveness and also the study concludes that banks ought to inspire all players in the banking sector to apply their known core skills and competencies to instill expertise in their day to day activities. The recommends that the leadership of banks should be committed to service recovery strategies. Top leadership should allocate and provide more resources, both financial and human resources, to support strategies.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Service recovery approach is achieved when customers derive value and satisfaction through the quality of service offered. When a service exceeds the previous expectations of a customer on that particular service then service excellence has taken place (Horwitz & Neville, 1996). The expectations of the customers have evolved over time due to their changes in tastes and preferences. As a result, the measurement of customer service has also changed over the years. Service recovery strategies are achieved when organizations undertake total quality management (TQM). Lacle (2013) stated that not only is quality of customer service recovery improves but productivity as well when there is emphasis and focus on managing quality.

The research was anchored on the models of resource-based view (RBV) and Porter's Theory of Competitive Advantage. RBV is founded on the principle that resources of a firm if valuable, rare, inimitable and the firm is organized to utilize them can be translated into a strategic advantage. The theory of competitive advantage assisted the study to explain competitive advantage. Competitive advantage theory which was coined in 1984 by Day reveals a company is termed as a competitive advantage conscious if able to implement a cost making approach that is superior to its potential or current competitors (Barney, 1991).

The study was motivated by challenges in the financial sector where indigenous firms are recording declining profits and insolvencies even with increased investments witnessed in the sector. The investments have attracted foreign banks making the banking sector volatile, competitive and further threatening a decline in the contracts secured by the indigenous banks. Customers have become increasingly mobile and demanding more than before hence changing their perceptions at a rapid rate making customers to give threat to banks of not accessing some or not at all their services.

The banking sector in Kenya is set for realignments on virtue of intense competition being witnessed. Banking industry focuses largely on customer-oriented service provider that focuses on the customer experience and building loyalty (Choi 2013). Several commercial banks in Kenya offer services by making sure they provide benefits and better treatment to customers. Some of the benefits range from includes house hold recognition with family benefits, exclusive debit or credit cards with access to airport lounges, medical or legal referrals, free travel insurances. The customers who subscribe to these services are the top earning customers in any given region and it's critical to ensure full satisfaction for these customers.

1.1.1 Service Recovery Strategies

According to Goldstein, Jonston, Duffy and Rao (2012) argue that firms need to include service salvage strategies. Service recovery strategy has of latest strategies viewed to bring competitiveness in modern organizations. The strategy has been used by organization to provide beyond the customer expectations (Rust & Oliver, 2000). These include: communication strategy, personalized strategies, customer focus strategies, reliability strategies and responsiveness strategies.

Ashraf (2014) observes that communication strategy is an important characteristic in determining customer experience, it has not been given the necessary attention because of the believe that so long as a customer has been provided with the good or service, then it does not much matter the extent that a seller goes in improving the communication part. Customer focus looks at customer centricism as a culture in the organization.

Anastasia, (2009) highlighted that a personal service experiences that going beyond services by contact centers was developed to manage new customers' questions. Moorman, Zaltman and Deshpande (2013) conclude in their work that, retailing sales personnel and Internet e-retailers depend on personalization, but in different ways., the consistency between both however is that they both engage in building long-term relationships by providing individualized service. The reliability must translate in the end to customer satisfaction which is just perception, psychological reaction, and evaluation to the service quality and these means that the customers trust the organization which depicts, and consistency and reliability shown.

Duffy and Bexley (2012) define responsiveness as a company's willingness to assist customers as well as to offer timely services. It is a human factor aspect that includes; people behavior and conviviality: speed, timeliness, communication, warmth, neatness, attitude, dress, tone of voice, anticipation, solving problems, friendliness, handling complaints, and politeness. For organizations to succeed they must have some knowledge of what their customer's desires and undertake to be as responsive to their needs as possible through embracing the total quality management approach. Consumer happiness can be achieved through implementation of quality exercises.

1.1.2 Competitive Advantage

Competitive advantage can be described as a set of activities, mechanics and abilities that enable a company to consistently provide or offer its products and services in a manner that satisfies its customers (Coyne, 2016). It can also be defined as the ability of a firm to provide products and services that are more superior to the competition and satisfy customer expectations (Garth *et al.*, 2014). Porter (1985) insisted that an objective of company's competitive strategy is to master deeper insights about a given market and create superior mechanisms of outdoing the competition. For a company to gain a competitive advantage in its market environment, it must creatively and proactively balance both external and internal factors (Barney, 2011). An organization that is able to consistently outperform its competitors and provide its services and products in a manner that satisfies its customers is said to have a sustainable competitive advantage.

Meihami and Meihami (2014) posited that organizations that have a competitive advantage constantly produce products or services that carry the qualities that match the main buying criteria for majority of the consumers in the market. Maintaining a sustainable competitive advantage also involves achieving superior performance and economic value over a prolonged period in the market. Moreover, it entails continual adjustment to environmental changes and an ability to thwart competitor efforts to replicate a firm's advantages. Many scholars have concluded that some forms of competitive advantage cannot be easily mimicked, and this perception has contributed to the growth of the competitive advantage concept from a resourced based perspective.

Stonehouse and Snowdon (2007) posit that a competitive advantage is categorized into four factors: differentiation, cost leadership, cost focus and differentiation focus. According to Stonehouse et al. (2007), cost leadership is achieved when an organization is committed to become the lowest cost producer in the industry, while differentiation is the process of managing customer perceptions by producing products or services which are more superior to those of its competitors and thus charging premium prices.

1.1.3 Commercial Banks in Kenya

As per the CBK study (2019) 44 licensed commercial banks exist in Kenya, where 3 are public and the other 41 are private entities. The public banks are majorly owned by the national government (CBK, 2018). CBK is mandated to regulate banking sector by formulating rules and regulations. This helps in ensuring stability and overall performance of the entire banking sector (CBK, 2016). A bank is a financial institution whose function involves provision of fundamental banking services which primarily involves accepting deposits and creation of credit. It is an institution that creates a match between savers and borrowers to ensure smooth functioning of economies (Sabi, 2014).

Banks ensure that surplus resources are collected and extended into deficient productive units in a more economical manner. However, not all financial institutions offering part of banking services qualify to be called banks as some do not fit the legal requirement for banks in terms of capital requirements and other provisions. The level of competition among commercial banks has gone high as more and more commercial banks are licensed to operate in Kenya (Wafula, 2015).

The Kenya Bankers Association is the industry lobby for the Kenyan banking industry. Among its functions is to promote economic growth and industry development by engaging the regulator and the government. The association also lobby's and champions industry innovation and development by coordinating its members and partnering with other stakeholders. According to a CBK report (2011) six banks control 52.4% of the entire industry. The Kenyan market has been described as oligopolistic by many given the tight control that few banks have on the entire market.

1.2 Research Problem

Many companies excel in customer interactions but fails to pay sufficient attention on service recovery strategies. Firms that have perfected customer journeys benefit enormously in terms of rewards, improved customer satisfaction, condensed churn, amplified revenues, reduced costs and an improved collaboration cross the company. Creating strong customer service recovery strategy is a critical management objective. Kumar and Reinarts (2016) held that focus on customer management need to be grounded on creation of customer value for business which include concentration on customer lifetime value but no creating value for consumers. Increasing attention on customer service recovery strategy and preference has arisen because consumers now are interacting with companies through many media and multiple channels, creating a more multifaceted customer journey(s) (Hu & Rahman 2013, Verhoef, Kannan & Inman, 2015).

In Kenya, commercial banks just like other business organizations have spent a lot of resources to adopt various marketing activities to attract customers. Various banks face challenges in the 21st century due to the dynamic market shift. Customers have become increasingly mobile and demanding more than before hence changing their perceptions at a rapid rate making customers

to give threat to banks of not accessing some or not at all their services. Customers are knowledgeable hence increasing their level of consumer sovereignty (Gilaninia, 2014), making customers to make choices on which bank to transact. Customers trust has fallen dramatically (KMG, 2013; Ernest & Young, 2014). With customers losing trust with banks hence it is manifested in customer switching behavior resulting into low customer retention. It is very costly for banks to attract new customers than retaining the old customers.

There are significant research gaps along theoretical, conceptual, contextual and methodological spheres which is what this study sets to investigate. In Malaysia, Mahendhiran and Khong (2006) evaluated the impacts of Customer service management on enterprise performance in bank industry and finance organizations. The study used exploratory design, finding an affirmative linkage amid customer service management and performance. Peter and Olson (2012) examined consumer experience on behavioral customer analysis among consumers in Nairobi. The study focused on descriptive cross sectional survey. It was noted that consumer experience development and behavioral customer analysis can be studied by affective experience and cognitive experience, consumer behavior and consumer environment. To achieve sales volume and profit. Thomas et al.(2015) researched on mobile trends for marketers. The study was based on cross sectional survey. It was opined that the findings indicated that competitors influenced customer experience, the customer's dynamic external environment have major impacts on customer experience, the economic and circumstances including secession expansion, influence client involvement in companies and influencers of client experience are contingent to the financial situations, thrilling crises have a study negative and lasting impact on consumer expertise.

Locally, Mwaniki (2017) who researched on customer service in Kenyatta National Hospital. It was asserted that achievement of high quality of service depends on support of the top management team. The study was based on case study design. Fatma (2014) utilized desk review methodology where it analyzed the existing literature from various authors on customer experience management. She evaluated and combined the contemporary research on customer experience CEM and established a reasonable approach of precursors and results of CEM via a thorough assessment of literature. Amaoko (2014) assessed the impact of good client service on the performance of Telecom, Companies in Ghana-a contextual investigation of Vodafone Ghana. The study used descriptive analysis. It was found out that good client service result to an organization having a competitive advantage over the long haul.

Previous studies conducted on this area, there are significant research gaps along conceptual, contextual and methodological spheres which are what this study sets to investigate. Contextually, the empirical studies reviewed focused on service recovery strategies and customer experience in other contexts other than the Commercial Banks in Kenya. Thus, this study was aimed at addressing these knowledge gaps by seeking to identify the service salvage approaches employed by Commercial Banks in Kenya. It addressed research question: Impact of service salvage approaches on competitive advantage in commercial banks in Kenya?

1.3 Research Objective

The aim of this research was assessing the impact of service recovery approaches on competitive advantage in Commercial Banks in Kenya.

1.4 Value of study

It contributed to the theory of Resource based theory by explaining the mechanisms that a firm could leverage on its resources for building on competitive edge. European foundation for quality management model Excellence Model was able to explain the changes with a view of ensuring that the services that are offered are excellent. Researchers used the above study to get more literature so that to develop study gaps.

The study was of importance to policy makers in the banking sector, government financial units and the leadership of the commercial banks in Kenya. It provided great insight and a source of valuable information to managers and the stakeholders of the commercial banks on the value of customer service recovery and its usage in improving the satisfaction of customers. The management therefore be furnished with imperative information that they used to further develop appropriate service recovery strategies to advance the system so as to improve on customer satisfaction in the future.

The Central Bank of Kenya (CBK) the regulator, further focused on policy decisions that are intended to sustain and facilitate good governance and high organizational performance. The study was to strengthen policy considerations in this sector. The improvement of effectiveness and performance of financial institutions in an effort to increase their efficiency to benefit the clientele base may be dependent policy improvement.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

The section reviewed works of previous authors service recovery strategies and competitive advantage. It entailed theories on which this study was founded and previous empirical studies. This assists in developing the literature of abstract theories that may lack contextual orientation. Limited studies have been conducted in recent times to evaluate the linkage amid variables in the study.

2.2 Theoretical Foundations

Literature review classifies and scrutinizes researches done by others on service recovery strategies and competitive advantage on commercial banks in Kenya. This review provides comprehensive information on achievements done, forming a base of research outcomes and moves to counter preceding readings' confines. The following segment describes and discusses resource based view and Porter's Theory of Competitive Advantage theories.

2.2.1 Porter's Theory of Competitive Advantage

This is the anchor theory of the study and it was developed by Porter (1980). The theory posits that the kind of competition as well as the origin of competitive advantage differs among industries and among various segments within the same industry. Porters (1980) argued that an organization either singly or in conjunction with other organization within the same industry can create an unassailable position in the industry so as to outdo the competitors (Thompson, and Strickland, 2007). In 1984, day coined the competitive advantage idea. He suggested that the type of strategy an organization adopts may help it sustain it competitive advantage in the industry.

In 1984, the idea of competitive advantage was reinforced by Porter when he discussed various primary categories of competitive advantage an organization can possess so that they can attain sustainable advantage which is long term. As per Barney (1991) a firm has competitive advantage which is sustained if it can enact a value creation approach not being concurrently enacted by other competitors. The value creation strategy should also not be duplicable by other firms in the industry.

In pursuant of the importance of effective of organization strategy, Day and Wensley (2003) concentrated on fundamentals that comprise competitive advantage. Particularly they focused on two typical sources of competitive advantage which included superior resources that goes beyond tangible requirements need for advantage to enable an organization to apply its capabilities. Another source is the superior skills which are considered the unique and standout capabilities of its personnel that differentiate them from the competing firm in terms of human resource pool. In support to competitive advantage, the construction of framework by Day and Wensley (2003) which was used to assess competitive advantage situation of a firm was the premier step in attaining competitive advantage. In contrast to previous attempts of performance results measures which include market share and profitability, the authors indicated that there is need to use the perspective of both the customers and competitors in assessing organization performance.

2.2.2 Resource Based View

Introduced by Barney (1991), resource based theory focused organizations attention to internal resources, strategically realigning those resources with view of obtaining competitive advantage to its rival firms. According to Barley, strategic resources of the firm for which have the potential

to strategically place the organization at a competitive advantage against its rivals must be rare, valuable, imperfectly imitable and not substitutable. The theory suggests that organizations must come up with unique means of having competitive edge. Though, the resource based theory plays a significant approach to an effective strategy function. As suggested by the theory, competitive advantage lies at the heart of a company focusing on strategic management (Hamel, 2012).

The theory assumes that “an organization is a collection of unique resources and capabilities that provide the basis for its strategies. In the new competitive landscape, this model argues that firms are a collection of evolving capabilities that are managed dynamically” (Hitt et al., 1997).

Critics of the theory argue that the theory fails to consider factors surrounding resources, that is, an assumption that they simple exist (Butler, 2001). Butler argues that the theory fails to address how the resources acquire key capabilities required or rather developed to enable the organization attain its competitive advantage. Nevertheless, the theory assumes that an organization can be profitable amidst competitive environment (Butler, 2001).

2.3 Service Recovery Strategies and Competitive Advantage

There are several local and global empirical investigations which have been done on service recovery strategies and related areas. The findings of the said studies have been delved into in this section and knowledge gaps identified. Hussain, Khattak, Rizwan and Latif (2014) investigated the impact that recovery strategies had on competitive advantage of organizations and the moderating effect that the market environment plays among such relations in fast food sector of Pakistan. The study was descriptive and targeted 12,600 fast food restaurants. Primary data was gathered using questionnaires. Findings showed that the recovery strategies had a

substantial contribution to firm competitive advantage of a firm. Furthermore, in addition to the above, the capabilities and resources of a firm influence how competitive a firm becomes. Further, the study was conducted in an alternative setting, thus outcomes cannot be classified broadly in the current study.

Kyalo (2016) aimed at establishing how recovery strategies adopted by major Kenyan oil companies in influencing competitive advantage of a firm. A case study was adopted. The results revealed that communication strategy, personalized strategies, customer focus strategies, reliability strategies and responsiveness were all significant strategies in making firm to have competitive advantage. This study was qualitative in nature while the current study will be in quantitative nature.

Nduki (2016) undertook an investigation on the effect that customer service strategies on competitive advantage among insurance companies' performance in Kenya. The investigation utilized descriptive survey method research design in collecting and analyzing information gathered through surveys. It targeted the total 47 registered Kenyan insurance companies. Data coding and analysis was performed using SPSS. Descriptive statistics were obtained and the data summarized in form of tables and figures. To a great extent, it was found that customer service strategies influence competitive advantage of Kenyan insurance firms and hence most of these firms have adopted several strategies. Further, the study was conducted in an alternative setting thus results findings cannot be classified in the current study.

Phung and Mishra (2016) studied the impact that service recovery strategies on competitive advantage of companies listed in Vietnam from 2007 to 2012. An econometric estimation methodology and specifically the fixed effect selection model and system generalized method of

moments were utilized in the study. The results showed that service recovery strategies were positively associated to competitive advantage. Furthermore, the study findings exhibited that the inadequate efficient governance system may drive firms into following service recovery strategies that would impede competitive advantage. The study was conducted in alternative context thus outcomes cannot be categorized in the current study.

Njagi and Kombo (2014) found out approaches moderately influenced competitive advantage of commercial banks in Kenya. Correlational research design and census design were employed in which target populace was commercial banks in Kenya. It employed primary data in which questionnaire was used up. The study recommended that there was a need to effectively implement strategies in order to achieve full benefits of strategies. The study is important since it investigates the effect of strategy implementation and also provided a basis of strategy operationalization. However, the study did not assess the factors influencing strategy implementation among the commercial banks. That's the gap the research aimed to seal since it will seek to assess the effect of organizational factors on implementation of service recovery among commercial banks in Kenya.

Mahendhiran and Khong (2006) evaluated the impacts of Customer service management on enterprise performance in bank industry and finance organizations. The study used exploratory design. A positive linkage amid customer service management and outcomes was found. Cross sectional survey was used.

There have been several studies on service recovery strategies in the Commercial banks but some of these were done globally. The environment in other world areas are so different from Kenya and the findings cannot be applied in this context without further studies. The local studies focused on aspects other than how service recovery strategies affect customer experience performance of the firm. Therefore, there exists a knowledge gap which this study was filled by the study.

2.4 Conceptual Framework

This is a diagrammatic presentation that outlines key concepts and variables and the linkages between them. The research sought to determine impact of service recovery approaches on competitive advantage as shown in Figure 2.1

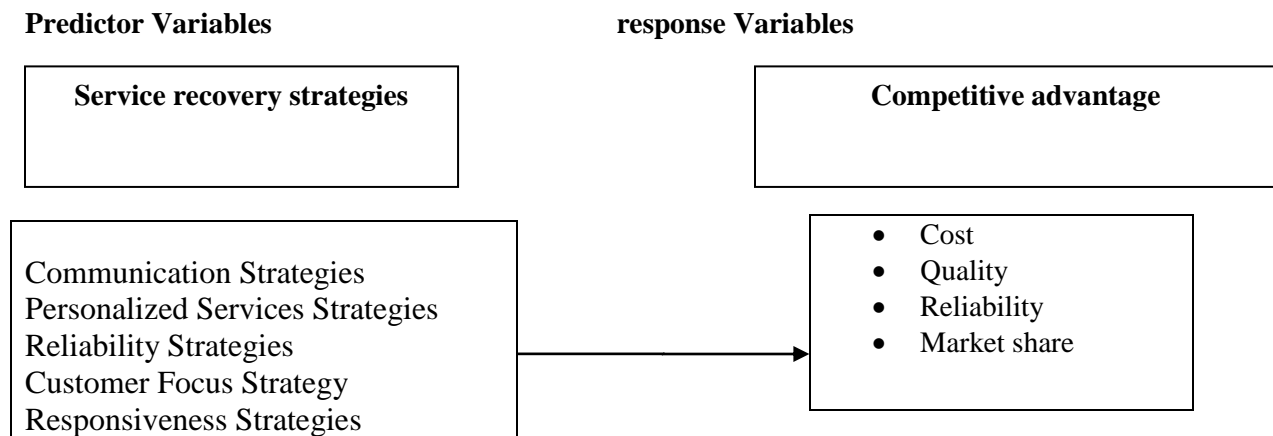


Figure 2.1: The Conceptual Framework

Source: Researcher (2020)

Figure 2.1 show hypothesized relationship between service recovery strategies and competitive advantage.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This defines methods employed in finding out results of a certain problem on a given subject that is also known as a research problem. In methodology, the researcher comes up with various criteria of solving the research problem and always attempts to find answers up to the conclusion. Industrial research institute (2010) refers to methodology as a procedure of solving the research problem.

The credibility of the findings highly depends on research design, data assemblage and scrutiny. It is a plan applied in guiding the study towards achievement of its objectives. Data collection methods describe the manner in which characteristics of the variables are captured, while data analysis consists of data processing activities undertaken to achieve the study objectives.

The section discussed procedure employed to achieve research objectives. The chapter also captured different stages that are followed in the research and describes the details of the research design, target population, sample size, data collection procedures and scrutiny. The collection of data was presented in tables.

3.2 Research Design

This research employed cross-sectional approach as it describes data and the varied features of the population and the issue under evaluation. This design methodology was used because large samples are realistic and give statistically significant results even when analyzed using several variables. Surveys are important since they give a good description of a large population.

Descriptive cross sectional research design was favored since it allows researcher to gather information which can be statistically analyzed to measure the relationship of the variables that describe the incidence of the phenomenon. It also allows for the generalization of the findings to compare commercial banks on the factors that influence their service recovery and how they affect competitive advantage.

The number of variables to be measured and the existence of intricate relationships among some of the variables make this research design ideal for this study. The survey data is essential to assess and measure causality. The design allowed for the capture of both quantitative and qualitative data regarding commercial banks. The study employed primary data gathered through a survey covering all the indicators of factors influencing service recovery and competitive advantage.

3.3 Population

This is simply every member who is either in a real group or a hypothetical group of individuals, items or subjects from where the researcher has the intention of obtaining conclusions that are general in the variables under study (Cooper & Schindler, 2006). Similarly, Mugenda and Mugenda, (2003) define target population as a study ought to contain noticeable attributes that allow generalization of the results.

According to Central Bank of Kenya report (2019) there are 44 commercial banks in Kenya. Target population was all the commercial banks in Nairobi. The researcher aimed to collect data from the entire population across the country. However, due to the short timeline within which the study is to be carried out, this was not possible. In the context of this study, the researcher will target the Commercial banks in Nairobi.

3.4 Data Collection

Primary data from the population sample was collected and applied to obtain maximum information from the interviewees considered the source of raw crucial information. Semi structured questionnaires (Appendix) used with open and close-ended questions. It consisted of two sections: Part I: gathered demographic information; Part II: consisted of the customer service recovery and competitive advantage.

The open-ended questions are intended to allow respondents to answer questions without restrictions while the closed-ended are intended to restrict respondents to provide a specific range of answers. The open-ended questions assisted provide information and data that may not be obtained through the close-ended questions.

The targeted respondents of the study were marketing manager and customer service manager. The selection of the right respondent was critical; as these are, the people tasked with the responsibility of making organizational decisions and are better positioned to give accurate, relevant and reliable information since they are more versed in the research subject matter. The investigator distributed the surveys online for relevant participants.

3.5 Data Analysis

Sata to be gathered through questionnaires was assessed for accuracy and completeness; edited, classified and tabulated before carrying out descriptive analysis. Descriptive analysis focused on working out measures of central tendency and dispersion measures. The researcher calculated the mean for the data in order to rank factors that a firm considers in customer service recovery.

The data collected was evaluated using descriptive statistics whereby percentages, mean and frequencies are used to reveal the extent to which various factors influence customer service recovery on competitive advantage in Commercial banks. A comparison of the means was also used to determine how multiple variables influence an element under consideration.

S.D is the most widely used measure of dispersion. It is used to measure the amount of variation of a set data of values. In this study, S.D has been used to establish the variation of a particular firm's data from the industry average. The results of this analysis was presented using tables and charts. In order to perform all these analyses, the (SPSS) software utilized. Multiple linear regressions model was used as indicated:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 + \varepsilon$$

Where: Y is Competitive advantage

β_0 is the model's constant

β_1 to β_4 are the regression coefficients

X_1 = Communication Strategies

X_2 = Personalized Services Strategies

X_3 = Reliability Strategies

X_4 = Customer Focus Strategy

X_5 = Responsiveness Strategies

ε = error term

CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND DISCUSSION

4.1 Introduction

The section presents data analysis, explanation as well as demonstration of research outcomes of the data gathered. It sought to examine impact that service salvage approaches have on competitive advantage in commercial banks in Kenya. As such help provide useful insights into how to utilize service recovery strategies lead to competitive advantage. Demographic information of the respondents was analyzed before providing descriptive statistics. To get the wider information the questionnaire included gender, the period the respondent had worked for the respective banks, their role in the organization and the length of time they have been in their current positions.

The study also targeted to help the decision makers in the banking industry who are involved in the implementation of strategy usage in different levels in management. The knowledge of service recovery adds competitive edge for banking. Target research population comprised 44 Kenyan banks in Nairobi. The targeted population was considered appropriate since the respondents have more and good understanding of the banking sector.

This chapter gives descriptive statistics of the various variables under study through use of tables. Descriptive statistic entailed S.D and mean of the parameters used in the study. The mean of the variable helped in having a clear understanding of the variable under consideration and the S.D showed how far or close the variables are from their mean.

4.2 Response Rate

Response rate in this research was 90.9 % as 40 out of 44 questionnaires were completed successfully and returned for data analysis. The results agree with Mugenda and Mugenda (2013) affirmation showing rates greater than 50% is satisfactory in the analysis. Babbie (2010) also claims that a 60% return rate is decent and a 70% as excellent.

Out of the 44 banks targeted, only 40 respondents were reached and completed the questionnaires while the rest were not available to fill the questionnaires, hence the response rate of the study at 90.9%. A response rate of 90.9% was sufficient enough to draw conclusions. Findings were adequate to analyze the data. This is a sufficient response rate and therefore the researcher proceeded with the data analysis.

4.3 Demographic Information

This was obtained from individual participants and their background is examined in this segment. The general information sought from the respondents included respondent's age, level of education, the length of time they had worked for the banking and number of branches of the Bank.

4.3.1 Gender of the Respondents

One of the key pieces of background data that the investigator wanted to determine was the participants' sex. Outcomes are indicated below in Table 4.1.

Table 4. 1: Gender

Category	Frequency	Percentage
Male	23	57.5
Female	17	42.5
Total	40	100

In Table 4.1, the majority were male as indicated by 57.5% and the others female shown by 42.5%. It was found out that the gender ratio was almost the same although the banks in Kenya is dominated by male compared to female.

This shows that the researcher considered all respondents irrespective of the gender to obtain reliable information concerning the subject under study. This agrees with Aleke (2013) who asserted that most banks top positions are managed by male because of their domination in managerial positions which is not a good thing considering the need for equity and may imply that banks are biased as regards to management.

4.3.2 Highest Academic Qualification

The participants were required by the research to state their uppermost education level. It separated education category in to 4 categories; Diploma, Bachelor's, Master's and Doctorate degrees as to determine the respondents' uppermost education level. Outcomes are indicated in Table 4.2.

Table 4.2: Respondents Academic Qualifications

Academic Qualifications	Frequency	Percent
Diploma	4	10
Bachelor's Degree	11	27.5
Master's Degree	20	50
Doctorate Degree	5	12.5
Total	40	100.0

From Table 4.2, research found that 50% of participants had master's degree and 27.5% had bachelor's degree on the other hand, 12.5% had doctorate degree and lastly 10% had diploma qualification. It also shows that most of the respondents had enough qualifications to be in management of the banking sector. This also indicates that majority of the employees therefore appreciated to essence of the research instrument and likely provided credible information.

4.3.3 Length of Service in the Banks

It asked the respondents to disclose duration they had served in their organizations. This was important to determine the level of experience which assisted in gathering the requisite information pertaining industry knowledge. Table 4.3 shows the results

Table 4.3: Length of Continuous Service

Years	Frequency	Percentage
0-3 years	7	17.5
3-6 years	12	30
7-10 years	15	37.5
more than 10 Years	6	15
Total	40	100.0

Results from Table 4.4 show many respondents 37.5% worked in 7-10 years, 30% of the respondents between 3-6 years followed by 17.5% of the respondents had worked below three years and lastly 15% of the respondents worked more than 10 years. Most of the workers were in the bank more than 7 years hence have better understanding of the banking industry.

4.3.4 Respondents of position

The segment of the survey aimed to assess the position of the respondents. Findings are highlighted in Table 4.4

Table 4.4: Respondents of Position

Class	Frequency	Percentage
Director	6	15
Supervisory	9	22.5
Management staff	25	62.5
Total	40	100.0

Outcomes above show the majority (62.5%) were management staff while 22.5% were in supervisory position and lastly 15% were directors. This implies that most of the respondents were management staff and were knowledgeable about customer service strategies adopted by the banking sector.

4.3.5 Number of the Branches Banks

Participants were able to give information about the number of the branches of the bank as shown on Table 4.5

Table 4.5: Number of the Branches Banks

Branches	Frequency	Percent
Less than 5	6	15
5 – 10	9	22.5
10 – 15	10	25
Over 20	15	37.5
Total	40	100.0

Outcomes in Table 4.5 show 37.5% of banks have over 20 branches in Kenya, 25% of the banks have between 10-15 branches in Kenya, while 22.5% have 5-10 branches in Kenya and lastly 15% have less than 5 branches in Kenya. This implies that most banks have branches all over the country so that to the market opportunity in other parts of the country.

4.4 Service Recovery Strategies

Service recovery strategies were the independent variable of the research. It was necessary to create respondents' views regarding service salvage approaches in their organization. The service recovery strategies were evaluated on a 5-point Likert scale, and it was expected participants would either agree: "to a very large extent", "large extent", "moderate extent", "little extent", or "Not at all".

For every single question, the response which denoted the most positive response for these practices was allocated 5 points and then 4, 3, 2, and 1 for the least positive respectively. For purposes of this analysis, the following was adopted a mean score of 4.0<5.0 great, 3.0<4.0 moderate, 2.0<3.0 little and 1.0<2.0 did not agree extents.

4.4.1 Communication Strategies

The respondents were given four statements on communication strategies and they were asked to highlight their agreement levels. Outcomes are indicated in Table 4.6

Table 4.6: Communication Strategies

Statement	N	Mean	Std. dev
The bank keeps in touch with customers	40	4.18	0.95
The Bank offers variety of ways to convey information.	40	3.73	1.06
The Bank is concerned with customer needs	40	3.57	0.99
When a customer lodge a complaint, the bank handles it.	40	3.00	1.02
Composite mean	40	3.62	0.804

From table 4.6, most respondents agreed that the bank keeps in touch with customers with a mean of 4.18 and S.D of 0.95. The Bank offers variety of ways to convey information as shown by a mean of 3.73 and a S.D of 1.06.

Further, the bank is concerned with customer needs with a mean of 3.57 and S.D of 0.99. Lastly, when a customer lodge a complaint, the bank handles it as shown by a mean of 3.00 and a S.D of 1.02. The overall mean was 3.62 which imply that many banks have embraced communication change practices at moderate extent.

4.4.2 Personalized Services Strategies

The respondents were given four statements on personalized services strategies and they were asked to highlight their agreement levels. Outcomes are indicated in Table 4.7

Table 4.7: Personalized Services Strategies

Statement	N	Mean	Std.dev
The Bank has all the available customer choices that meet the need of the consumers.	40	4.20	0.89
Both customer and the facility flexibility with regards to adjusting to customer needs is perfect at this facility.	40	3.70	1.08
The bank profile and social status is adequately serves the customers of the bank	40	4.30.	0.92
Customers are extremely satisfied by the way bank staff serve them.	40	4.11	1.10
Composite Statistics	40	4.077	0.998

From table 4.7, the bank profile and social status is adequately serves the customers of the bank with a mean of 4.30 and a S.D of 0.92. The bank has all the available customer choices that meet the need of the consumers had a mean of 4.20 and a S.D of 0.89 while customers are extremely satisfied by the way bank staff serve them had a mean of 4.11 and a S.D of 1.10.

Lastly, both customer and the facility flexibility with regards to adjusting to customer needs is perfect at this facility as shown by a mean of 3.70 and a S.D of 1.08. The overall mean was 4.077 which imply that many banks have embraced personalized services strategies at great extent.

4.4.3 Reliability Strategies

The respondents were given four statements on reliability strategies and they requested to show their agreement levels. Outcomes are indicated in Table 4.8

Table4.8: Reliability Strategies

Statement	N	Mean	SD
The bank will honor their promise to deliver services by ascertain time to customers.	40	3.05	.705
The bank provides multiple channels for customers to express their concerns.	40	3.11	.809
The bank provides the power and authority to all contact employees to correct failures upon discovery.	40	3.42	1.346
The bank provides recovery options or alternatives in dealing with service failures.	40	3.26	1.327
Composite Statistics		3.21	1.046

Indicated in table 4.8, results indicated the participants agreed the bank gives power to management indicated by mean of 3.42 and S.D of 1.346. Respondents settled that the bank provides services by mean of 3.26 and S.D of 1.327. It provides different channels of communication with a mean of 3.11 and S.D of 0.809. The bank will honour their promise to deliver services by ascertain time to customers by mean of 3.05 and S.D of 0.705. Overall mean of 3.21 and S.D 0.658 which imply that many banks have embraced reliability strategies at moderate extent.

4.4.4 Customer Focus Strategy

The respondents were given four statements on customer focus strategy and they were asked to highlight their agreement levels. Outcomes are indicated in Table 4.9

Table 4.9: Customer Focus Strategy

Statement	N	Mean	Std. Dev
The company includes customers' requirements in product development.	40	4.11	1.17
Customer satisfaction evaluation is done periodically.	40	3.73	0.98
Studies are conducted to determine customer needs, expectations and wants	40	3.34	1.19
The firm encourage its customer to give feedback on quality and delivery of services.	40	3.90	0.89
Composite Statistics	40	3.77	1.06

As per Table 4.9, the company includes customers' requirements in product development as shown by a mean of 4.11 and a S.D of 0.703. The firm encourage its customer to give feedback on quality and delivery of services as shown by a mean of 3.90 and a S.D of 0.89.

Customer satisfaction evaluation is done periodically as shown by a mean of 3.73 and a S.D of 0.98. Lastly, studies are conducted to determine customer needs, expectations and wants had a mean of 3.34 and S.D of 1.19. The overall mean was 3.77 which imply that many banks have embraced customer focus strategies at moderate extent.

4.4.5 Responsiveness Strategies

The respondents were given four statements on responsiveness strategies and requested to highlight their agreement levels. Outcomes are indicated in Table 4.10

Table 4.10: Responsiveness Strategies

Statement	N	Mean	Standard Deviation
Employees of the bank will provide prompt services to customers	40	4.11	.504
Employees of the bank will always be willing to assist customers	40	4.54	.505
Employees of the bank usually inform customers exactly when the services will be done.	40	4.23	.798
Respond to customers request.	40	4.63	.547
Composite Statistics	40	4.37	.588

From the Table 4.10, Employees respond to customers' request with a mean 4.63 and S.D of 0.547. Employees of the bank will always be willing to assist customers with a mean score of 4.54 and S.D of 0.505.

Further, employees of the bank usually inform customers exactly when the services will be done with a mean of 4.23 and S.D of 0.798. Employees of the bank will provide prompt services to customers with a mean of 4.11 and S.D of 0.504. The overall mean was 4.37 which imply that many banks have embraced responsiveness strategies at great extent.

4.5 Competitive Advantage

Competitive advantage was the dependent variable under this study. It was necessary to establish the respondents' views regarding competitive advantage in their organization. The competitive advantage was evaluated on 5-point Likert scale, it was expected participants would either agree: "to a very large extent", "large extent", "moderate extent", "little extent", or "Not at all".

For every single question, the response which denoted the most positive response for these practices was allocated 5 points and then 4, 3, 2, and 1 for the least positive respectively. For purposes of this analysis, the following was adopted a mean score of 4.0<5.0 great , 3.0<4.0 moderate, 2.0<3.0 little and 1.0<2.0 did not agree. The results are indicated in Table 4.11

Table 4.11: Competitive Advantage

Competitive Advantage	N	Mean	Standard. Deviation
We are first in the market to introduce new products	40	4.11	.504
We offer a competitive price for our products	40	4.54	.505
Our company is profitable	40	4.23	.798
Our products and services are of a high quality	40	4.63	.547
Our products and services are highly reliable	40	4.26	.611
Composite Statistics	40	4.35	.652

From the Table 4.11, our products and services are of a high quality with a mean 4.63 and S.D of 0.547. We offer a competitive price for our products with a mean score of 4.54 and S.D of 0.505. Our products and services are highly reliable with a mean of 4.26 and S.D of 0.611. Further, our company is profitable with a mean of 4.23 and S.D of 0.798. We are first in the market to introduce new products with a mean of 4.11 and S.D of 0.504. The overall mean was 4.35.

4.6 Correlation Analysis

Pearson Correlation analysis was employed to determine the linkage amid the study variables.

4.6.1 Correlation Analysis

Correlation analysis was done to determine association amid predictor and response variables. In this study it helped in determining the association between service recovery strategies and competitive advantage. Outcomes are indicated in Table 4.12

Table 4.12: Correlation Analysis

		CC	PS	RS	CF	RS	CA
CC-Communication Strategies	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	40					
PS-Personalized service strategies	Pearson Correlation	.590**	1				
	Sig. (2-tailed)	.01					
	N	40	40				
RS-Reliability strategy	Pearson Correlation	.523*	.431*	1			
	Sig. (2-tailed)	.05	.05				
	N	40	40	40			
CF-Customer focus	Pearson Correlation	.583**	.464*	.141*	1		
	Sig. (2-tailed)	.01	.05	.05			
	N	40	40	40	40		
RS-Responsiveness strategies	Pearson Correlation	.650**	.173*	.324**	.215*	1	
	Sig. (2-tailed)	.01	.05	.01	.05		
	N	40	40	40	40	440	
CA-Competitive Advantage	Pearson Correlation	.783**	.620**	.638**	.466*	.625**	1
	Sig. (2-tailed)	.01	.01	.01	.05	.01	
	N	40	40	40	40	40	1

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

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

From the above Table 4.12, there is positive correlation between communication strategies and competitive advantage at Pearson's correlation coefficient of $r=0.783$ and significance level of 0.01.

Likewise, personalized service strategies has positive linkage with competitive advantage at $r=0.620$ and significance level of 0.01. Also, outcomes got amid reliability strategy and competitive advantage with Pearson's correlation coefficient of 0.638 and significance level being 0.01. Responsiveness strategies had irrelevant positive linkage with competitive advantage at a Pearson's correlation coefficient of 0.466 and level of significance of 0.05. Finally, responsiveness strategies have significant relationship with competitive advantage at a Pearson's correlation of 0.625 and p-value of 0.05

4.7 Regression

A regression model was employed in ascertaining correlation amid the research parameters. Predicted parameter is the competitive advantage while the independent is the service recovery strategies measured in terms of variables are communication strategies, personalized services strategies reliability Strategies, customer focus strategy and responsiveness strategies. It was utilized in analyzing association amid predictor and predicted variable.

Coefficient of determination details the percentage of variation in predicted component that's clarified by all the 5 predictor components or the degree to which a change in dependent element can be explicated following variation in predictor parameters. Research used SPSS V 21.0 in coding, keying in, and processing the multi-regression data.

4.7.1 Model Summary

Competitive advantage was regressed against service recovery strategies. Table 4.12 shows the model summarization.

Table 4.13: Model Summary

Model	R	R ²	Adjusted R Square	Std. Error of the Estimate
1	.876 ^a	.767	.684	.419

Predictors: (Constant), Communication strategies, personalized services strategies, reliability

Predictors: (Constant), Communication strategies, personalized services strategies, reliability Strategies, customer focus strategy and responsiveness strategies.

On the above model, the R² value is .767, which showed a significant rate of variance shared by independent variable and dependent variable. The R square value .767 indicate that 76.7% of the variable service recovery strategies is explained owing to competitive advantage in model.

4.7.2 Goodness of Fit of the Model

The purpose of this was to assess the impact predictor variables on the response variable.

Indicated on Table 4.14

Table 4.14: ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	8.090	5	1.618	2.427	.000 ^b
	Residual	2.460	34	.176		
	Total	10.550	39			

As shown in Table 4.14, $F(5,39) = 2.427$ was significant at 95% level of confidence. This postulates that the model used was fit to explain the relationship between the service recovery strategies and competitive advantage.

Significance explains the usefulness of regression model at 95% level of confidence in which p-value of the ANOVA is less than alpha ($0 < 0.05$) hence it was concluded that service recovery strategies is significant predictor of competitive advantage.

4.7.3 Model Regression Coefficients

Table 4.15 highlights unstandardized coefficients, standardized coefficients, t statistic and significant values.

Table 4.15: Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B (β)	Std. Error	Beta (β)		
(Constant)	.179	.756		.236	.817
Communication strategies	.149	.239	.165	.623	.543
Personalized services strategies	.247	.159	.272	1.554	.012
Reliability Strategies	.239	.125	.305	1.906	.037
Customer focus strategy	.200	.273	.126	.733	.476
Responsiveness strategies	.289	.156	.145	1.857	.074

a. Dependent Variable: Competitive Advantage

The coefficient in Table 4.15 indicate holding all other factors constant (no influence of the predictor variables) competitiveness would be at 0.179. A unit rise in communication strategies implementation would result in a rise in competitiveness by 0.165. A unit increase in personalized services strategies would result an increase in competitiveness by 0.272.

A unit rise in reliability strategies results in a rise in competitiveness by 0.305. A unit rise in customer focus strategy results in a rise in competitiveness by 0.126. Lastly, a unit rise in responsiveness strategies results in a rise in competitiveness by 0.145.

The regression model therefore is represented as follows:

$$Y = 0.179 + 0.165X_1 + 0.272X_2 + 0.305X_3 + 0.126X_4 + 0.145X_5$$

Where:

Y =Competitive Advantage

X₁= Communication strategies X₂ = Personalized services strategies

X₃ = Reliability strategies X₄ = Customer focus strategy

X₅= Responsiveness strategies

The model indicates service recovery strategies impact competitive advantage by p-value of <0.005 other than communication strategies which is at 0.543 and each variable positively established firm behavior. Besides, personalized services strategies, reliability strategies, customer focus strategy and responsiveness strategies.

4.8 Discussion of Findings

The study findings also relate to the resource-based view theory which contends that a firm has certain productive resources, useful for exploiting productive opportunities to allow the firm to implement a strategy successfully. The results demonstrate that commercial banks have ensured optimal use of the available resources so as to implement service recovery strategies. The Commercial banks have expert team that monitors and evaluates the system. These findings align with the assertion of Ittner and Larcker, (2016) who stated that the ultimate motivation behind product development is for the companies to protect their overall market share.

In the same way Lee and Grewal (2015) stated that pursuing a product development strategy, the management attempts to sell a new product to current customers with an aim to enhance firm performance. The study also brings to the core assertion by Porter's theory which focuses on competition as well as the origin of competitive advantage differs among industries and among various segments within the same industry. The study agrees with the theory that believes there are costs associated with executing a transaction in the market which can be reduced by applying alternative channels of service delivery (Williamson, 1975). These costs could relate to the process of drafting, negotiating, and completing an exchange.

On the influence of communication strategies on competitive advantage, the findings indicate that Commercial Banks in Kenya have to a moderate extent improved due to keeping in touch with customers and offering a variety of ways to convey information. The results are consistent with the outcomes of Mwangi (2008) who studied the communication strategies and competitive advantage and performance of independent Kenya's oil firms.

It was found out that personalized services influence competitive advantage. The study findings indicate that to a great extent that the bank profile and social status adequately serves the customers of the bank and the banks have all the available customer choices that meet the need of the consumers. The findings of the study agree with Berghman et al. (2012) who found out the outcomes demonstrated that customer association management were epitomized as a solitary development by respondents. Findings on the impact of reliability strategies revealed that to a moderate extent banks are inclined towards authority all the staff that can make a decision when there is service failure. This is in agreement with Heimeriks and Duysters (2012) who found that reliability strategies of a firm are shown in the organizational routines that formulate innovation processes that seek to reconfigure the product portfolio of a firm.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section sums up the parts covered in previous chapters in three sections. First, it summarizes the study findings, makes conclusions, and then makes some endorsements. Outcomes summarized to align with study goals; assessing impact service recovery approaches and competitive advantage in Commercial Banks in Kenya. Also, section outlines research boundaries and proposes areas of more study.

5.2 Summarization

It sought to determine the impact service salvage approaches on competitive advantage in Commercial Banks in Kenya. The general information sought from the respondents included their respondent's age, level of education, the length of time they had worked for the banking and number of branches of the Bank. The study targeted a total of 44 participants who constituted of senior managers of commercial banks. This position is directly responsible for the strategic initiatives of the organizations under study. Out of these, 40 respondents could be reached and completed the questionnaires while the rest were not available to fill the questionnaires, hence the response rate of the study at 90.9%.

The researcher aimed at determining the respondent's gender. The results show gender ratio was almost the same although the banks in Kenya are dominated by male compared to female. On the other hand, most respondents were masters' holder and 52.5% of participants worked in banking sector for over 7 years. Most of the respondents were in management staff and were knowledgeable about customer service strategies adopted by the banking sector. The most banks have over 20 branches in Kenya.

Banks have improved their personalized services and responsiveness through the bank profile and social status that adequately serves the customers of the bank and the banks have all the available customer choices that meet the need of the consumers. The workers will not ever be too eventful to reply to requirements and always be willing to assist customers. Banks have to a moderate extent improved reliability, customer focus and communication through banks which include customers in product development and encourage its customer to give feedback on quality and delivery of services.

It found out that there is positive linkage amid service salvage approaches and competitive advantage. Service recovery strategies positively enhance the competitive advantages for banks in Kenya. The predictor components considered only predict a significant 76.7% of competitive advantage as signified by adjusted R2 (0.767). Therefore, this implies that the predictor parameters contribute 76.7% % of the competitive advantages.

5.3 Conclusion

It found personalized services influence competitive advantage at great extent. Banks in Kenya have bank profile and social status that adequately serves the customers of the bank and have all the available customer choices that meet the need of the consumers. Similarly, communication strategies influence competitive advantage at moderate extent. Commercial Banks in Kenya keep in touch with customers and offering variety of ways to convey information. Through communication the bank is able to encourage customer's feedback on quality and delivery of services.

The study concluded that of reliability strategies influence competitive advantage at moderate extent. Banks are inclined towards expertise in reaching staff and correct mistakes and the bank provides retrieval choices or alternatives in dealing with service failures. Reliability strategies are shown in the organizational routines that formulate innovation processes that seek to reconfigure the product portfolio of a firm. It concluded service recovery strategies positively enhance organization competitiveness. Competitive advantages are achieved when an organization effectively achieves client satisfaction, guarantees high quality services and products, client-focused products, and positive response from clients. There is need for continuous development of service recovery strategies by Banks in order to remain competitive.

5.4 Recommendations

These were grounded on summary of the outcomes:

The study sought to determine the influence of impact service salvage approaches on competitive advantage in Commercial Banks in Kenya. The result indicated that service recovery strategies positively enhance the competitive advantages for Commercial Banks in Kenya ensuring survival in the dynamic banking industry atmosphere through consolidation, transformation of both internal and external resources.

The study recommends that the leadership of banks should be committed to service recovery strategies. Top leadership should allocate and provide more resources, both financial and human resources, to support strategies. Resources are key to successful service recovery strategy. Besides provision of resources, leadership should also enhance team work and create a culture that would support the company's service recovery strategies.

The success of service recovery strategy at Banks is solely contingent on organization competency and commitments by all stakeholders. Because of the importance of the leadership of the organization to the adaptive process, it is vital to continuously support and enhance those traits required to promote change orientation and growth.

5.5 Limitations

Researcher came across many different problems to conducting research. For instance, some respondents were reluctant to provide information that they viewed as confidential to the company. They were also unwilling to offer info for fear that the information would be used against them. Further, most of the targeted respondents had very busy schedules or out of office due to Covid-19 related issues making it hard to fill in the feedback forms within the stipulated time. The stringent policies of the firms also lengthened the process due to many bureaucratic processes involved. The researcher handled the problem by assuring the respondents of treating any obtained information confidentially and purely for academic purposes.

The study's limitations included the limited time set aside for the research and the scope. The population under study involved all banks in Kenya presenting a challenge to collect data from the 44 commercial banks in view of the limited time available to collect the data. This was overawed by beginning the study earlier. This ensured maximum amount of time possible was spent in the research and last minute rush was avoided.

The current study was limited to primary data that was collected using questionnaires. However, it could be prudent when data is obtained from primary and secondary foundations employed to substitute each other. At the same time, not questionnaires that the researcher issued to respondents were returned hence reducing the return rate.

5.6 Recommendation for Further Studies

The study used quantitative approach and adopted cross sectional survey which involved capturing the perceptions and opinions of respondents. Cross sectional survey was selected because it was the best method for analysis. Therefore, there is need for a similar research to be carried out based on qualitative approaches.

Additionally, further research done on the factors affecting service recovery strategy implementation and impact on competitive advantages by drawing attention to other industries instead of banking industry so as to represent useful and reliable information which depicts actual events throughout all economic sectors.

It would be paramount to conduct further research to determine other random variations and factors not considered in this research that determine the competitive advantage of commercial banks and how these factors would relate to performance and strategy formulation. This can include similar variables or more variables be added to come up with more solid confirmation or reduction of error term.

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APPENDICES

Appendix I: Survey

Section A: Demographic Data

1) Name of the Bank

2) Year of inauguration

3) Kindly indicate your Gender

Male []

Female []

4) Academic Education

Diploma []

Bachelor's Degree []

Master's Degree []

Doctorate

Degree []

5) Number of years in Banking Industry?

Less than 3 Years [] 3-6 Years [] 7-10 Years [] More than 10 Years []

6) Your position in the Bank?.....

7) How many branches does the Bank have in Kenya?

Less than 5 [] 5 – 10 [] 10 – 15 [] Over 20 []

SECTIONB: SERVICE RECOVERY STRATEGIES MANAGEMENT
COMMUNICATION STRATEGIES

To what degree do you settle on with different attributes on communication strategies by your bank? On a scale of 1 - 5, choose the right response from choices given. 1 = Strongly disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = Strongly agree

Component	1	2	3	4	5
The bank keeps in touch with customers					
The Bank offers variety of ways to convey information.					
The Bank is concerned with customer needs					
When a customer lodge a complaint, the bank handles it.					

PERSONALIZED SERVICES STRATEGIES

To what degree do you agree with qualities on personalized services approaches employed by your bank? Using a scale of 1 - 5, choose right response among choices given . 1 = Strongly disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = Strongly agree

Component	1	2	3	4	5
The Bank has all the available customer choices that meet the need of the consumers.					
Both customer and the facility flexibility with regards to					

adjusting to customer needs is perfect at this facility.					
The bank profile and social status is adequately serves the customers of the bank.					
Customers are extremely satisfied by the way bank staff serve them.					

RELIABILITY STRATEGIES

To what degree do you agree with qualities on reliability approaches exhibited by your bank?

Using a scale of 1 - 5, choose the best response from options given. 1 = Strongly disagree, 2 =

Disagree, 3 = Uncertain, 4 = Agree and 5 = Strongly agree

Component	1	2	3	4	5
The bank will honour their promise to deliver services by ascertain time to customers.					
The bank provides multiple channels for customers to express their concerns.					
The bank provides the power and authority to all contact employees to correct failures upon discovery.					
The bank provides recovery options or alternatives in dealing with service failures.					

CUSTOMER FOCUS STRATEGY

To what extent do you agree with the following attributes on Customer focus exhibited by your bank? Using a scale of 1 - 5, tick the appropriate answer from the alternatives provided. 1 = Strongly disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = Strongly agree

Component	1	2	3	4	5
The company includes customers' requirements in product development.					
Customer satisfaction evaluation is done periodically.					
Studies are conducted to determine customer needs, expectations and wants.					
The firm encourage its customer to give feedback on quality and delivery of services.					

RESPONSIVENESS STRATEGIES

To what extent do you agree with the following attributes on responsiveness exhibited by your bank? Using a scale of 1 - 5, tick the appropriate answer from the alternatives provided. 1 = strongly disagree, 2 = Disagree, 3 = Uncertain, 4 = Agree and 5 = strongly agree

Component	1	2	3	4	5
Bank workers will provide prompt services to clients.					
Bank workers will always be willing to assist clients					
Bank workers usually inform customers exactly when the services will be done.					
Bank workers will never be too busy to respond to requests					

SECTION C: COMPETITIVE ADVANTAGE

To what degree do you agree with qualities of competitive advantage exhibited by your firm?

Using a scale of 1 - 5, choose the best response from options available . 1 = strongly disagree, 2

= Disagree, 3 = Uncertain, 4 = Agree and 5 = strongly agree

Component	1	2	3	4	5
We are first in the market to introduce new products					
We offer a competitive price for our products					
Our company is profitable					
Our products and services are of a high quality					
Our products and services are highly reliable					

Appendix II: List of Commercial Banks in Kenya

- 1.African Banking Corporation (ABC)
- 2.Bank of Africa Kenya Limited
- 3.Bank of Baroda (K) Limited
- 4.Bank of India
- 5.BarclaysBank of Kenya Limited
- 6.CFC Stanbic Bank
- 7.SBM Bank Limited
- 8.Charterhouse Bank (under statutory management)
- 9.Citibank N.A Kenya
- 10.Commercial Bank of Africa (CBA)
- 11.Consolidated Bank of Kenya Limited
- 12.Credit Bank of Kenya Limited
- 13.Development Bank of Kenya Limited
- 14.Diamond Trust bank (DTB)
- 15.Eco Bank
- 16.Family Bank of Kenya Limited
- 17.Spire Bank Ltd
- 18.Equatorial Bank of Kenya Limited
- 19.Equity Bank Kenya Limited
- 20.Cooperative Bank of Kenya Limited
- 21.Fidelity Bank
- 22.First Community Bank

23.Guaranty Trust Bank (K) Ltd

24.Guardian Bank

25.Gulf Africa Bank

26.Habib Bank AG Zurich

27.Habib Bank Ltd.

28.Housing Finance Bank

29.I&M Bank

30.Kingdom Bank

31.Kenya Commercial Bank

32.Middle East Bank

33.National Bank

34.NIC Bank

35.Oriental Commercial Bank

36.Paramount Universal Bank

37.Sidian Bank

38.Stanbic Bank

39.Standard Chartered Bank

40.Transnational Bank

41.United Bank of Africa (UBA)

42.Victoria Commercial Bank

43.Mayfair Bank

44.Dubai Islamic Bank

Source: (CBK, 2020)