

**RELATIONSHIP MARKETING STRATEGIES AND PERFORMANCE OF
MICROFINANCE INSTITUTIONS IN NAIROBI CITY COUNTY, KENYA**

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**A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF BUSINESS,
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DECLARATION

This research project is my original work and has not been presented for a degree in any other institution of higher learning.

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I confirm that the work in this project was done by the candidate under my supervision.

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DEDICATION

This work is devoted to my mother, Mrs. Grace Keter, my sole inspiration in undertaking this master program. I am forever indebted to her constant encouragement to finalize the project.

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OPERATIONAL DEFINITION OF TERMS

- Communication:** Details the messages disseminated at service points that are reliable, timely, accurate and sufficient to the customers.
- Complain Handling:** The totality of activities involved in managing information breakdown during the service encounters and mitigating it.
- Cooperation:** Expressed through the actions of bringing the parties in transaction to a common platform during the customer interaction processes and value chain paradigm.
- Microfinance Institution:** These are financial institutions that are characterized with assisting the poor households and enterprises access credit.
- Relationship Marketing:** Mutual inclination focused on retention and improvement on current customers, in place of new customer acquisitions.
- Relationship Marketing Strategy:** The dimensions of sustaining the consistence in business interactions now and in future without compromising the set standards
- Performance:** The cumulative outcomes of microfinance institutions as indicated in the customer satisfaction index, return on equity, return on assets, and market share.

Trust:

The creation of credibility and assurances in the service delivery process to all interested parties throughout the value chain network.

ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
BOSA	Back Office Savings Activity
BSC	Balanced Scorecard
CBK	Central Bank of Kenya
DT – MFIs	Deposit Taking Microfinance Finance Institutions
GDP	Gross Domestic Product
GOK	Government of Kenya
GTB	Guaranty Trust Bank
KPIs	Key Performance Indicators
MFIs	Microfinance Finance Institutions
MSEs	Micro and Small Enterprises
MSME	Micro, Small and Medium Enterprises
NACOSTI	National Commission for Science, Technology and Innovation
NWDT	Non-Withdrawable Deposit Taking
RM	Relationship Marketing
RMS	Relationship Marketing Strategy
ROA	Return on Assets
ROE	Return on Equity
ROI	Return on Investment
SACCOS	Savings and Credit Cooperative Societies
SASRA	SACCO Societies Regulatory Authority
SET	Social Exchange Theory

SMEs

Small and Medium Enterprises

SPSS

Statistical Package for Social Sciences

ABSTRACT

Micro-financing institutions play a key role in enhancing a country's economic growth and also in assisting the country work toward achieving vision 2030. In spite of the great role that micro finance institutions play, they have been facing performance challenges such as reduced market share, reduced dividends pay-out, employee dissatisfaction and customer dissatisfaction. The study was designed to assess how relationship marketing strategies affect the performance of microfinance institutions in Nairobi City County, Kenya. Its particular objectives included to evaluate the influence of trust, communication, cooperation, and complaint management on performance of these institutions in Nairobi City County. This study was based on five theories: commitment-trust theory, relationship marketing theory, stakeholder theory, balanced scorecard model and social exchange theory. The study utilized both explanatory and descriptive research designs. Its target population consisted of 172 staff members from 43 deposit-taking microfinance institutions situated in Nairobi County. The primary focus of analysis was on microfinance institutions within Nairobi City County, with the observation unit being four senior staff members from each institution who are knowledgeable about relationship marketing. Data was gathered using a semi-structured questionnaire, utilizing the drop and pick later method. Prior to starting the primary data collection process, a feasibility study was carried out in Nakuru town to assess the validity and reliability of the questionnaire. Content and construct validity was ensured while Cronbach Alpha was employed for testing reliability and the cut-off point of 0.7 was considered. All qualitative and quantitative data was systematically gathered for the purposes of the study. Qualitative data analysis was performed by use of content analysis and displayed through themes and narratives. The study employed both descriptive and inferential statistics to analyze quantitative data. Its results were illustrated with visual representations, including tables, charts, and graphs. The results depicted a statistically significant relation between trust ($\beta = .245$, Sig. = $.031 < .05$), communication ($\beta = .275$, Sig. = $.035 < .05$), cooperation ($\beta = .359$, Sig. = $.029 < .05$), complaint handling ($\beta = .281$, Sig. = $.017 < .05$) and performance of MFIs at 95% confidence level. It can be concluded that trust, effective communication, collaboration, and the management of complaints influence the performance of microfinance institutions in Nairobi City County, Kenya. This work recommends that performance needs to be enhanced by putting more emphasis on trust, communication, cooperation, and complaint handling in microfinance institutions in Nairobi City County, Kenya.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Microfinance sector has seen rapid growth in developing countries in the recent decade (Assefa, Hermes, & Meesters, 2017; Kar, 2016), and hence have received high recognition from stakeholders such as international players, facilitators, and governments (Olsen, 2016). Microfinance Institutions (MFIs) are characterized by unique features for example, they take the product form and or a type of service, with diverse means in lending setting them apart from the conventional banking institutions (Quayes, 2017). Microfinance institutions are developed to give a supplementary option and meet the market segment, unveiled by the formal banking sector over a long period of time (Vanroose & D’Espallier, 2018). They hence have to develop a number of strategies to enhance their performance. One of such strategies is relationship marketing.

In India the Microfinance operation has taken the lead over different types of financial institutions. The Microfinance institution model comprises of a wide range of lending methods which include individual banking, joint liability groups and Grameen banking (Velnampy & Sivesan, 2017). Between 2019 and 2021, the Indian MFI industry has grown stronger than the previous years (Kar, 2021). The significant drivers of the rapid expansion in the industry encompass the demand for loans from customers and the extensive circulation of investment. However, the promising growth of the Indian Microfinance industry was impeded by an unforeseen crisis (Lam, 2016).

In Malaysia microfinance institutions (MFIs) are preferably seen as financial enterprises engaging in the principal business of providing small loans and financial facilities to low-class

and to those customers considered financially unbankable. They do this along with developing key element of a considerate double bottom line. This entails single sided concentration on social characteristics which include poverty elimination, fostering education, and awareness whereas on the other hand, enhance monetary gain and sustainability, (Abrar, 2018). MFIs are characterized by their pursuit of a double bottom line, aiming to achieve both social impact and financial sustainability (Morduch, 2019).

The role of microfinance institutions (MFIs) in Ethiopia is pivotal as they function as a development intervention by offering financial and non-financial services to individuals in the low-income segment. Additionally, they serve as the main sources of funding for small and micro enterprises, as emphasized by Magasi (2016). MFIs have significantly contributed to facilitating financial access for small and medium enterprises (SMEs) and individuals from lower socioeconomic strata. MFI are the major growth stimulators for MSMEs through formation of unexplored markets, and technological utilization as well as fostering the spirit of entrepreneurship (Oleka et al., 2016). MFIs provide growth possibilities for small businesses though giving input to decreased risks on their businesses, increased surplus gains, stores overflowing liquidity and facilitating returns and gains from their savings (Payne, 2015).

In Kenya the performance of the micro finance sector has been instrumental in the employment cycles and Gross Domestic Product (GDP) spectrum (Ndulu, 2016). Both the informal and the formal sector have actively engaged in boosting the figures of the MFIs as more citizens seek additional funds to their low scale enterprises. For example, they contribute a cumulative sum below 10% of GDP and offer close to 45% of total employment (Amoah & Amoah, 2018). MFIs also help business people to expand and diversify their SMEs and to run their businesses with dignity, (Ngana, 2017).

The challenges in the performance of MFIs in Kenya are diverse as they cut across all the MFIs namely the government, private as well as the community based. The Central Bank of Kenya, Annual Supervision Report (2022), records that MFIs recorded a cumulative performance reduction with a cumulative pretax drop of Ksh. 334.9 million documented in June 2022. Consequently, the MFIs reported a significantly lower return on assets and equity ratio at -1.2% and -9.6%, when compared to the previous year in 2021 where this ratio stood at negative -3.8 percent and negative -24.3 percent respectively.

The performance of MFIs continues to experience reduced results as they have to strive to increase their market share, leading to the increase on the cost of new customer attraction. More so the performance figures have been escalated by the non-performing loans as customer grapple with hard economic times and fall out of customers to rival players due to reduced payments of interests on members deposits in the recent past, (Central Bank of Kenya, 2022). To address the performance challenges facing MFIs in Kenya, a number of strategies have been implemented amongst them relationship marketing strategies which include trust, communication, complain handling, commitment, bonding, competence, cooperation, shared values and keeping promises.

1.1.1 Organization Performance

Performance in an organization is assessed based on combined results of its actions (Tangen, 2017). Tubigi & Alshawi (2015) observe that organization performance refers to the organization's outcomes with regards to the overall step-wise efficiency, efficiency of operations and profitability levels. Organization performance in other words is described by Weitz & Sandy, (2018) as the real outcomes or output assessed against its projected output, aims and goals. George, Walker & Monster (2019) in their research defined organization objectives and

goals and it's recorded their results in three different sections which include; shareholders value, market performance and financial performance.

According to Abas and Yacob (2016), a single index is insufficient to adequately assess the overall outcomes of an organization. Luo Huang and Wang (2019) employed organization performance using meta-analysis and realized that organization's performance should be evaluated as a measure of both operational and economic metrics. The evaluation of performance through economic metrics focuses primarily on the market and financial results, such as return on investment (ROI), sales, profits, and other key financial indicators. Conversely, the assessment of performance through operational metrics emphasizes on the factors that can be observed include loyalty and satisfaction of customers, the firm's social capital, and the competitiveness obtained from its resource base and capabilities. This resonates well with the findings of Tangen (2017), affirming that the assessment of the outcomes of an organization should be anchored on a specified set of indicators which includes both financial and non-financial indicators.

Financial metrics on performance of an organization are usually based on components of a statement of financial position which includes profitability, liquidity and solvency (Weitz & Sandy, 2018). They also comprise of individual changes in growth of sales, performance or in categories of expenditure (Knies, Jacobsen & Tummers, 2016). On the other hand, non-financial measures of organization performance are indices employed to determine an organization's undertakings contemplated as vital to the achievement of its goals (Tangen, 2017). The characteristics of non-financial metrics of organization performance entail those which concerns operational efficiency, workers and relationships with its customers (Hubbard, 2019). These entail rate of customer conversion, customer satisfaction index, rate of retaining customers,

turnover rates, efficiency of operations, balancing the score card and cycle time of the supply chain process (Hubbard, 2019).

Past research that relates to the MFIs measured organization performance by employing a number of metrics. A case in consideration, in research done by Nderitu (2016), the evaluation of the performance of Microfinance Institutions (MFIs) encompassed a comprehensive analysis of various dimensions pertaining to market performance. The factors encompassed, but were not restricted to, the creation of products, the portion of the market captured, the happiness of customers, the standing of the company, and the emphasis on the long haul. Mwihiya (2020) measured performance by increase in demand for products, rising number of customers appointments, and rise in customers visiting the outlets in defined period. Dinda, Ojera and Bulitia (2016) measures outcome of an organization by efficiency of operations, customer's satisfaction, viability of finances and efficiency whilst Kithinji (2019) determined the performance considering equity in delivery of services, operating efficiency of outlets, employees 'turnover, response to customers 'needs and continuous feasibility of services offered. It is with this regard that this study will assess performance by the customer satisfaction index, market share, return on assets (ROA) and return on expenditures (ROE).

1.1.2 Relationship Marketing Strategies

Relationship marketing, as first developed by Berry (1983) with reference to services marketing, refers to the attracting, maintaining and enhancing customer relationships (Weitz and Sandy, 2018). According to Zineldin (2016) this refers to a progressive series of activities aimed at identifying and creating new value for customers whereby mutual interests are vital and that the interest is mutually shared with the customer throughout their lifetime. The evolution of the business environment has underscored the necessity of fostering competitiveness and lasting

viability. As a result, the concept of relationship marketing has gained prominence. This approach encompasses the establishment, cultivation, and sustenance of successful relational transactions, signifying a notable departure from traditional marketing principles and implementations (Morgan and Hunt, 1994).

There are different relationships marketing dimension according to different authors. According to Amir (2013) relationship marketing strategies include trust, commitment and communication. Customer-organization relations are influenced by various significant considerations that contribute to the development of customer loyalty. In Sulieman and Fara's (2016) research, relationship marketing dimensions encompass information sharing, customer involvement, technology, interconnectedness, mutual exchange, teamwork, influence, interaction, fulfillment, worth, fairness, and understanding. Nyongesa, Kibera, and Kiraka (2020) identified trust, commitment, bonding, proper communication, shared values, and adherence to agreements as crucial factors affecting relationship marketing, each playing a unique role in influencing customer retention. Lin (2017) emphasized on customer relationship marketing involving a comprehensive set of strategies of managing customer relationships, including trust, commitment, communication, competence, and conflict resolution, all of which influence customer satisfaction. Given the context of the research, it will specifically focus on trust, cooperation, communication, and complaint handling, as these aspects are most relevant to the study.

Trust brings into view the acceptability of offerings and services through assessing the systems credibility and assurance of performing as expected. Alnsour, (2013), records that, privacy and confidentiality produce trust. Trust is vital in developing a relation between the customer and the MFI. On the micro finance institution's side, they are obligated to keep the information of the

customer confidential (Reter & Wikian, 2016) thus trust forms a vital instrumental task commercial relationship. It specifies the expectations of either party in a relationship, and to what extent each one should depend on the promise of the other party (Lin, 2017). As a central variable, trust determines the viability of long-term relations (John & Kijboonchoo, 2017). Unquestionable surety between either party develops more efficiency and more lasting relationships. In a trust bound relationship, an exchange party's promises should be reliable enough (Ganesan, 1994). Confidence is developed by both parties in a relationship over the long-term, and the presence of faith enforces with minimality, the likelihood of the other party acting opportunistically (Huang, & Cheng, 2016).

In Narteh's (2009) and Ndubisi and Wah's (2015) studies, communication is defined as the capacity to deliver timely and reliable information. Further, they note that communications as used in relationship marketing entails the provision of trusted information; provision of information when delivery challenges occur; and, provision of information about problems on quality while fulfilling made promises (Narteh, 2019). As a result, good communication in micro finance institution causes increase in the overall customer service satisfaction, the trust the customers have on the providers of the services, and their loyalty to the brand. The frequency of interparty communication is relative to the relationship's strengths (Narteh, 2019). Trust can also be enhanced by timely communication, by enhancing resolution of disputes and fulfillment of expectations. Sustained and effective communication entails cultivating the transfer of significant, dependable, and timely information among channel partners to facilitate achievement (Omodero and Azubuike, 2016). Formal and informal communication leads to the meaningful and significant information exchange between both parties.

Mutual cooperation arises from a shared understanding of the benefits to be gained. This motivation compels both parties involved to fulfil their obligations in a given agreement, thereby fostering a sustainable relationship (Sulieman and Fara, 2016). To explain further, Cooperation occurs when the customer perceives the benefits in the organization's offered services, leading to the achievement of the intended objective, (Alnsour, 2013). The collaboration between buyers and sellers encompasses well-coordinated, collective endeavors aimed at attaining shared objectives (Lewin & Johnston, 1997). The interpersonal connection between partners is associated with personal fondness, solicitation of guidance, and informal interaction beyond the professional environment (Schakett et al., 2011).

Complain handling involves the follow up domain of searching the customer experience from the service encounters (Kabue, 2019). A robust complaint system should encompass transparent procedures, ensuring a prompt and dependable response. It should also provide a unified point of contact for grievances, alongside being easily accessible and user-friendly. Additionally, the system should aim to keep the complainant well-informed, guarantee that the staff comprehends the complaint processes, and takes complaints seriously. Furthermore, it should empower employees to address the situation, implement follow-up procedures to ascertain customer satisfaction post-resolution, utilize data to pinpoint and resolve issues, and prioritize reducing the underlying causes of complaints over simply diminishing the quantity of complaints (Boshoff 2017). It is essential for a company to address any ongoing complaints between different markets and the organization as they can significantly impact the long-term success of the company. Unresolved complaints can lead to a breakdown in business interactions among all market players (Magasi, 2015). Therefore, the company needs to align its business processes with a

relationship marketing strategy. This entails creating a culture and formal systems where conflicting customer issues can be resolved, (Alnsour, 2013).

1.1.3 Microfinance Institutions in Kenya

Micro finance institutions in Kenya offers financial inclusion mainly from employees in the formal sector as well the owners of businesses in the informal sector. The term used to refer to them is savings and credit cooperative societies (Sacco's). MFIs are members owned financial cooperatives, governed by a board of directors elected by members. In the traditional Sacco model, members commit to periodic contributions towards back office non-withdrawable back-office savings activity (BOSA) in form of monetary deposits that gradually build up their deposits (SASRA, 2022).

However, there is a growing trend of increasing demand for financial products other than traditional loans coupled with unfavorable terms from commercial banks that has led to introduction of withdrawable savings activity in the front office referred to as front office savings activity (FOSA) which offer a platform for demand deposits mobilization in addition to other financial products such as mobile and internet transaction platforms (SASRA, 2022). Deposit-based loans are advanced at an average three to four times the amount of the member deposits, secured by borrowers 'deposits, and guarantees by other members. However, the FOSA products are changing the way members secure loans from the traditional guaranteeing to securing loans through collateral arrangements. This morphing risk profiles calls for a review of regulatory approaches, tools and instruments in alignment to the market developments (SASRA, 2022).

Microfinance institutions (MFIs) play a vital role in Kenya's financial ecosystem, serving more than six million households across diverse sectors of the economy. Recognizing their

significance, the government has been actively pursuing policy reforms to bolster the safety, financial stability, and governance of MFIs. These reforms aim to ensure the resilience and lasting viability of the microfinance industry in Kenya. Kenya's MFIs industry total assets grew by 56 % to reach Kenya shillings 807.11 billion in 2021 up from Kenya shillings 342.55 billion in 2020 (SASRA, 2022). In the microfinance sector, the 176 deposit-taking MFIs (DT-MFIs) collectively held the majority, with total assets amounting to Kenya shillings 691.01 billion, representing 85.63% of the total asset portfolio. In comparison, the 185 Non-Withdrawable Deposit-Taking MFIs (NWD-T-MFIs) held a minimal share of the total assets at 14.37%. This disparity solidifies the dominance of DT-MFIs in the microfinance industry. While the DT-MFIs appear to be thriving, some of the MFIs are struggling to comply with some ratios such as Institutional Capital Asset (ICA) calling for revisiting of the current capital adequacy framework to ensure alignment of objectives and practices with the legal framework (SASRA, 2022).

DT-MFIs are deposit taking financial intermediation institutions kin in some ways to mainstream banks and play a critical role in the financial system which exposes them to a risk profile that can be modeled in the same way as the risk of financial intermediaries with respect to market, credit and liquidity risk and consequently systemic risk. According to Sanders (2018), the highly liquid nature of depository institution has resulted in their acceptance by the public as the most widely used medium of exchange in the economy. The market risk associated with deposit taking institutions transcends the individual institutional risk boundaries because of this financial intermediation role. Thus, the relationship marketing dimension comes in handy to mitigate the market risks as seen in increased demand for customers from the money lenders and suppliers in the money market. According to the Annual SACCO Supervision Report (2021) there were 5.99

million members in the MFIs industry, 5.54 million of whom were from the 176-DT-MFIs while 460,785 were from the 185-NWDT-MFIs.

1.2 Statement of the Problem

The economic growth of nations across the globe relies on micro finance institution activities as enshrined in the multiplier effect of the macro and micro economic transactions (CBK, 2022). The performance of the MFIs is of great significance to both the developed and developing economies as the economic pillar in vision 2030 underscored the role of MFIs in reaching the unbanked and providing financial inclusion (Government of Kenya, 2019). This is well anchored in the constitution of Kenya mandate for financial accessibility to all populace in Kenya through both fiscal and monetary policies (CBK, 2022).

The Central bank annual supervision report (2022) noted that MFI suffered a drop in their combined market share index from 7.09% in December 2021 to 6.79% in December 2022. In addition, microfinance banks experienced high staff turnover from 4,500 in 2020 to 4,423 in 2021, from 4,328 in 2022 to 4,109 in 2023 (CBK, 2020; 2021; 2022) and a further decline to 3,058 in 2023 (AMFI, 2023). In June 2022, customer deposits experienced a decrease of 5.5 percent, totaling Ksh 48.0 billion compared to Ksh 50.8 billion in June 2021. In addition, there was a reported decline in the quality-of-service delivery as seen through the speed of service which has led to need for investments in ICT, digital delivery channels and shared services as members' convenience and ease of access to financial services and products will continue to determine client or customer patronage (AMFI, 2021, 2022).

In research conducted by Mwihi (2020), the analysis of relationship marketing strategies and performance was based on metrics such as the increase in demand for products, rise in the

number of customer appointments, and growth in customer visits to the outlets within a specified period. Furthermore, Kithinji (2019) measured relationship marketing strategies and performance using equity in the delivery of services, operational efficiency of outlets, employee's turnover, responsiveness to customers needs and feasibility of services. In contrast the current study intends to conceptualize relationship marketing strategies and performance through financial and non-financial measures like customer satisfaction index, market share index, return on assets (ROA) and return on equity (ROE). This presents a methodological gap that the study intends to fill.

Warren, Govert & Michele (2019) applied the survey descriptive research design on insurance companies using stratified sampling techniques. Egan (2019) applied a cross-section design in the telecommunication sector using multi stage sampling and Waiganjo (2019) adopted a case study descriptive research approach in banks through a census sample. The focus in these studies was banks Waiganjo (2019), telecommunication sector (Egan, 2019) and insurance companies (Warren, Govert & Michele, 2019), while this study was undertaken in DT – MFIs in Nairobi County; while these studies used multi stage, stratified and census sampling techniques respectively but this study applied the purposive sampling hence the conceptual and contextual gap necessitating the present study.

1.3 Research Objectives

1.3.1 General Objective

To determine the effect of relationship marketing strategies on organizational performance of microfinance in Nairobi City County, Kenya

1.3.2 Specific Objectives

- i) To assess the effect of trust on organizational performance of MFIs within Nairobi City County, Kenya.
- ii) To determine the effect of communication on organizational performance of MFIs within Nairobi City County, Kenya.
- iii) To establish the effect of cooperation on organizational performance of MFIs within Nairobi City County, Kenya.
- iv) To determine the effect of complains handling on organizational performance of MFIs within Nairobi City County, Kenya.

1.4 Research Hypothesis

- i. Trust does not have a significant effect on organizational performance of MFIs within Nairobi City County, Kenya?
- ii. Communication does not have a significant effect on organizational performance of MFIs in Nairobi City County, Kenya?
- iii. Cooperation does not have a significant effect on organizational performance of MFIs in Nairobi City County, Kenya?
- iv. Complain handling does not have a significant effect on affect organizational performance of MFIs in Nairobi City County, Kenya?

1.5 Significance of the Study

Micro finance institutions, as a main stakeholder in the study would gain through the understanding of how relationship marketing strategies affects the organizational performance. Good mastery of the RM strategies that is trust, communication, cooperation and complaining handling and their vital significance on performance assists the organization's management in giving priority to its strategies, while maintaining and growing their market share and profitability.

The study was designed to aid clients in establishing a connection with microfinance institutions, as stronger relationships can facilitate greater customer satisfaction. This was due to the fact that a well-organized relationship marketing plan yields favorable customer satisfaction outcomes while sustaining a competitive edge. Clients can be confident that microfinance institutions effectively address their needs in a prompt manner.

Derived result benefits future researchers as a point of reference for similar studies. It also gives a basis of interest and encourages further research among academicians into the problems and solutions that arise from relationship marketing.

1.6 Scope of the Study

The study was centered on the evaluation of trust, communication, cooperation, and complaint handling as factors impacting performance of MFIs in Nairobi City County, Kenya. This was delimited to the examination of relationship marketing strategies specifically within the scope of MFIs in Nairobi City County. It was guided by five key theories: commitment-trust theory, relationship marketing theory, stakeholder's theory, balanced scorecard, and social exchange theory. A descriptive survey research design was selected and information evaluated through

both the descriptive and inferential statistics. The inclusion criteria focused on MFIs that are deposit taking and located in Nairobi County. The unit of analysis was deposit taking MFIs (DT – MFIs) in Nairobi County whereas the observation unit was the four senior staff drawn from each MFI conversant with relationship marketing dimension. The study was conducted over six month's period from June 2024 to December 2024.

1.7 Limitations of Study

This proposed study handles a sensitive matter and may experience reluctance from respondents in filling and returning the questionnaires duly filled. In this regard, the respondents had to be made aware that the provided data was to be only used for educational reasons and was treated with the highest level of privacy in accordance with data protection regulations.

The study encountered lack of cooperation from the selected respondents in the various MFIs due to their nature of work and busy schedules. The researcher overcame this by allowing for ample time to respondents after the questionnaire sheets were administered. Also the use of drop and pick procedure was utilized where the respondents were to alert once the research questionnaires were dully filled up. On the possibility of some of the respondents giving falsified information, this study derived data from diverse respondents in the various departments of the micro finance institutions in order to reduce the biasness.

1.8 Organization of the Study

The report is sectionalized into five primary parts. The first part encompasses introductory details, delineates the research quandary, objectives, hypotheses, scope, limitations, and expounds upon the study's relevance. In the second chapter, a thorough examination of current literature is presented, encompassing theoretical underpinnings, empirical studies, and the

conceptual framework. The chapter provides detailed insights into research methodologies and protocols, covering; target population, research design, data collection tools, sample size, data collection procedures, methods of analyzing data, and ethical considerations pertinent to the research process. Fourth chapter gives the research findings, from analyzing descriptive and inferential computations of the characteristics of each variable and the responses of the general information. The discussions of the variable response, the divergent views from the past studies and summaries have been given. Chapter five brings into view the connection between main aim of the study and the resulting findings to each of the questions in relation to the four variables as well as provides the major outcomes of the research, conclusions, recommended action plans and suggestions on areas for future research are provided.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This part outlines the theory that underpins the research focus, along with an extensive academic review of the research variables, and a conceptual model that defines the link between the dependent and independent variables. Furthermore, it emphasizes the recognized research gaps within microfinance institutions.

2.2 Theoretical Literature Review

Various theories relevant to RM exist, which forms the grounds for this research. Relevant to the study area of RM with a focus on MFIs are the five theories under review. These theories include commitment-trust theory, stakeholder theory, social exchange theory, relationship marketing theory, and the balanced scorecard.

2.2.1 The Commitment-Trust Theory

The commitment-trust theory, as formulated by Morgan and Hunt (1994), is fundamental to relationship marketing. It highlights the significance of trust and commitment in developing successful relations. Relationship marketing focuses on establishing strong connections with customers by addressing their needs and upholding promises. Unlike prioritizing short-term profitability, businesses embracing relationship marketing strive to cultivate enduring relationships with their customer base. Consequently, this approach cultivates trust among customers and nurtures mutual loyalty, proving beneficial for both parties. The commitment-trust theory is rooted in the principles of political economy theory, as outlined by Thorelli in 1989.

The concept posits that the influence of power held by an individual or organization in a transactional process shapes the behavior of the other party. It operates under the belief that trust and commitment supersede all other situational factors in conjunction with the power of the exchange partner, serving as determinants of the success of the relationship. Hunt and Morgan (1994) articulated a rationale emphasizing the pivotal function of commitment and trust in nurturing relationship marketing, placing significant emphasis on urging marketers to focus on maintaining relationship investments. According to the theory, commitment to a relationship entails a persistent inclination towards preserving a valued connection with the customer in relation to an organization.

Morgan and Hunt (1994) introduced the commitment-trust theory, centered on three principal elements: trust, commitment, and relational exchanges. In the context of microfinance institutions, trust manifests in several ways, including trust in the institution's products and services, trust in transaction handling, and trust in addressing customer concerns. Additionally, trust extends to credit information and the confidentiality of information provided by the microfinance institution. When customers lose trust with the MFIs, there is a high risk of them shifting to another MFI, purchase less micro finance institution products and badmouth the MFIs (Alderson, 1965). The maintenance of high levels of trust within a microfinance institution has several significant implications. It leads to increased purchases of products and services by customers, heightened customer satisfaction, minimized customer defection, and positive recommendations to friends and relatives regarding the institution. The internal orientation of relationship marketing in an organization is established through internal marketing. Microfinance institutions are tasked with acknowledging the fundamental significance of trust and commitment to expand their market share while retaining their current customer base (Morgan

and Hunt, 1994). It is crucial to identify and fulfill the requirements of employees to increase their motivation and improve retention. This, in turn, provides microfinance institutions with a competitive edge in delivering high-quality products and services essential for satisfying external customers. According to the proposed theory, trust is characterized as the readiness to depend on a partner in whom one can completely confide. Microfinance institutions should be open to relying on their clients and entrusting them with confidence. This establishment of trust encourages a sense of assurance between the organization and its customers, thereby establishing customer loyalty and ultimately enhancing the company's performance in sales. This research underscores the importance of commitment-trust theory in relationship marketing, particularly in demonstrating how trust influences the effectiveness of Microfinance institutions.

2.2.2 Stakeholder Theory

Donaldson introduced stakeholder theory in 1995, contending that organizations should not only focus on optimizing shareholders' value, but should also include the concerns of stakeholders. The approach is crucial as stakeholders' input can significantly impact the organization's survival and success. These key players include clients, supplies providers, workers, host communities, financial players and the government. This theory thus, holds that customers are key to the existence of every establishment as they are the main stream of revenue flow, the only reason organizations exist.

To maximize shareholder value, companies must prioritize maintaining strong relationships with customers, who are the primary source of revenue and the driving force behind the company's existence. It is imperative to recognize that without customers, a company cannot thrive. In the realm of micro finance institutions, safeguarding customers' interests from external threats such as electronic fraud is crucial. This entails establishing individualized relationships with

customers and implementing rigorous measures to ensure the security of their deposits. By prioritizing customer protection, customer loyalty can be cultivated, leading to repeat purchases of the institution's products or services, as well as positive recommendations to others. Mishandling a single customer could potentially deter numerous prospective buyers from engaging with the institution (Imouokhome, Adegbola, Abdulraheem, and Bello, 2020).

The stakeholder theory, as proposed by Freeman (2010), suggests that organizations engaging in socially responsible practices demonstrate improved financial performance. This theory provides important understandings about how stakeholder interests, especially those of customers, are integrated and their influence on both financial and non-financial performance of Microfinance Institutions (MFIs). It gives a framework for the understanding of the potential nexus between social and financial performance by emphasizing that catering to customers' interests substantially contributes to the profitability of MFIs. Notably, MFIs are expected to fulfill their social mission by tailoring the financial services they provide to the requirements of the underprivileged or those with limited incomes. The theory underscores the significance of involving stakeholders in organizational decision-making processes and prioritizing the fulfillment of their needs as a fundamental aspect of business operations (Freeman, 2010).

The sustainability of an organization relies on its understanding of the external business environment and its flexibility to respond to needs of those impacted by its actions. The stakeholder theory offers an analytical framework for examining the relationship between social and financial performance (Ruf et al., 2001) and is substantiated by various empirical studies. This research seeks to delve deeper into the link between collaboration and the performance of MFIs, building on the core concepts of this theory.

2.2.3 Balanced Score Card

This is a strategy planning and performance management tool developed by Kaplan and Norton (Robert, David, & Norton, 1996). This balanced scorecard (BSC), comprises of a strategic management system designed to provide response on both internal business processes and external outcomes. Its primary aim is to facilitate the continuous improvement of organizational performance and results. To summarize, it allows managers to measure how well their businesses are being run based on the achievement of objectives of the micro finance institution, through staff monitoring and the execution of planned course of action plan. The implementation of the balanced scorecard facilitates continuous monitoring and assessment of marketing performance, facilitating the identification of existing disparities and areas ripe for enhancement.

The balanced scorecard serves as a strategic communication instrument for conveying the marketing strategy and its advancement to different stakeholders, including senior management, employees, customers, and partners. This theory traditionally comprised four essential perspectives; financial, customer, internal processes, and, learning and growth. Institutions commonly employ the scorecard to monitor and assess the efficacy of their strategic initiatives in achieving optimal performance. The BSC functions as a structured report that reflects management's performance, while key performance indicators (KPIs) serve to gauge management's impact on performance and overall success. The balance scorecard is a popular model in business-to-business marketing that helps managers convert an organization's vision and plan into performance metrics, allowing them to assess financial performance and customer perspective for growth, (Robert, David, & Norton, 1996).

The scorecard approach is supported by the impact of established plans and policies on business operations. Policymakers assign various responsibilities to microfinance institutions (MFIs) to

align with the interests of the stakeholders. Longo et al. (2005), as referenced in Jamal (2005), detailed the expectations of policymakers from businesses. The specified criteria cover the requirements of employees, comprising aspects such as health, safety, training, well-being, job satisfaction, work quality, and social fairness. Moreover, these encompass the anticipations of customers for top-notch products, product safety, safeguarding consumer interests, and the provision of comprehensive product details; suppliers' requirements for partnerships, fair selection, and supplier performance analysis; and the broader community's demands for value addition, community benefit, and environmental safety.

This study adopts the balanced scorecard as a platform to air the views of the various operational plan and policies within and outside the micro finance institutions and thus it is also used to support the communication aspect of the relationship marketing strategy in measuring the performance of MFIs.

2.2.4 Relationship Marketing Theory

RM, initially termed in the 1980s by Leonard L. Berry, an esteemed American marketing professor, and his counterpart, the revered American marketing expert Barbara Bund Jackson, refers to a marketing approach espoused by American scholars Berry (1983) and Jackson (1985). Berry elucidates relationship marketing as a marketing endeavor aimed at cultivating, preserving, and bolstering fruitful customer relationships for businesses. This approach posits that all involved parties will attain their objectives through the relationship. Notably, the strategic implications of this approach are contingent upon the relationship's stage – whether in the process of establishment, sustenance, or augmentation.

The theory of relationship marketing posits that by delivering value to customers, companies can strengthen their relationships with them, leading to increased customer retention. Supporters of this concept underscore the significance of developing an approach and tactics centered on nurturing customer loyalty, marking it as a dynamic shift from conventional marketing, which depended on one-time sales approaches. In relationship marketing, sales serve as the foundation for establishing a customer relationship. While the profits derived from this relationship serve as a measure of company success, of importance is that sales alone do not determine a company's success. The concept of relationship marketing is centered around building and maintaining long-lasting relationships with customers. This is typically achieved by providing exceptional after-sales service or by introducing supplementary features (Berry, 1983).

The theory posits that costs are perceived as negative aspects for individuals, encompassing financial investment, time, and effort in a relationship. Conversely, benefits refer to the gains individuals receive from the relationship, such as enhanced customer retention, increased market share, and organizational profitability. From a customer standpoint, benefits include improved service delivery, fulfilling promises, reasonable pricing, and specialized goods and services are designed to meet and surpass expectations. When benefits outweigh costs, the relationship is sustained. However, if costs surpass perceived benefits, the relationship becomes unsustainable, leading individuals to disengage (Berry, 1983).

Moreover, according to relationship marketing theory, consumers establish connections with organizations when they expect that the advantages will outweigh the associated costs. It emphasizes delivering value to the customer by highlighting product features and prioritizing the customer's significant role in the business over its offerings. It also advocates for a long-term view in customer interactions, comprehensive customer service through pre-sales, sales, and

after-sales activities, and understanding customer expectations (Berry, 1983). The research endorses the theory by considering the handling of complaints as a tool, a metric relationship marketing influence on the effectiveness of MFIs.

2.3 Empirical Literature Review

This is a concise overview of pertinent discoveries derived from prior research, delivering valuable perspectives into the current gaps in research. These studies encompass global, regional, and local perspectives, contributing to a comprehensive review of the subject matter.

2.3.1 Trust and Organizational Performance of Microfinance Institutions

In research carried out by Alnsour (2018), an examination of the utilization of trust as a relational strategy for customer holding in the banking sector was conducted, qualitative research on Jordanian banks. This research undertakes a descriptive research design while employing stratified and simple random sampling methods. The total population of bank customers was 11,200, while the population of bank employees is 40. The study's sample size is 112, with 12 bank employees included. Data collection encompassed the giving out questionnaires to respondents, followed by an analysis using descriptive statistics. The findings were then presented in tabular format. The research's findings depicted trust as a crucial role player in determining retention of customers within the banking sector.

The study conducted by Nezari, Nazari, & Ahmadi (2016) investigated the influence of trust, as a relational marketing strategy, on customer loyalty towards e-banking services offered by Tejarat bank in the context of Jordan. This research, encompassing 124 respondents selected through simple random sampling, employed questionnaires for data collection. The analysis utilized descriptive statistics, with results presented in tabular form, and concluded that trust

significantly influences customer loyalty. It is essential to emphasize that the aforementioned study was carried out in Jordan, whereas the upcoming study is scheduled to take place in Kenya. Furthermore, the former study focused on banks, whereas the current research will be centered on Microfinance Institutions (MFIs).

Additionally, while the study by Nezari, Nazari, & Ahmadi (2016) specifically addressed trust as a relationship marketing strategy, the upcoming study encompasses trust, communication, cooperation, and complaint handling as elements of Relationship Marketing Strategy (RMS).

In 2018, a study by Adejoke and Adekemi explored the relation between trust and performance of commercial banks in Southwestern Nigeria. It comprised a sample of 265 participants, chosen as a function of both purposive and simple random sampling techniques. It utilized a descriptive design and collected data via questionnaires that were modified from three of the six states in Nigeria's Southwestern geopolitical zone. The selection procedure utilized a multistage random sampling approach. The data were examined through both descriptive and regression statistical methods using SPSS version 17.0. Resulting observations showed a notable positive link between trust and key performance metrics in banking industry. Importantly, the study highlighted the consequence of trust on performance of commercial banks, especially in reference to relationship marketing strategies. It is pertinent to highlight that a corresponding study is scheduled to take place in Kenya, with a specific emphasis on Microfinance Institutions (MFIs), thereby presenting an expanded scope in comparison to the previous research. Additionally, while the previous study solely examined trust as a relationship marketing strategy, the upcoming study will encompass trust, communication, cooperation, and complaint handling within the realm of Relationship Marketing Strategy (RMS).

Olayiwola, Cole, Kajola, and Ita (2018) undertook an empirical examination on trust as a relationship marketing strategy and its correlation with customer satisfaction at Guaranty Trust Bank (GTB) Plc, Lagos. Using a case study methodology, the researchers collected data from 360 respondents from various branches of Guaranty Trust Bank in the Lagos metropolis. Data was collected using structured questionnaires, resulting in 250 viable responses for analysis. Statistical analyses performed with SPSS for data organization and review revealed a notable positive link between the trust variable and customer satisfaction. Notably, the research was confined to Lagos, while the forthcoming one will take place in Nairobi, encompassing MFIs instead of commercial banks. Furthermore, the new study will broaden its focus beyond trust to incorporate communication, cooperation, and complaint handling as components of RMS.

The research conducted by Muketha, Thiane, & Thurairira (2016) studied the influence of trust as a relational marketing plan on customer loyalty in commercial bank branches situated in Meru town, Kenya. The research utilized a descriptive design and incorporated a mix of stratified, systematic, and simple random sampling techniques to collect data. The research's participant pool consisted of 18,500 bank customers and 36 bank employees, with a sample size totaling 182 bank customers and 18 employees in the bank. The primary research instruments utilized were closed-ended questionnaires. The analysis of the data incorporated descriptive statistics, T-test statistics, and a logistic regression model, which were displayed in tables. The research carried out in Meru uncovered a meaningful relationship between trust and customer retention in the region's commercial banks. Of great importance is the emphasis that the earlier research was carried out in Meru, whereas the ongoing research will be conducted in Nairobi. Furthermore, the previous study focused on commercial banks, whereas the current study pertains to MFIs. Furthermore, the previous study addressed trust as a relationship marketing strategy, while the

current study's scope encompasses trust, communication, cooperation, and complaint handling as components of RMS.

In 2020, Nyongesa, Kibera, and Kiraka conducted research to examine how certain factors influence individual relationship marketing, with a particular emphasis on trust and their effect on customer retention in Kenya's microfinance sector. It encompassed 492 microfinance customers in Kenya and employed purposive and simple random sampling to select participants. The researcher gathered data using structured self-administered questionnaires. It employed basic linear regression analysis to find out link between trust and customer retention, with results tabulated. The findings indicated that trust significantly influenced customer retention among the six relational factors studied.

The previous study emphasized customer retention, while the forthcoming study will concentrate on performance within the microfinance sector. Furthermore, the previous research included all counties in Kenya, whereas the upcoming study is tailored specifically for MFIs located in Nairobi County. Additionally, while the previous study concentrated solely on trust as a relationship marketing strategy, the current study will encompass trust, communication, cooperation, and complaint handling as components of the relationship marketing strategy.

2.3.2 Communication and Organizational Performance of Microfinance Institutions

Suliman and Fara (2016) studied the effect of communication as a relationship marketing strategy and innovation capabilities in Kuwait Airways. The investigation employed a descriptive research design and utilized systematic and simple random sampling methods. The airway's total customers were 7,500 while that of employees was 524. The study employed a sizeable sample of 75 for the customers of the airway and 52 employees. The research utilized

closed-ended questionnaires as the primary research instruments. Tools like descriptive statistics, T-test statistics, and logistic regression models, were used to analyze data, with the results displayed in tables. The previous study found a significant impact of communication on the innovation capabilities of Kuwait Airways. Notably, the research took place in Kuwait, whereas the current study is to be carried out in Nairobi. Furthermore, it is notably apparent that the previous study was specific to the aviation industry, whereas the current research is focused on Microfinance Institutions (MFIs). Lastly, while the previous study solely examined communication as a relationship marketing strategy, the current study will encompass trust, communication, cooperation, and complaint handling as components of the Relationship Marketing Strategy (RMS).

Previous research by Assefa, Tufa, and Teshu (2017), examined the influence of communication, a relationship marketing strategy, on customer satisfaction in Ethiopian commercial banks. The study, which involved 204 participants, employed questionnaires as the primary method for data collection. Data analysis encompassed descriptive, correlation, and logistic regression methods, the findings of which were presented in tabular form. The study's findings indicate a robust, positive correlation among all four relationship marketing strategies and customer satisfaction within the context of commercial banks within Ethiopia. However, this study was done on customer satisfaction on MFIs in Ethiopia and the current one will be focused on performance in Kenya. The previous work was conducted within the banking sector, whereas the present research pertains to microfinance institutions (MFIs). Additionally, the earlier study concentrated on communication as a strategy for relationship marketing, while the current research emphasizes trust, communication, cooperation, and complaint handling as relationship marketing strategies (RMS).

The study by Rootman and Sharp (2019) delved into the effect of communication practices in relationship marketing on retention of customers within the South African banking sector. The research involved 225 participants, and data collection was carried out using structured questionnaires. Data analysis utilized both descriptive and inferential statistical methods, leading to identification of a noteworthy positive association between communication and customer retention. Of significance to note is that this study focused specifically on customer retention in the South African banking sector. In comparison, our current research will shift its attention to the performance of MFIs in Kenya. Additionally, while the previous research concentrated on communication as a relationship marketing strategy, our research will encompass trust, communication, cooperation, and complaint handling as components of RMS.

Anabila (2017) did a research study to find out the effect of communication, an element of relationship marketing, on customers' loyalty in Ghanaian banking sector. This involved a sample size of 247 and while employing a stratified sampling technique for participant selection. Data gathering was performed by distributing questionnaires to the chosen sample participants. Descriptive statistics were useful in evaluating data, while results were displayed in tables. The method used for data analysis was multiple regression. Its findings indicate that effective communication significantly impacts the maintenance of customer relationships and their loyalty. A previous study focused on customer loyalty within the Ghanaian market, whereas the current work is centered on evaluating the performance of MFIs in Kenya as the dependent variable. It is worth noting that the previous study was done in the telecommunications sector, while this study is specific to MFIs. Lastly, the previous study emphasized communication as a relationship marketing strategy, whereas this study places emphasis on trust, communication, cooperation, and complaint handling as components of RMS.

In a 2018 study conducted by Kyei & Narteh, the effects of communication as a relationship marketing practice on customer satisfaction within Ghana's banking industry were investigated. Questionnaires were used to collect information from 250 customers of universal banks in Ghana. The study incorporated a reliability test and multiple regression analysis, utilizing SPSS. Descriptive statistics played a significant role in examining data, and the findings shown in tables. The method used to analyze data was multiple regression. This demonstrated that, exploration of relationship marketing, particularly communication, substantially effect customer satisfaction. It is noteworthy that, aforementioned research was conducted in Ghana, while the forthcoming study is scheduled to be carried out in Kenya. Furthermore, the preceding study was centered on the banking sector, whereas the forthcoming study will be focused on MFIs. Moreover, the previous study exclusively focused on trust as a relationship marketing strategy, while the upcoming study encompass trust, communication, cooperation, and complaint handling as components of the relationship marketing strategy.

Other studies investigating how communication as a relationship marketing strategy affects customer loyalty in the mobile telecommunications industry in Nairobi, Kenya were conducted (Wanjiku, 2018). The study comprised 384 respondents and employed a stratified sampling method for data sample selection. The data was gathered by giving out questionnaires to the participants, and data analysis relied on descriptive statistics, with results presented using tables. The findings indicated that effective communication significantly influence the retaining customers in the mobile telecommunications industry. It is important to highlight that this research centered primarily on evaluating customer retention, whereas our next study will explore performance as the dependent variable. Furthermore, the previous research pertained to banking industry, whereas the current study will concentrate on MFIs. Notably, the previous

research centered on communication as a relationship marketing strategy, whereas the present study explores trust, communication, cooperation, and complaint handling as components of Relationship Marketing Strategy.

2.3.3 Cooperation and Organizational Performance of Microfinance Institutions

In 2016, Kehinde, Adegbuyi, and Borishade undertook a research study examining the influence of cooperation, as a component of relationship marketing, on sales in Nigeria. It employed both purposive and simple random sampling methods to pick a population of 171 participants. Data was gathered using questionnaires that were distributed in the banks located in Ogun State. Analysis was done using regression techniques and results presented using the tables. An analysis revealed a substantial and positive correlation between the collaboration of bank patrons and sales performance. However, this study was conducted in Ogun State while this current one will be done in Nairobi. The preceding study was conducted within the banking sector, while the current investigation centers on microfinance institutions (MFIs). Finally, the study focused only on cooperation as relationship marketing strategy while the current study focuses on trust, communication, cooperation, and complain handling as RMS.

Saka and Elegunde (2017), did a study to assess the effects of cooperation as a customer relationship marketing strategy on performance of Nigerian banks. It involved a sample size of 50 employees and customers, chosen employing a mixture of stratified and random sampling techniques. Gathering of data was done by use of primary and secondary sources, and the survey research method was implemented. Quantitative data from the study underwent analysis using descriptive statistics. The research data was obtained by administering questionnaires to participants and subsequently subjecting it to analysis. The results were then represented in tabular form. The results clearly showed a substantial positive effect of collaborative efforts on

performance of banks within Nigerian context. This study, however, focuses on MFIs in Kenya, thus exploring a different geographical and sectoral context. Finally, the study focused only on cooperation as relationship marketing strategy while the current study focuses on trust, communication, cooperation, and complain handling as RMS.

In a study conducted by Olayiwola, Cole, Kajola, & Ita (2018), an examination was made into the impact of cooperation as a predictor of customer satisfaction within Lagos through the lens of relationship marketing (RM) variables. The research utilized a case study methodology and encompassed the selection of 360 participants from diverse branches of Guaranty Trust Bank in the Lagos metropolis. The participants were requested to fill out a structured questionnaire as a component of the research process. In the previous data collection phase, 310 copies were obtained, with 250 deemed pertinent. The information was structured using the SPSS. Analysis of bio-data involved simple percentage calculations and frequency tallies, and the study's hypotheses assessment was done using Pearson correlation and multiple regressions. Results depicted a noteworthy and favorable connection between cooperation as a factor in relationship marketing in relation to customer satisfaction. It is important to highlight that this research was executed in Nigeria, while the present study took place in Kenya. Furthermore, the prior study focused on banks, while the current one concerns MFIs. The previous study exclusively examined cooperation as a relationship marketing strategy, whereas the present study encompasses trust, communication, cooperation, and complaint handling as components of RMS.

Alibhai and Ogollah (2018) conducted research to analyze the effect of collaborative customer RM strategy on the success of synthetic hair manufacturers in Tanzania. It employed a descriptive research approach, gathered data by use of questionnaires, and results analyzed using regression techniques. The results were presented in tabular format. The previous research

revealed that customer cooperation significantly correlates with business performance. While the prior study was done in Tanzania, the upcoming research will be carried out in Kenya, focusing on MFIs as opposed to synthetic hair manufacturers. The previous study solely examined cooperation as a relationship marketing strategy. In contrast, the current study encompasses trust, communication, cooperation, and complaint handling as components of our comprehensive relationship marketing strategy.

Soimo, Wagok, and Okello (2016) conducted research to investigate how collaboration as a strategy for customer RM influences customer retention within commercial banks in Nakuru town, Kenya. It utilized a cross-sectional design and included 37 leaders from sales and marketing teams, chosen from each of 37 branches of commercial banks within Nakuru town through a census method. Data was gathered by utilizing structured questionnaire, and a pilot test was performed to assess reliability and validity of the research tool. Data analysis was performed using SPSS, incorporating descriptive and correlation analyses with results presented in tabular form. The results highlighted substantial impact of teamwork on the effectiveness of banks. Importantly, the previous study concentrated on Nakuru, Kenya, whereas this current research will take place in Nairobi, Kenya and will be focused on MFIs. Additionally, the previous study solely examined cooperation as a relationship marketing strategy, while the ongoing study will encompass trust, communication, cooperation, and complaint handling as part of the RMS.

In a recent academic study, Kinyua (2022) explored how cooperation as a relationship marketing strategy impacts the success of real estate firms in Nairobi City County. The research employed a descriptive cross-sectional methodology and involved a sample of 72 real estate firms chosen through purposive and simple random sampling methods from an overall pool of 255 companies. Information was gathered by handing out questionnaires to the respondents. The data underwent

analysis using multiple regression and correlation methods, and the findings were subsequently presented in tabular form. The study demonstrated that cooperation significantly impacts the performance of real estate firms.

The study mentioned was specifically confined to real estate firms. However, the forthcoming study will center on Microfinance Institutions (MFIs). Additionally, while the prior study concentrated solely on cooperation as a relationship marketing strategy, the forthcoming research will encompass trust, communication, cooperation, and complaint handling as components of Relationship Marketing Strategies (RMS).

2.3.4 Complain Handling and Organizational Performance of Microfinance Institutions

Lau Cheung, Lam, and Chu (2018) undertook a study focusing on complaint handling as an indicator of the service value provided in the banking sector and its implications on customer satisfaction. It was carried out as a case analysis in Hong Kong. It included 151 individuals selected using straightforward random sampling methods. Information was gathered through administration of questionnaires to the participants and the analysis employed descriptive statistics with results presented in tables. The study delineated a notable influence of grievance resolution on customer contentment within the banking sector. It is noteworthy that the investigation was executed in Hong Kong, whereas the ongoing research will be undertaken in Kenya, concentrating on Microfinance Institutions (MFIs) as opposed to conventional banks. Furthermore, the previous study only examined complaint handling as a relationship marketing strategy, whereas the ongoing research will encompass trust, communication, cooperation, and complaint handling as relationship marketing strategies.

In 2018, Husnain and Akhtar carried out a study aiming to evaluate how complaint management, used as a strategy for relationship marketing, affects customer loyalty in Pakistan's retail banking sector. It aimed at evaluating potential for enhancing this relationship through improvements in banking services. A survey, designed based on existing research and pertinent literature, was administered to 100 university students who held bank accounts, representing various banks, in order to collect data. Convenience sampling was employed in the selection process. They additionally employed multiple regression analysis, and the findings were shown using tables. The data suggests that handling customer complaints has a significant impact and can reliably predict a considerable portion of the variance in customer loyalty. While the previous study was undertaken in Pakistan, the forthcoming study is scheduled to take place in Kenya. The previous study examined the retail banking sector, while the current study will concentrate on MFIs. Lastly, the prior study emphasized complaint handling as a relationship marketing strategy, while the present study will focus on trust, communication, cooperation, and complaint handling as components of RMS.

A study conducted by Ibojo and Dunmade (2016) investigated the influence of complaint handling on undergraduate student satisfaction in private universities in Oyo State, Nigeria. That research encompassed 240 participants selected through purposive and simple random sampling methods. The research utilized both primary, collected by sending out questionnaires, and secondary data sources. Data analysis process incorporated both descriptive and inferential statistics. Hypotheses were assessed using Pearson correlation and multiple regression analyses. Outcomes were subsequently presented in tabular format for clear and concise interpretation.

The research findings demonstrated a significant influence of complaint resolution procedures on customer satisfaction. It is noteworthy that the aforementioned investigation was performed in

Nigeria, and the forthcoming study will be executed in Kenya. Furthermore, while the previous study was carried out at a private university, the current research focuses on Microfinance Institutions (MFIs). Finally, the study focused only on complains handling as relationship marketing strategy while the current study focuses on trust, communication, cooperation, and complain handling as RMS.

Ruswanti and Lestari (2016) executed a research study aimed at evaluating the consequence of complaint handling on customer loyalty, with relationship quality as a mediating factor, within the context of Priority Bank in Niaga, Indonesia. The study utilized a quantitative approach, gathering data through the distribution of questionnaires to 130 respondents who were customers of Priority Bank, Niaga. The researchers employed purposive sampling to attain a manageable sample size. The data was examined utilizing the Structural Equation Model approach, uncovering a great link between complaint management and customer loyalty within the banking sector. Notably, the aforementioned work was conducted in Indonesia, while an ongoing study with similar objectives is underway in Kenya. Moreover, the prior study focused on banks, whereas the current research pertains to MFIs. Additionally, while the former study exclusively examined complaint handling as a component of relationship marketing strategy, the present study encompasses trust, communication, cooperation, and complaint handling as aspects of RMS.

In research conducted by Waiganjo (2019), an assessment was done to examine the impact of complaint handling as a relational marketing technique on performance of prominent supermarkets in Nairobi City. The research encompassed all tier one and two large supermarkets, with a sample size of 165 respondents chosen by employing purposive and simple random sampling methods. To conduct this study, a cross-sectional descriptive method was utilized and

questionnaires employed as a primary tool for data gathering. Subsequently, data was then subjected to correlation analysis. Results, which were outlined in tables, revealed that the management of customer complaints significantly impacts the performance of major supermarkets in Nairobi, Kenya. However, it is noteworthy that the study focused solely on complaint handling within the supermarket industry, whereas the current study pertains to MFIs. Additionally, the current study differs in its focus, encompassing trust, communication, cooperation, and complaint handling as components of relationship marketing strategy.

In 2019, Ngetich conducted a research project examining consequences of complaint management strategies on customer satisfaction within Eldoret, North Rift Branch of the Kenya Power and Lighting Company. It utilized a survey methodology based on case studies and involved 377 participants, selected by combining probability and non-probability sampling techniques. Data collection methods included interviews with administrative staff and the administration of questionnaires to customers. The data underwent analysis utilizing descriptive statistics and content analysis methodologies. The findings, subsequently, were presented in a tabular format. The analysis indicated a noteworthy correlation between complaint management and customer satisfaction at Eldoret office, North Rift Branch of the Kenya Power and Lighting Company. It's crucial to emphasize that this research exclusively concentrated on Eldoret geographically. However, the forthcoming study will center on Nairobi. Additionally, the previous study was performed at the Kenya Power and Lighting Company, while the current study pertains to MFIs. Finally, the study focused only on complains handling as relationship marketing strategy while the current study focuses on trust, communication, cooperation, and complain handling as RMS.

2.4 Summary of Empirical Literature Review and Research Gaps

This part spells out the scholarly dimension in relationship marketing strategies (trust, communication, cooperation and complain handling) and performance of MFIs. While the reviewed works has connected the performance and relationship marketing strategies of MFIs, the emphasis has been greatly in different settings (like banks, supermarkets, and synthetic hair manufacturers) different from MFIs. Furthermore, to the best of the researcher’s knowledge, there have been no published studies on this topic conducted in Nairobi County (Kenya) in regards to the identified independent and dependent variables. This presents knowledge inadequacies that pave way for the study. Table 2.1 presents an overview of the gaps within the established empirical research.

Table 2. 1 Summary of Empirical Literature Review and Research Gaps

Authors	Study	Findings	Research / knowledge gaps	Focus of the current study
Nezari, Nazari, & Ahmadi, (2016)	trust as relational marketing tactic on customer’s loyalty of e-banking services in Tejarat bank	Trust plays a crucial role in influencing a customer's loyalty towards e-banking services.	The study was executed at Tejarat in the banking sector on trust and customer loyalty	This study focuses on communication, cooperation, trust, complaint handling and performance of the MFIs in Kenya
Adejoke and Adekemi (2018)	Trust and performance of commercial banks in Southwestern Nigeria	Trust significantly affects customers’ satisfaction in banks.	The research was conducted in the banking industry in southwestern Nigeria, focusing on trust and customer satisfaction.	This study focuses on communication, cooperation, trust, complaint handling and performance of the MFIs in Kenya
Rootman & Sharp (2019)	The utilization of communication as a practice in relationship marketing and its implications for customer retention in the context of South African banks.	Effective communication is of paramount importance in enhancing customer retention within the banking industry.	The study was done in South Africa’s banking sector focusing on Communication and customers’ retention	This focuses on communication, cooperation, trust, complaint handling and performance of the MFIs in Kenya

Kyei & Narteh (2018)	Analyzing communication as an approach in relationship marketing and its impact on customer satisfaction in Ghana's banking industry.	Effective communication is pivotal in cultivating customer retention within the banking industry.	The research was done in Ghana's banking industry on communications and customer satisfaction	This study focuses on communication, cooperation, trust, complaint handling and performance of the MFIs in Kenya
Olayiwola, Cole, Kajola, & Ita (2018)	Prediction of cooperation as relationship marketing (RM) variable on customers' satisfaction in Lagos	The teamwork among bank employees significantly influences customer satisfaction.	The study was done in banks in Lagos on cooperation and customer satisfaction	This study focuses on communication, cooperation, trust, complaint handling and performance of the MFIs in Kenya
Alibhai & Ogollah (2018)	Examining How Collaborative Efforts as a Marketing Tactic Affect the Proficiency of Synthetic Hair Producers in Tanzania	The performance of manufacturers producing synthetic hair is significantly influenced by collaboration.	The study was done on cooperation and performance of synthetic hair manufacturers in Tanzania	This study focuses on communication, cooperation, trust, complaint handling and performance of the MFIs in Kenya
Lau Cheung, Lam, & Chu, (2018)	Monitoring complaints handling as an indicator of service value and customer satisfaction within the banking industry in Hong Kong	The handling of customer complaints has substantial effects on the overall customer satisfaction within the banking industry.	The study was carried out at Hong Kong in the banking sector on complains handling and customer satisfaction	This study focuses on communication, cooperation, trust, complaint handling and performance of the MFIs in Kenya
Ruswanti and Lestari (2016)	Complains handling towards customers' loyalty, in Indonesia Bank	The effective management of complaints has a substantial influence on customer loyalty within the banking industry.	A study was conducted within Indonesian banks to assess complaint handling procedures and their impact on customer loyalty.	This study focuses on communication, cooperation, trust, complaint handling and performance of the MFIs in Kenya

Source: Researcher (2024)

2.5 Conceptual Framework

This study aligns with a theoretical framework arising from in-depth analysis of prior research and relevant literature. This framework forms the basis for establishing connections among the dependent and independent variables as shown in Figure 2.1:

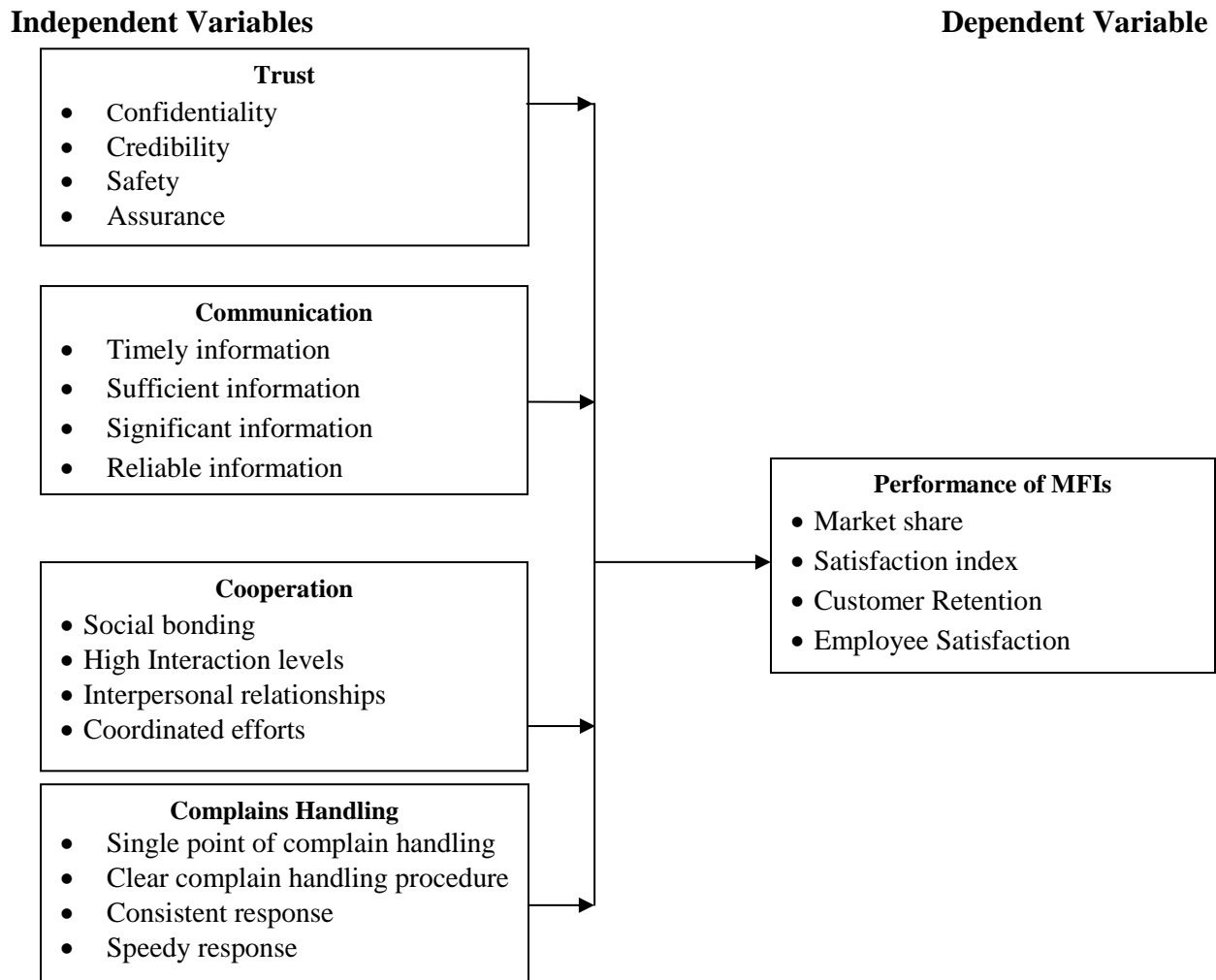


Figure 2.1 Conceptual Model
Source: Researcher (2024)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The chapter gives a deep outline of methodologies useful towards the achievements of the goals of the study. It provides a comprehensive outline of the methods to be utilized during collection of data in accordance with the predefined objectives and for testing the stated hypotheses. This chapter particularly depicts the target population, research design, tools of collecting data and information, the size of the sample, and procedures of gathering information, the data analysis processes in conjunction with the ethical issues that study seeks to address.

3.2 Research Design

The research utilized explanatory and descriptive design, chosen for its high significance in providing an accurate portrayal of the statistical correlation between independent and dependent variables. Descriptive research proved most fitting due to its capacity to ascertain and present precise accounts of events and phenomena. This approach was chosen because it facilitated a comprehensive case study. Additionally, it was not solely confined to gathering facts but could also lead to the development of solutions to issues as recorded by Mugenda & Mugenda, (2003). This approach also allowed for impartial testing of hypotheses and provides a comprehensive understanding of the primary research objective. On the hand explanatory survey according to Ghauri and Gronhaug (2010) was utilized in the study because the research being undertaken aimed at bringing out the cause-and-effect relation between the concepts after the computation of the numerical information gathered objectively while empirically testing the hypothesis.

3.3 Target Population

Cooper and Schindler (2012) defined population as complete grouping of individuals, organizations, or objects where from a study seeks to draw its conclusions. It's represented as the comprehensive collection of existing persons, units, items, and events possessing the relevant characteristics of interest while comprising the complete collection of potential data points regarding a matter under investigation. The study consisted of 172 staff drawn from senior management officers in MFIs (namely the head of human resources, public relation manager, marketing manager and sales manager) in 43 DT – MFIs in Nairobi County according to the Sacco Supervisory Annual Report (2022) since they have the requisite information. DT – MFIs in Nairobi County got selected as the appropriate target due to reduction members account activities related to seeking financial services as highlighted by the Sacco Supervisory Annual Report (2022) over the last three years. The unit of analysis was the deposit taking MFIs (DT – MFIs) in Nairobi County and while the observation metric comprised of senior management officers in MFIs namely the head of human resources, public relation managers, marketing managers and sales managers. The study adopted a purposive sampling where 172 staff from the 43 DT – MFIs in Nairobi County will be selected, since it has manageable population in size in this census study. Population distribution is reflected in Table 3.1.

Table 3. 1 Population Distribution

Position	Frequency
Human Resource Manager	43
Public Relation Manager	43
Marketing Manager	43
Sales Manager	43
Total	172

Source: (SSSAR, 2022)

3.4 Data Collection Instrument and Procedure

Throughout this research study, we collected qualitative and quantitative data from designated employees. Qualitative data were acquired via open-ended questionnaires, while quantitative data were gathered using close-ended questions utilizing the Likert scale, which spans from 1 (Strongly Disagree) to 5 (Strongly Agree) as delineated in Appendix II. Subsequent to the pilot testing of research instruments, authorization was sought from Kenyatta University to secure a research permit. Consequently, the research permit and authorization letters were presented to the microfinance institutions (MFIs) in Nairobi County before distributing the questionnaires, forming part of the information gathering process (see appendix II). Formal introduction of the researcher to the respondents was done first, followed by introduction of the research aims. The researcher subsequently demonstrated to the respondents how to respond to the questions once they had been provided. The researcher also granted the participants some time to finish the questionnaires before collecting them at a future date. The researcher attached his contact on the questionnaire facilitate easy communication when collecting the questionnaires and also for any clarification as need may arise.

3.5 Pilot Study

Preliminary test was executed to investigate dependability and effectiveness of research tools. Four MFIs in Nakuru town were selected bearing the senior management officers in MFIs namely the head of human capital, public relation managers, marketing managers and sales managers; thus, making the pilot sample to be 17 respondents who filled the questionnaires following Kothari (2004) who argued that for a pilot survey 10% of the sample size was deemed appropriate.

3.6 Validity of Research Instrument

Validity pertains to accuracy and relevance of source materials used in relation to the results of the research (Mugenda & Mugenda, 2008). The supervisors evaluated content validity to ensure that the questions and statements accurately reflect the research questions and align with the objectives. Correctness and clarity of the details and structures were ensured by adhering to construct validity. Questionnaires were distributed to the project supervisor at the school of business for evaluation and cross-checking to confirm that the surveys adequately reflect the study's concept. Thereafter appropriate cause of action was made as deemed appropriate.

3.7 Reliability of Research Instrument

The concept of reliability pertains to the extent to which a research tool yields consistent outcomes upon successive evaluations (Mugenda & Mugenda, 2003). This consistency is affected by random errors and inversely related to the frequency of errors. The reliability was evaluated using the data gathered from the pilot test and assessed through Cronbach Alpha coefficients for validation. Cut-off point was set at 0.7 according to Bryman (2008). From the analyzed results, a Cronbach alpha coefficient above 0.7 was considered reliable and vice versa. The validation of these questionnaires confirms their reliability for the generalization of results.

3.8 Data Analysis and Presentation

Following the acquisition of raw data, a comprehensive examination and cleaning process was started to guarantee accuracy. Subsequently, the data was encoded into SPSS Version 26, to facilitate further analysis. Quantitative data got subject to descriptive and inferential statistical analysis, encompassing calculations of percentages, standard deviations, means, as well as regression and correlation analyses to evaluate the specified hypotheses. At the same time, the

qualitative information was evaluated through the use of codes, themes, and narratives. The study employed a multiple regression model to assess how relationship marketing strategies impact success of MFIs in Nairobi County, Kenya. Results were communicated using visual aids such as figures and tables. $Y = \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$

Description of labels

Y = Performance of MFIs

B0 is a constant that represents the value of Y when X1, X2, X3, X4 = 0

$\beta_1, \beta_2, \beta_3, \beta_4$ = represents the regression coefficients

X1 = Trust

X2 = Cooperation

X3 = Communication

X4 = Complain Handling

This model operates stochastically rather than deterministically, and consequently, it relies on data to either support or reject the null hypothesis.

3.9 Ethical Considerations

This investigation followed the ethical guidelines of the research process and required the submission of a formal request letter to the university to secure permission for carrying out the study. The researcher provided a detailed explanation of the aims and reasons for collecting data and therefore requested the participants' consent before gathering any information; as a result, the information collected was handled with the highest level of confidentiality and utilized exclusively for academic reasons. Participant involvement was voluntary and based on the willingness to participate in the data collection process. Subsequently, after seeking consent, the researcher provided questionnaires to the participants. Unwilling persons were not subjected by force or coerced to fill the questionnaires. Approval was also obtained from NACOSTI. The

collected data was securely placed in locked cabinets and was only accessible by the researcher or any other authorized person.

CHAPTER FOUR

DATA ANALYSIS, RESULTS, DISCUSSION AND INTERPRETATION

4.1 Introduction

The section presents results of the research by evaluating descriptive and inferential statistics concerning characteristics of each variable and the feedback gathered from the general information. Summaries and discussions of the variable responses have been provided. It aimed at determining the link between RM strategies and performance of microfinance institutions in Nairobi City County, Kenya.

4.2 Response Rate

The work aimed at uncovering a link between relationship marketing strategies and effectiveness of MFIs in Nairobi City County, Kenya. The outcomes of 172 questionnaires that were given to the targeted people culminated into 138 of them responding favorably. This is denoting 80.23% rate of response as indicated in Table 4.1.

Table 4. 1 Rate of Response

	Frequency	Percentage
Duly filled questionnaires (response rate)	138	80.23
Not duly filled questionnaires (non-response rate)	34	19.77
Total administered questionnaires	172	100

Source: Survey Data (2024)

According to Table 4.1, of 172 questionnaires administered 138 got duly filled culminating into a response rate of 80.23%. This rate of return was deemed satisfactory to the study as supported by Rinjit (2020), who ascertained that a rate of 55% is sufficient, 65% is good while 70% and above is excellent. The rate of return is consistent with Surucu & Maslakci (2020) who affirmed that

70% is excellent while 60% is adequate for a study. Also, Afolayan and Oniyide (2019) attest to it that 60% response rate is an indicative representation of a population in a study.

4.3 Demographic Information

The research section presents results and examines demographic traits of participants. The results were illustrated using charts and graphs.

4.3.1 Gender Representation in MFIs

Gender was one of the requirements that the participants were requested to indicate. This was deemed appropriate as relationship marketing would be determined by the gender involved in the service delivery process within the MFIs and how it affects the performance of the MFIs. The item was also meant to show the level of inclusivity of both genders in the MFIs in Nairobi City County, Kenya. Figure 4.1 depicts outcomes on gender representations in the MFIs in Nairobi City County, Kenya.

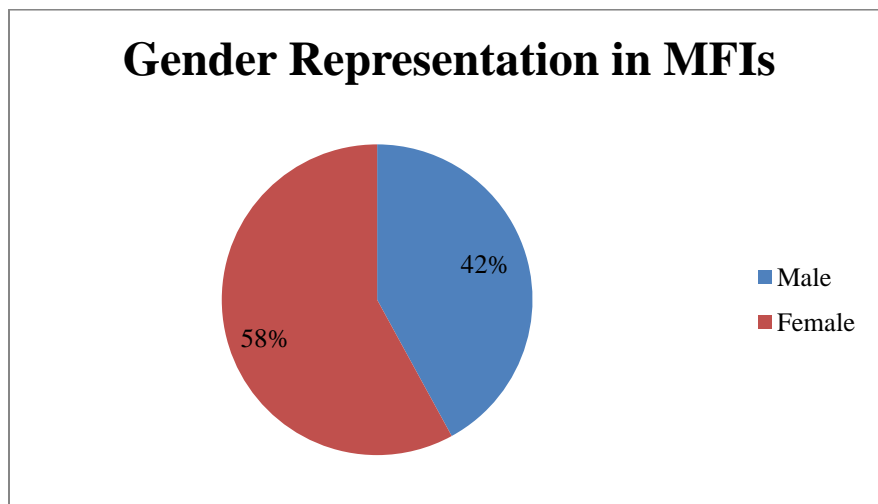


Figure 4. 1 Gender Respondents in MFIs

Source: Survey Data (2024)

The results depicted in Figure 4.1 show that the participants included 58% females and 42% males. This implies that there are more women concerned with relationship marketing in the MFIs in Nairobi City County, Kenya as compared to men. Further this representation and diversity in the genders has a possible effect on the performance of MFIs.

4.3.2 Respondents Level of Education

It was required by the questionnaire for the participants to include their education level. This questionnaire item was deemed necessary in the study as relevant skills, knowledge and technical know-how gained an education system are essentials in the creation of relationship marketing strategies that are effective and can possibly affect performance of MFIs in Nairobi City County, Kenya.

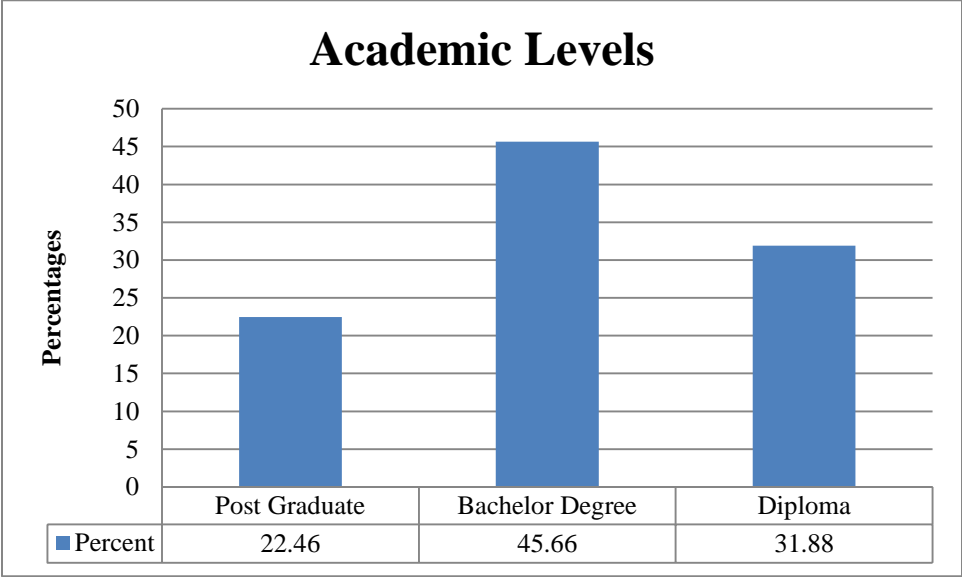


Figure 4. 2 Respondents Level of Education

Source: Survey Data (2024)

Majority of the respondents (45.66%) in the MFIs in Nairobi City County, according to Figure 4.2, were bachelor degree holders, 31.88% were diploma holders, and 22.46% had post graduate degree qualifications. The findings suggest that a considerable portion of the respondents had the required educational qualifications and were able to offer pertinent insights on RM strategies and their influence on performance of the MFIs.

4.3.3 Respondents Work Experience

The questionnaire also required the participants to provide information relating to their years of experience working with the micro finance institutions in Nairobi City County, Kenya. This would give information on how well versed they are on the relationship marketing strategies as the study variables and performance of MFIs in Nairobi City County, Kenya.

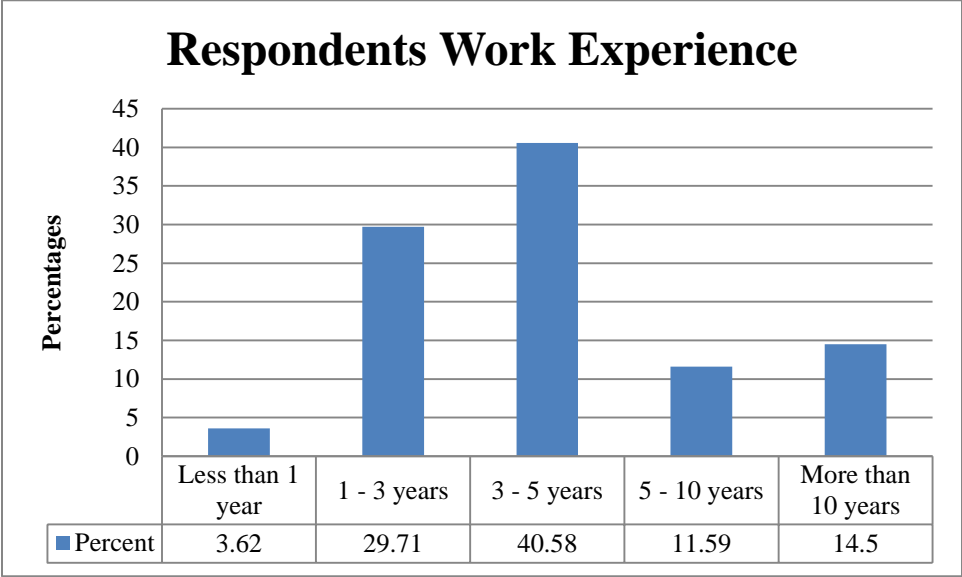


Figure 4. 3 Respondents Work Experience

Source: Survey Data (2024)

According to Figure 4.3, a large portion of participants (40.58%) had worked in the MFIs in Nairobi City County, Kenya for 3 to 5 years, 29.71% for 1 to 3 years, 11.59% for 5 to 10 years, 14.5% for more than 10 years and 3.62% for less than 1 year. This confirms that most of the respondents were familiar with the workings of the MFI and could comprehend the relationship marketing strategies as well as the performance of MFIs in Nairobi City County, Kenya.

4.4 Descriptive Statistics

The variables depicting relationship marketing strategies and their associated implication on performance of MFIs in Nairobi City County, Kenya were surveyed. Computations of each variable using aggregate average (mean) and variation (standard deviation) have been given. They consisted of trust indicated by confidentiality, credibility, safety, and assurance; communication as indicated by timely information, sufficient information, significant information, and reliable information; cooperation as explained by social bonding, high interaction levels, interpersonal relationships, and coordinated efforts; complain handling indicated by single point of complain handling, clear complain handling procedure, consistent response, and speedy response as well as performance of MFIs indicated by market share, satisfaction index, customer retention and employee satisfaction.

4.4.1 Trust and Performance of Microfinance Institutions

The research indicated that trust significantly influences the performance of MFIs in Nairobi City County, Kenya. Descriptive statistics were calculated for the indicators using a five-point Likert scale spanning from 1 to 5, where 1 represents strongly disagree, 2 denotes disagree, 3 signifies neutral, 4 indicates agree, and 5 means strongly agree. On interpretation an aggregate

average value of 2 and less imply low effect, 2 to 3.5 indicate moderate effect while 3.5 to 5 indicate high effect. Table 4.2 provides the outcomes as per indicators of the variable.

Table 4. 2 Trust

	Mean	Std. Dev
In MFIs, the confidentiality of messages is well addressed	4.009	.804
Members personal details are not disclosed to outsiders	4.141	.812
Credibility of messages disseminated is a major area of concern in the MFIs	4.054	.809
The safety of the clients' information is catered for by the MFI	4.001	.818
There is an assurance in the delivery of offerings that the MFI has promised	3.914	.793
Composite	4.024	.807

Source: Survey Data (2024)

Results presented in Table 4.2 shows a collective average of 4.024 (SD = .807), suggesting that most of the participants express a significant effect concerning the issues raised about confidentiality, credibility, safety, and assurance related to performance of MFIs in Nairobi City County, Kenya. More specifically participants affirmed the impact as high, in the MFI the confidentiality of the messages is well addressed (4.009), members personal details are not disclosed to outsiders (4.141), credibility of messages disseminated is a major area of concern in the MFIs (4.054), the safety of the clients' information is catered for by the MFI (4.001) and there is an assurance in the delivery of offerings that the MFI has promised (3.914).

4.4.2 Communication and Performance of Microfinance Institutions

It was determined that communication has substantial impact on performance of Microfinance Institutions in Nairobi City County, Kenya. Descriptive statistics were calculated based on indicators using a five-point Likert scale, spanning 1 to 5, with 1 indicating strong disagreement, 2 indicating disagreement, 3 indicating neutrality, 4 indicating agreement, and 5 indicating strong agreement. On the interpretation an aggregate average value of 2 and less imply low

effect, 2 to 3.5 indicate moderate effect while 3.5 to 5 indicate high effect. Table 4.3 provides the outcomes as per indicators of variable.

Table 4. 3 Communication

	Mean	Std. Dev
There is timely information in regards to the MFIs offerings and services	3.948	.824
The information that is provided by the MFI in lieu of the offerings is sufficient	4.113	.873
Significant information is provided by the MFI to the client in regards to their offerings	4.007	.813
Reliable information in regards to offerings is always disseminated by the MFI to the clients	4.173	.809
Composite	4.060	.830

Source: Survey Data (2024)

Outcomes observed in Table 4.3 illustrates an average of 4.060 (SD = .830), suggesting that a large portion of participants indicated a high effect in regards to the questions given in regards to timely information, sufficient information, significant information, and reliable information and performance of MFIs in Nairobi City County, Kenya. More specifically, participants affirmed the effect as high, there is timely information in regards to the MFIs offerings and services (3.948), the information that is provided by the MFI in lieu of the offerings is sufficient (4.113), significant information is provided by the MFI to the client in regards to their offerings (4.007), and reliable information in regards to offerings is always disseminated by the MFI to the clients (4.173).

4.4.3 Cooperation and Performance of Microfinance Institutions

The research investigated the impact of collaboration on the performance of microfinance institutions in Nairobi City County, Kenya. Descriptive statistics were calculated for indicators

by use of a five-point Likert scale that ranged from 1 to 5, with 1 indicating strong disagreement, 2 represents disagreement, 3 is neutral, 4 signifies agreement, and 5 denotes strong agreement. On the interpretation an aggregate average value of 2 and less imply low effect, 2 to 3.5 indicate moderate effect while 3.5 to 5 indicate high effect. Table 4.4 provides the outcomes as per indicators of the variable.

Table 4. 4 Cooperation

	Mean	Std. Dev
Social bonding is a key component in the MFI service delivery process	4.119	.871
There are high interaction levels within the MFI service encounters	4.103	.784
Interpersonal relationships are evident in the MFI value addition process	4.007	.718
There are coordinated efforts in the transaction process within the MFI	4.081	.756
Composite	4.078	.782

Source: Survey Data (2024)

Results observed in Table 4.4 illustrated an aggregate average of 4.078 (SD = .782), implying that majority of participants indicated a high effect in regards to the questions given in regards to social bonding, high interaction levels, interpersonal relationships, coordinated efforts and performance of MFIs in Nairobi City County, Kenya. More specifically, participants affirmed the impact as high, as social bonding is a key component in the MFI service delivery process (4.119), there are high interaction levels within the MFI service encounters (4.103), interpersonal relationships are evident in the MFI value addition process (4.007), and there are coordinated efforts in the transaction process within the MFI (4.081).

4.4.4 Complains Handling and Performance of Microfinance Institutions

The research evaluated how complaint management influences performance of microfinance institutions in Nairobi City County, Kenya. Descriptive statistics were calculated based on the indicators using a five-point Likert scale spanning 1 to 5, with 1 indicating strong disagreement,

2 indicates disagreement, 3 signifies neutrality, 4 represents agreement, and 5 denotes strong agreement. On the interpretation an aggregate average value of 2 and less imply low effect, 2 to 3.5 indicate moderate effect while 3.5 to 5 indicate high effect. Table 4.5 provides the outcomes as per indicators of the variable.

Table 4. 5 Complains Handling

	Mean	Std. Dev
In the MFI there is a single point of complain handling	4.131	.841
There is clear complain handling procedures within the MFI	3.941	.799
Consistent responses are generated once a complaint is lodged	3.820	.789
Once a complaint is lodged there is a speedy response by the MFI	4.003	.793
Composite	3.974	.806

Source: Survey Data (2024)

Outcomes observed in Table 4.5 portrayed an aggregate average of 3.974 (SD = .806), implying that majority of the participants indicate a high effect in regards to the questions given in regards to single point of complain handling, clear complain handling procedure, consistent response, speedy response and performance of MFIs in Nairobi City County, Kenya. More specifically, participants reported the influence as high, in the MFI there is a single point of complain handling (4.131), there are clear complain handling procedures within the MFI (3.941), consistent responses are generated once a complaint is lodged (3.820), and once a complaint is lodged there is a speedy response by the MFI (4.003).

4.4.5 Performance of Microfinance Institutions

The research examined the indicators of performance of MFIs in Nairobi City County, Kenya. Calculation of descriptive statistics was carried out using a five rated likert scale spanning 1 to 5 with 1 indicating strong disagreement, 2 indicates disagreement, 3 indicating neutrality, 4

indicating agreement, and 5 indicating strong agreement. On the interpretation an aggregate average value of 2 and less imply low effect, 2 to 3.5 indicate moderate effect while 3.5 to 5 indicate high effect. Table 4.6 provides the outcomes as per indicators of the variable.

Table 4. 6 Performance of Microfinance Institutions

	Mean	Std. Dev
The market share of our organization is increasing	3.078	.798
Our customers are satisfied	3.066	.784
Our employees are satisfied	3.091	.771
Our organization retains its customers	3.141	.783
The dividends pay-out has been increasing	3.037	.791
Composite	3.083	.785

Source: Survey Data (2024)

Outcomes observed in Table 4.6 portrayed an aggregate average of 3.083 (SD = .785), suggesting that majority of the participants indicate a high effect in regards to the questions given in regards to market share, satisfaction index, customer retention and employee satisfaction of MFIs in Nairobi City County, Kenya. Of particular focus is that the participant affirmed the effect as moderate, in that the market share of our organization is increasing (3.078), our customers are satisfied (3.066), our employees are satisfied (3.091), our organization retains its customers (3.141) and the dividends pay-out has been increasing (3.037).

4.5 Inferential Statistics

Linear regression models were employed to conduct regression and correlation analysis for investigating the characteristic linking independent variable and dependent variable. This examines causal impact of independent variable on the dependent variable. An analysis of variance (ANOVA) was performed with a critical p value established at 0.05 to determine if an overall model fits the data significantly.

4.5.1 Pearson Correlation

The research employed Pearson correlation to assess the characteristic connecting predictor and product variables. A correlation coefficient (r) represented the strength of link, while statistical significance (Sig.) illustrated the importance of association. Results are displayed in Table 4.7.

Table 4. 7 Pearson Correlation Matrix

		Performance	Trust	Communication	Cooperation	Complains Handling
Performance	r	1				
	Sig.					
Trust	r	.551**	1			
	Sig.	.000				
Communication	r	.483**	.524**	1		
	Sig.	.000	.005			
Cooperation	r	.472**	.384**	.312*	1	
	Sig.	.000	.001	.010		
Complains Handling	r	.547**	.312**	.294*	.301*	1
	Sig.	.000	.010	.004	.005	

** .2 tailed correlation with significance at 0.01

*.2 tailed correlation with significance at 0.05

According to outcomes in Table 4.7, a significant, positive linear linkage is evident between trust and performance ($r = .551$; $\text{Sig.} = .000$); between communication and performance ($r = .483$; $\text{Sig.} = .000$); between cooperation and performance ($r = .472$; $\text{Sig.} = .000$); between complain handling and performance ($r = .547$; $\text{Sig.} = .000$).

The outcomes agree with Adejoke and Adekemi (2018), Rootman & Sharp (2019), Olayiwola, Cole, Kajola, & Ita (2018), and Lau Cheung, Lam, & Chu, (2018), whose studies report a positive effect between trust, communication, cooperation, complain handling and performance of organizations respectively.

4.5.2 Regression Analysis

In the study, significance of each criterion and the determinant concepts on the dependent variable was required as well as the testing of hypothesis, thus a regression analysis had to be

conducted whilst considering other factors constant. In the analysis, three outputs were generated: model summary analysis of variance, and regression coefficients. To assess study hypothesis, a statistical significance of regression coefficients was examined. Table 4.8, 4.9 and 4.10 present the findings.

Table 4. 8 Model Summary

Model	R	R Square	Adjusted Square	R	Std Error of the Estimate
1	.845a	.714	.583		.58654

a. Predictors: (Constant), Complaint Handling, Communication, Trust, Cooperation

A correlation value of 0.845 was generated from the output Table 4.8, modeling a strong linear association among trust, communication, cooperation, and complain handling. An adjusted R2 value of 0.583 was observed proving that trust, communication, cooperation, and complain handling constitute jointly for 58.3% of performance variation while the balance of 41.7% being attributed to other factors which this model of the study did not include. Table 4.9 on ANOVA test was also generated from the regression analysis.

Table 4. 9 ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	26.776	4	6.694	15.283	.000b
	Residual	58.742	134	.438		
	Total	85.518	138			

a. Product Factors: Performance

b. Independent Factors: (Constant), Complaint Handling, Communication, Trust, Cooperation

Results of the ANOVA test are illustrated in Table 4.9, indicating that modeling of relationship between RM strategies and performance was statistically significant (F= 15.283, Sig. < 0.05). The results also demonstrated that, based on total sum of squares (85.518), the regression sum of squares was 26.776, maintaining a 95% confidence level. This indicates confidence in regression

model accounting for approximately 31.31% of the variability in the data, while the residual sum of squares at 58.742 signifies that 68.69% of the data variability remains unexplained.

Table 4. 10 Regression Coefficients

Model	Unstandardized Coefficients		Standardized coefficients	t	Sig.
	β	Std. Error	Beta		
1 (Constant)	1.345	.571		0.236	.731
Trust	.245	.131	.143	1.565	.031
Communication	.275	.124	.062	.728	.035
Cooperation	.359	.176	.301	3.031	.029
Complaint handling	.281	.087	.225	2.516	.017

a. Dependent Variable: Performance

Table 4.10 depict that trust ($\beta = .245$, Sig. = .031<.05), communication ($\beta = .275$, Sig. = .035<.05), cooperation ($\beta = .359$, Sig. = .029<.05) and complaint handling ($\beta = .281$, Sig. = .017<.05) significantly affect performance of MFIs at 95% confidence level.

4.5.3 Hypothesis Testing

To evaluate the null hypothesis, inferential statistics were employed in the research. The analyses took place at a 95% confidence level. To determine statistical significance, the study examined the regression coefficients related to both the predictor and outcome variables. Consequently, the choice to accept or not accept the null hypothesis and the criteria for establishing statistical significance were based on 0.05 confidence intervals. The study failed to accept null hypothesis when the coefficients had p – values far less than the probability values ($p < .05$), whereas null hypothesis was accepted when the coefficients had p – values larger than the probability values ($p > .05$).

H₀₁: Trust does not have a significant effect on Performance of Microfinance Institutions in Nairobi City County, Kenya

Trust was significantly linked to performance of MFIs in Nairobi City County, Kenya ($\beta = .143$, Sig. = $.031 < .05$). The findings presented thus far are adequate to dismiss the null hypothesis suggesting that trust does not significantly influence the performance of microfinance institutions in Nairobi City County, Kenya. (H₀₁). Thus, it's imperative that there is a well-founded statistical link between trust and performance of MFIs in Nairobi City County, Kenya.

These results align with the findings of Alnsour (2018), who identified a positive relationship between trust and performance of banks in his analysis of trust as a relational strategy for customer retention in Jordanian banks. Likewise, research conducted by Adejoke and Adekemi (2018), discovered a significant connection between trust and performance while investigating the relationship between trust and performance of commercial banks in Southwestern Nigeria. Also, the findings concur with those of Nyongesa, Kibera, and Kiraka (2020) that trust significantly influenced customer retention in Kenya's microfinance institutions.

H₀₂: Communication does not have a significant effect on Performance of Microfinance Institutions in Nairobi City County, Kenya

Communication was significantly linked to performance of MFIs in Nairobi City County, Kenya ($\beta = .062$, Sig. = $.035 < .05$). The result so far indicated is sufficient not to admit its null hypothesis that communication doesn't have a significant effect on performance of microfinance institutions in Nairobi City County, Kenya (H₀₁). Therefore, it is essential to establish a solid statistical connection between communication and performance of microfinance institutions in Nairobi City County, Kenya.

The results align with those reported by Rootman and Sharp (2019) in their research on how communication practices in relationship marketing influence customer retention in the South African banking sector. Likewise, Assefa, Tufa, and Teslu (2017) found a strong, positive relationship between communication as a relationship marketing strategy and customer satisfaction in Ethiopia's commercial banks. The findings also concur with Anabila (2017) that effective communication significantly impacts the maintenance of customer relationships and their loyalty.

H₀₃: Cooperation does not have a significant effect on Performance of Microfinance Institutions in Nairobi City County, Kenya

Cooperation was significantly linked to performance of microfinance institutions in Nairobi City County, Kenya ($\beta = .301$, Sig. = $.029 < .05$). The findings to date do not provide adequate support for accepting the null hypothesis, which suggests that cooperation does not significantly impact performance of MFIs in Nairobi City County, Kenya (H₀₁). Thus, it's imperative that there is a well-founded statistical link between cooperation and performance of microfinance institutions in Nairobi City County, Kenya.

These findings are consistent with Saka and Elegunde (2017), that cooperation significantly affects performance, in their study on cooperation as a customer relationship marketing strategy and performance of banks in Nigeria. Similar findings are reflected in Kinyua (2022), who investigated the impact of cooperation as a tactic in relationship marketing on success of real estate firms in Nairobi City County. Additionally, Alibhai and Ogollah (2018) support these study results, having explored the effects of cooperation as a customer relationship marketing strategy on success of synthetic hair manufacturers in Tanzania.

H₀₄: Complains Handling doesn't have a significant effect on Performance of Microfinance Institutions in Nairobi City County, Kenya.

Complains handling was significantly linked to performance of MFIs in Nairobi City County, Kenya ($\beta = .225$, Sig. = $.017 < .05$). The findings presented so far are adequate to dismiss the null hypothesis asserting that complaint handling does not significantly impact performance of microfinance institutions in Nairobi City County (H₀₁). Thus, it's imperative that there is a well-founded statistical link between complains handling and performance of MFIs in Nairobi City County, Kenya.

These findings are consistent with Waiganjo (2019), that complain handling affect performance in an assessment to investigate the impact of complaint handling as a relational marketing technique on the performance of prominent supermarkets in Nairobi City, Kenya. In a similar vein, the findings of Ngetich (2019) align with an analysis of customer satisfaction and complaint management strategies at Kenya Power and Lighting Company in Eldoret, Kenya. Also, Lau Cheung, Lam, and Chu (2018) reports consistent result that complaint handling as an indicator of the service value provided in the banking sector has adverse implications on customer satisfaction, which in turn influence performance.

4.6 Qualitative Analysis

The section presents findings from the qualitative data extracted from the questions that were open ended. The data has been analyzed qualitatively using the narrative and the participant responses as quoted from their feedback.

4.6.1 Trust and Performance of MFIs in Nairobi City County, Kenya

Participants were questioned on their experiences with microfinance institutions in Nairobi City County, particularly how trust influences performance. Most believed that trust has significant service delivery of MFIs in Nairobi City County since customers rely on the institution's credibility concerning its services. A respondent retorted that:

“.....When the MFIs offer credible financial services that are well tied to the promises made the customer will be connected to the institution and performance will be triggered favorably.....”

Respondent Number 11

From these results, it can be inferred that most MFIs in Nairobi City County utilize various trust strategies to improve customer engagement and boost performance. The most common tactics cited were ability to convince the customer of consistent service, security of their savings and credible personnel. The study also discovered a statistical link between trust and performance of microfinance institutions in Nairobi City County. Through enhancing trust using confidentiality, credibility, safety, and assurance the performance of MFIs is improved.

4.6.2 Communication and Performance of MFIs in Nairobi City County, Kenya

The respondents were asked their opinions in regards to whether communication affects performance in MFIs in Nairobi City County, Kenya. Majority had the opinion that communication enhance better linkages in the MFIs service delivery process as the employees link the MFIs to the customers through channels of dissemination of information. A respondent argued that:

“.....it is imperative that MFIs should let information flow on their product and service impressions as often as possible in order to remind the customers of new development and enhance updated information on the range of MFIs operations.....”

Respondent Number 76

It can be concluded that, considering these results, the majority of MFIs in Nairobi City County utilize various communication strategies to boost their performance. The respondents cited were relevant and timely information as a pillar for MFI performance. The research also found a statistical link between communication and the effectiveness of microfinance institutions in Nairobi City County. By increased flow of information from the MFI to customers that is timely, sufficient, significant, and reliable the performance can be enhanced.

4.6.3 Cooperation and Performance of MFIs in Nairobi City County, Kenya

Participants were asked about their experiences with the MFI to indicate if collaboration influences the performance of MFIs in Nairobi City County, Kenya. Quite a large proportion retorted that cooperation between the stakeholders in the service delivery process affected the performance holistically. A respondent gave out the following response that:

“.....the interaction of the customers with the MFIs through the service channels provided determines the closeness the parties involved are congruent with each other and in return influence the business acumen thereafter.....”

Respondent Number 133

It can be inferred from these results that most of MFIs in Nairobi City County participate in activities that connect customers with MFI staff. The cooperation modes aimed at enhancing

increased performance includes the ability of the MFIs to bring stakeholder together through service interactions, more contact hours and readily available service personnel. There exists a statistical link between collaboration and performance of MFIs in Nairobi City County. By embracing cooperation tactics like social bonding, high interaction levels, interpersonal relationships, and coordinated efforts the performance of MFIs is improved.

4.6.4 Complain Handling and Performance of MFIs in Nairobi City County, Kenya

Those who responded to questionnaires were asked to record their views on whether complain handling affects performance in microfinance institutions in Nairobi City County. Majority opinion was that complain handling is a necessary and crucial ingredient in the MFIs service delivery process in the Nairobi City County as the customers embark on the feedback mechanism to relay their concerns. A respondent recorded that:

“.....it is the feedback system that connect the customers to the MFIs and thus when it is addressed holistically the performance of the MFIs can improve drastically as customers can feel wanted and appreciated”

Respondent Number 59

Based on these outcomes it is imperative that complain handling has a critical role in determining MFIs' performance in Nairobi City County, Kenya. The orientations that MFIs embrace related to complain handling increases performance as repeat purchase of the offerings is witnessed. A statistical correlation exists between collaboration and the microfinance institutions' performance in Nairobi City County. By embarking on complain handling activities like single point of complain handling; clear complain handling procedure, consistent response, and speedy response the performance of MFIs is improved.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The principal aim of the study was to explore connections between relationship marketing strategies and microfinance institutions' performance in Nairobi City County, Kenya. This chapter presents crucial results of the research, conclusions and recommendations.

5.2 Summary of Key Findings

The research aimed at evaluating relationship marketing techniques and effectiveness of MFIs in Nairobi City County, Kenya. 172 questionnaires were distributed, with 138 completed and returned successfully. It resulted in a response rate of 80.23%, which is considered adequate. For correlation and regression analysis, computations were performed for trust, communication, cooperation, and complaint handling, resulting in an adjusted R² value of 0.714. Therefore, 71.4% of the performance can be accounted for by the variables studied, while 28.6% denotes additional variables that were not incorporated into the regression model.

This research explored how trust influences performance of MFIs in Nairobi City County, Kenya. The results suggest that trust has a positive impact on performance of these organizations in Nairobi City County, showing a statistically significant value at the 95% confidence level ($P=0.031$). Trust coefficient of 0.245 shows existence of a favorable connection between trust and performance in microfinance institutions. Hence improvement in trust will lead to improvement MFI performance in Nairobi City County, Kenya. Results indicate that confidentiality in the message relayed affects to a moderate extent as well as safety of the information provided. The safety of information serves as a protective barrier that encourages

clients to keep returning to microfinance systems. The findings further indicate that credibility and having assurance promotes trust moderately.

The research assessed impacts of communication on performance of MFIs in Nairobi City County, Kenya. Findings indicated that communication positively influences the performance of microfinance institutions in Nairobi City County, with a statistically significant effect (0.275) at a 95% confidence level ($P=0.035$). It was determined that communication affect performance to a moderate extent and specifically, results depicted that timely information within the micro finances reporting system was at peak (mean score=3.887), while sufficiency in the information provided by clients as well by the micro finances was second (mean score=3.799). The results also show that there is a substantial amount of important information provided within the microfinance institutions system in Nairobi City County (mean score=3.687) and reliability of information was at the highest levels in the microfinance system (mean score=3.267).

The research evaluated how cooperation influences the performance of MFIs in Nairobi City County, Kenya. Results from inferential statistics justified that cooperation has a positive effect (0.359) on MFIs' performance in Nairobi City County, which is statistically significant at a 95% confidence level ($P=0.029$). Findings suggested that cooperation, characterized by social connections and high levels of interaction, had a moderate impact on performance of MFIs in Nairobi City County; moreover, interpersonal relationships and coordinated efforts also contributed moderately to their performance.

The research evaluated the management of complaints and the effectiveness of MFIs in Nairobi City County, Kenya. Outcomes from inferential statistics indicate that structured mechanisms for addressing complaints have a significant impact on performance of MFIs in Nairobi City County,

demonstrating a significant effect size of 0.281 that is statistically relevant at the 95% confidence level ($P=0.017$). The findings indicate that having a centralized conflict resolution system and a defined process for handling disputes is essential for the effectiveness of MFIs in Nairobi City County. Conversely, timely and consistent responses have a moderate influence on the performance of these institutions.

5.3 Conclusions

This research validated how trust influences the performance of MFIs in Nairobi City County, Kenya. In conclusion, a notable statistical connection exists between trust and performance of MFIs in Nairobi City County. This association is attributed to confidentiality in the message relayed by the microfinance institutions as well as safety of the information provided that acts as a buffer to the image of the micro finances in Nairobi City County, Kenya. Microfinance institutions' credibility in service execution and assurance created in the process of service inclusion also affects performance of microfinance institutions in Nairobi City County, Kenya. It was determined that trust has a moderate impact on performance of MFIs in Nairobi City County, Kenya.

This research also examined how communication influences performance of MFIs in Nairobi City County, Kenya. Therefore, result indicate a strong statistical relationship between the timeliness of information, the adequacy of the information given by clients, the relevance of the information provided, and the dependability of information regarding performance of MFIs in Nairobi City County. Additionally, the research indicated that the way microfinance institutions share information significantly influenced the performance of these institutions in Nairobi City County, as reflected by customers' reliance on the services offered. As a result, the study

concludes that communication plays a moderate role in affecting performance of MFIs in Nairobi City County.

This research linked the impact of collaboration to the performance of MFIs in Nairobi City County, Kenya. It deduced that their performance is significantly affected by cooperation dimensions adopted by actors in the microfinance institutions. Further cooperation limited to social bonding and high interaction levels impacted performance of MFIs in Nairobi City County moderately as well as interpersonal relationships and coordinated efforts. Therefore, it is crucial that the collaboration between clients and microfinances directly impacts performance of the institutions in Nairobi City County. Consequently, this research determined that collaboration plays a notable role in the performance of these microfinance institutions.

From the results, it is imperative to conclude that complaint handling had the weightiest effect on overall performance of the said institutions in Nairobi City County, Kenya. Dominant statistical relationship of single point of conflict handling, clear conflict handling procedure, consistent response and speedy response affects the achievements of microfinance institutions greatly. Complaint handling was indicated as bearing great effect on performance as clients concerns are not adequately cater for by the laid down systems by the MFIs. Thus, it was conclusively observed that complain handling greatly affects performance of MFIs in Nairobi City County, Kenya.

5.4 Recommendations of the Study

Trust has been a key factor in the clients continued stay with the micro finances as their finances are safe and can be accessed at any time. The research found that trust significantly influences the performance of MFIs in Nairobi City County, Kenya. This research recommends that performance of MFIs requires the full confidentiality of client's data to be exercised at all time in the service delivery encounters and thereafter. To safeguard customer data, microfinance institutions must implement a strategy in which employees play a crucial role in information protection. The micro finance needs to provide quality service that enhances a credibility within the realms of the products and services provided as well as create assurance at all times of continued provision of top-notch services and products that are well tailored.

Communication has been instrumental in delivery if consistent service to all the clients as they modes used can reach all the stakeholders of the microfinance institutions. The study also established that communication has a dominant statistically connection with performance of MFIs in Nairobi City County, Kenya. An equitable balance needs to be established between the several modes of communication by the micro finances in order to attract the required clients who will boost the performance levels. The study recommends that clients should be provided with well-structured timely information that meets their objectives for linking up with the microfinance, and the sufficiency of the information provided by the micro finance need to meet the client's demands. Further the stuyd recommedns that micro finaces need to supply significant information at all time to the clients as ellas need to provide reliable information as each directly affect performance of MFIs in Nairobi City County, Kenya.

Cooperation calls for integrated efforts by all the concerned stakes to be involved in the linking up for the achievement f gains to all interested parties. The micro finances need to be tune with

the clients at all time by linking up with them using the most convenient methods and approaches at all times. Since performance of MFIs in Nairobi City County is significantly affected by cooperation dimensions adopted, then the study recommended that social bonding needs to be increased through well researched platforms, boosting of interaction levels through increasing the meeting times even through surveys, boosting the interpersonal relationships through contacts hours and calls as well as boosting the coordinated efforts that acn be done through extra miles follow up mechanisms.

In the study complaint handling and performance of MFIs in Nairobi City County, Kenya has a major link that requires integrated efforts for increases output. There is need to improve on the single point of conflict handling by increasing several modes of conflict handling at all times as well as create clear conflict handling procedure that is well understood by all the stakeholders. The research also suggests that maintaining consistent responses and promptly addressing clients' inquiries and complaints should be integrated into the microfinance system to enhance the performance of microfinance institutions. All service points within the micro finances are at the preserve of the interaction personnel that allow for the dissemination of information. The personnel at the service points require adequate well notched skills for handling the clientele diversity of concerns as time progresses. Thus, the continuous embarking on better techniques to establish what the client requires as need arises plus the beefing of skills inventory for each service provider for them to feel needed in the system of delivering quality services.

5.5 Suggestion for Future Studies

A study was conducted in this research regarding the marketing strategies related to relationships and performance of MFIs in Nairobi City County. Researcher would like other scholars to underscore factors that account for 31.8% apart from trust, communication, cooperation and

complaint handling that affects performance in microfinance institutions. Given that the focus area is Nairobi City County, Kenya, it can be duplicated in other counties throughout Kenya to analyze trends and contrast the findings. Additionally, further research could be conducted in the private sector.

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APPENDICES

APPENDIX I: RESEARCHER'S LETTER OF INTRODUCTION

To: Chief Executive Officer

.....MFI, Nairobi City County

Dear sir/Madam

RE: Request for Consent to Access Data for Academic Research

I am writing to seek your consent to access specific data from your employees for the purpose of conducting research as part of my postgraduate studies at Kenyatta University. I am a Masters of Business Administration (MBA) student with a specialization in Marketing Management.

This research forms a mandatory requirement for the completion of my degree, and I am seeking your cooperation in obtaining relevant information from your employees. Enclosed with this request, you will find a questionnaire designed to gather the necessary data. I would like to kindly request your review of the questionnaire and the provision of the requested information. I hereby guarantee that all collected data will be employed solely for academic use and will be handled with the highest level of confidentiality and professionalism. I would greatly appreciate your prompt response and cooperation in this matter. If additional information or clarification is needed, please feel free to contact me without hesitation.

Your feedback will be highly appreciated.

Yours faithfully,

Rotich Festus

APPENDIX II: RESEARCH QUESTIONNAIRE

Instructions

This section requests your support in filling the given set of questions as objectively as possible.

Feel free to ask and inquire for clarification where the questions don't add up. All opinions and answers are correct and will be preserved for academic use.

Section A: Demographic Information

1. Gender of the respondent

Male []

Female []

2. Level of education?

Post Graduate []

Degree []

Diploma []

Any other (Specify) []

3. How long have you worked for this MFI?

Less than 1 year []

1 - 3 years []

3 - 5 years []

5 - 10 years []

More than 10 years []

Section B: Trust

4. Show your view in line with these wordings that relate to the effect of trust and performance of MFIs in Nairobi City County, Kenya.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
In the MFI the confidentiality of the messages is well addressed					
Members personal details are not disclosed to					
Credibility of messages disseminated is a major area of concern in the MFIs					
The Safety of the clients' information is catered for by the MFI					
There is an assurance in the delivery of offerings that the MFI has promised					

5. In your own opinion, to what extent does trust affect (MFIs) performance in Nairobi City County, Kenya, that is not mentioned above?

.....

Section C : Communication

6. Show your view in line with these wordings that relate to the impact of communication on performance of MFIs in Nairobi City County, Kenya.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
There is timely information in regards to the MFIs offerings and services					
The information that is provided by the MFI in lieu of the offerings is sufficient					

Significant information is provided by the MFI to the client in regards to their offerings					
Reliable information in regards to offerings is always disseminated by the MFI to the clients					

7. In your own opinion, how else does communication impact the overall success of micro finance institutions in Nairobi City County, Kenya, that is not mentioned above?

.....

Section D: Cooperation

8. Show your view in line with these wordings that relate to the effect of cooperation and performance of MFIs in Nairobi City County, Kenya.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
Social bonding is a key component in the MFI service delivery process					
There are high interaction levels within the MFI service encounters					
Interpersonal relationships are evident in the MFI value addition process					
There are coordinated efforts in the transaction process within the MFI					

9. In your own opinion, how else is the performance of MFIs in Nairobi City County affected by cooperation that is not been mentioned above?

.....

Section E: Complain Handling

10. Show your view in line with these wordings that relate to the effect of complain handling and success of MFIs in Nairobi City County, Kenya.

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
In the MFI there is a single point of complain handling					
There are clear complain handling procedures within the MFI					
Consistent responses are generated once a complaint is lodged					
Once a complaint is lodged there is a Speedy response by the MFI					

11. In your perspective, how does the management of complaints impact the operational efficiency of MFIs in Nairobi City County, Kenya, beyond the aspects previously discussed?

.....

.....

Section F: Performance of MFI

Please rate your opinion on the following indicators of performance

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
The market share of our organization is increasing					
Our customers are satisfied					
Our employees are satisfied					
Our organization retains its customers					
The dividends pay-out has been increasing					

Thank you

APPENDIX III: LIST OF DT -MFIS IN NAIROBI CITY COUNTY

1. Relief
2. Bands
3. Kanisa
4. Adventist
5. Masterways
6. Cooperative Bank
7. Law Society of Kenya
8. AMREF
9. Parliamentarians
10. Ukaguzi
11. Verona
12. Huruma
13. Banki Kuu
14. Equity
15. Umoja Wendani
16. Finnlemm
17. Bunge
18. Kewisco
19. Kenyatta Matibabu
20. Utabibu
21. BAT
22. Jogoo
23. Biblia
24. Forward
25. Vision
26. Nairobi Water
27. Kentours
28. Ubora
29. Brookside
30. Sauti
31. Utafiti
32. Shelloyees
33. Kirungii
34. Uaminifu
35. Reli
36. Taa
37. PCEA Kayole
38. Unbound
39. Smart Savers
40. Post bank
41. Communication
42. Total Energies
43. Ukombozi

APPENDIX VI: APPROVAL LETTER



**KENYATTA UNIVERSITY
GRADUATE SCHOOL**

E-mail: dean-graduate@ku.ac.ke

Website: www.ku.ac.ke

P.O. Box 43844, 00100
NAIROBI, KENYA
Tel. 810901 Ext. 4150

Internal Memo

FROM: Executive Dean, Graduate School

DATE: 11th October, 2024

TO: Rotich Festus Kiprono
C/o Business Administration Dept.

REF: D53/NKU/30738/2015

SUBJECT: APPROVAL OF RESEARCH PROJECT PROPOSAL

This is to inform you that Graduate School Board at its meeting of 19th September, 2024 approved your Research Project Proposal for the M.B.A Degree Entitled, "Relationship Marketing Strategies and Performance of Microfinance Institutions in Nairobi City County, Kenya."

You may now proceed with your Data Collection, Subject to Clearance with Director General, National Commission for Science, Technology and Innovation.

As you embark on your data collection, please note that you will be required to submit to Graduate School completed Supervision Tracking and progress report Forms per semester. The Forms are available at the University's Website under Graduate School webpage downloads.

Also, please ensure that you publish article(s) from your project before submitting it to Graduate School for examination as per the Commission for University Education and Kenyatta University guidelines.

Thank you.


ANNBELL MWANIKI
FOR: EXECUTIVE DEAN, GRADUATE SCHOOL

c.c. Chairman, Business Administration.

Supervisors:

1. Dr. Anne Muchemi
C/o Department of Business Administration
Kenyatta University

AM/mo

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