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Mediating Role of Customer Satisfaction on the Relationship Between Perceived Value and Customer Retention Among Mobile Phone Service Users in Western Kenya Region

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ABSTRACT
The purpose of this study was to investigate the mediating role of customer satisfaction on the relationship between perceived value and customer retention among mobile phone users in public universities of western Kenya region. The study was guided by the social exchange theory which focused on the fundamental principle that humans in social situations choose behaviors that maximize their likelihood of meeting self-interests in those situations. Descriptive and explanatory research designs were utilized in this study. A questionnaire was used to collect data from sample size of 222 respondents who were sampled from the population. Data collected was analyzed by use of descriptive and inferential statistics. Multiple regressions were used to establish the effect of independent variables on the dependent variable. Mediation test was conducted by following Baron and Kenny (1986) four steps. Further, sobel test were used to test the level of significant of the mediation. The results revealed that Perceived value had significant effect on Customer retention. Also it was established that, Customer satisfaction was significant in predicting customer retention. Finally, Customer satisfaction had partial mediation effect on the relationship between perceived value and Customer retention. The study recommends that service providers should put more emphasis on perceived values since they influence customer satisfaction and hence customer retention. The study provides new theoretical insight into factors influencing customer retention by incorporating customer satisfaction as a mediator in the relationship between Perceived value and customer retention. Future researchers may use other models such structural equations model, Goodman test among others to test the relationship.

Key Words: *Mediation, Perceived Value, Satisfaction, Retention, Relationship*
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Background Information

Customer retention is increasingly being seen as an important managerial issue, especially in the context of saturated market or lower growth of the number of new customers. It has been also acknowledged as a key objective of relationship marketing, primarily because of its potential in delivering superior relationship economics, i.e. it cost less to retain than to acquire new customers. (Ghavami 2006).Bateson and Hoffman (2002), define customer retention as focusing a firm's marketing effort towards the existing customer's base. This explain the view that instead of trying to acquire a new customers, firms engulfed in customers' retention efforts must make sure that the existing customer are satisfied as so to create and maintain long term relationship. (Payne 2005).

Many companies recognize the importance of customer's retention but relatively few understand the economics of customer retention within their own firms. Since the start of 1990s research has identified the financial benefits of customer's acquisition versus customer retention. Fred Reichared and Earl Sasser, published revealing research which demonstrated the financial impact of customer retention. They found even a small increase in customer retention produced a dramatic and positive effect on profitability: a five percentage points increase in customer retention yielded a very high improvement in profitability in present value terms. These results have had a significant impact in drawing attention to the critical role customer retention has to play within CRM strategy (Payne 2005). Lovelock *et al* (1999), said in business context, loyalty is used to describe the willingness of a customer to continue patronizing a firms goods and services over a long period of time and on a repeated and preferably exclusive basis, and voluntarily recommending the firm's products to friends and associates.

In their view, customers will continue to be loyal to a particular firm if they feel and realize that better value is being offered. (Obeng *et al.,* 2006).Kotler (2009), assured that most important consideration to attain high customer loyalty is from firms to deliver high customer value. He continued to stress that it has been the practice by firms to devote much attention and effort to attracting new customers rather that retaining existing ones. In addition to that, traditionally, firms emphasize more on making sales rather building relationship, on pre-selling and selling rather than caring for the customer afterward. When addressing the term of customer retention for the telecommunication industry, the definition could be customized to "Customers continuously and with high level of commitment into consuming its products/services and being satisfied from the services/products". Therefore, to ensure the customer's continuity of consuming the telecommunication services, the telecommunication industries needs to achieve customers' satisfaction first hence customer retention.

Customers are the fortitude of firms (Gupta and Zeithaml, 2006) and their main agenda is to produce a customer (Ang and Buttle, 2006). Firms would not be able to uphold and increase their performance without customers (Gupta and Zeithaml, 2006; Buttle, 2004) as firms are believed to have no revenues, no profits and therefore no market value (Ang and Buttle, 2006). Furthermore, a worldwide survey conducted by "The Economist" revealed that about 65% of respondents (senior executives of multinational companies) had admitted that customers are their top most priority to achieve their targeted firm performance in the next three years (Gupta and Zeithaml, 2006). Similarly, several past studies claimed that the existence of a firm is mainly to create and sustain an advantageous relationship with its preferred customers (Ang and Buttle, 2006; Ryals and Knox, 2005) As such, customer retention has been the center of discussion (Larivie're and Poel, 2005; Terblanche and Hofmeyr, 2005) and the key agenda of firms since the last decade (Gupta and Zeithaml, 2006; Buttle, 2004; Larivie're and Poel, 2005). Saturated markets and high levels of competition within industries have necessitated the practice of customer retention strategies among firms (Singh, 2006; Honts and Hanson, 2011). In addition, it has been discovered that recruiting new customers is essentially a costly affair as compared to retaining the existing customers (Woo and Fock, 2004; Trasorras *et al*., 2009; Ghavami and Olyaei, 2006). Actually, the practice is believed to enable the firms to sustain in the said intense competition besides enjoying significant savings from retaining existing customers. This is supported with past studies, which ascertained a significant relationship between improvement in satisfaction and customer retention (Ryals and Knox, 2005; Singh, 2006; Trasorras *et al*., 2009; Stengel, 2003). For instance, firms can increase profits by 25 to 95 percent with a mere increase of 5 percent in customer retention rates.

2.2.1. Social Exchange Theory

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

The social exchange relationships between two parties develop through a series of mutual exchanges that yield a pattern of reciprocal obligations to each party. Social exchange theory indicates that individuals are willing to maintain relationships because of the expectation that to do so will be rewarding. Individuals voluntarily sacrifice their self- benefits and contribute these benefits to other individuals with the expectation for more future gains. Thibaut and Kelly (1959) propose that whether an individual retains a relationship with another one depends on the comparison of current relationship, past experience and potential alternatives. The constant comparison of social and economic outcomes between a series of interactions with current partners and available alternatives determines the degree of an individual's commitment to the current relationship.

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

Perceived Value and Customer Retention

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

RESEARCH METHODOLOGY

Research Perspectives

Research methodology defines the systematic and scientific procedures used to arrive at the results and findings for a study against which claims for knowledge are evaluated (Nachamias *et al*., 1996; Saunders *et al*., 2007). A methodology is therefore shaped by the perspectives the researcher chooses to approach a study. The perspectives that usually shape a research work can be broadly grouped into five umbrellas (Research Philosophy, Research Purpose; Research Approach; Time Horizon; Research Strategy) (Saunders *et al.,* 2007);

3.1.1 Research Philosophy

Research Philosophy refers to the assumptions and beliefs that govern the way we view the world (Saunders *et al.,* 2007); it underpins the general approach and direction that the researcher chooses to take about the whole research. Many authors like saunders*et al* 2000:2007; Sullivan T.J. (2001); Cooper and schindler (2006) and Malhotra and Birks (2007) agree that research can be influenced by positivism or phenomenological beliefs. Research philosophy is positivism where "knowledge or the world is thought to exist independent of people's perceptions of it and that science uses objective techniques to discover what exists in the world" (Sullivan T.J. 2001 p.47). On the other hand, it is phenomenological where "reality of the world is thought to arise out of the creation and exchange of social meaning during the process of social interactions" (Sullivan T.J. 2001 P. 48). In this study positivism is chosen more than phenomenological perspective because we believe that customer retention as pertaining mobile phone service users can be defined objectively through the use of established theoretical frameworks and structured instruments to assess and analyze it, upon which generalizations can be made from the findings.

Research Approach

Research may be approached from deductive or inductive perspectives. It is deductive where it begins with the development of a Theory or Hypothesis and a strategy is designed to test it in a context to verify or reject its claims. So it is thinking from general to specific. On the other hand, the approach is inductive where the research begins with an observation of a phenomenon in an environment, then data is collected upon which a theory is developed or generalization is made. Thus, thinking from specific to general.

Research Strategy

Research Strategy is a general plan of how to answer the research questions. It is mainly guided by the research questions and research objectives, among other things. It determines to a large extent the choice of data collection methods. The main research strategies are action research, ethnographic studies, experiments, surveys, case study, grounded theory or archival research (Saunders *et al* 2000, 2007; Cooper and Schindler 2006; Malhotra and Birks 2007).

Action Research: The term "action Research" was first used by Lewin in 1946. It is a study that investigates a specific problem in a specific environment and afterwards an appropriate intervention is designed and implemented to solve the problem or improve the situation. It is a research in action rather than about action

(Coghian and Brannick 2005 in Saunders *et al* 2007). It is diagnostic and evaluative, involves people or subjective of study in solving the problem and its more collaborative in nature.

Ethnographic studies: The word "ethno" is a Greek word that refers to a people, race or cultural group, combines with the suffix "graphy" meaning "knowing something or a knowledge of something" to produce the term ethnography. It is a study explains or describes the cultural bases of a people, usually conducted in the people's natural environmental settings. In such a study, the research may choose to study a characteristic of a people's culture by being part of and participating in the activities of the people or situation being studied (Saunders *et al* 2000, 2007; Sullivan J.T. 2001; Cooper and Schindler 2006; Malhotra and Birks 2007).

Experiment: experiments are a type of causal study in which a researcher investigates changes in one variable while manipulating one or more other variables under controlled conditions. It is usually conducted in natural sciences and social psychology. Its main purpose is to study causal links in variables under given situations (Saunders *et al* 2000, 2007; Cooper and Schindler 2006).

Survey: A survey is a type of method associated with deductive approach and is conducted usually in business and management research to collect data that seek a characteristic or the opinion of a target population. It allows for the collection of large amount of data from a large population economically. It is most frequently conducted to answer research questions relating to "who, what, how much and how many" involved in a problem study. It often uses structured questionnaire and interviews.

Case study: A case study is "a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence" (Robson 2002:178 in Saunders et al 2007). It is mostly used where the purpose is to gain a rich and an in-depth understanding of the context of the research and the processes being enacted (Morris and Wood, 1991 in Saunders *et al* 2007). It therefore uses multiple data collection sources, termed triangulation. Mostly it is related explanatory and exploratory research that seeks to find out "why", "what", and "how" issues in the case context. Yin (2003 in Saunders *et al*) maintains that case studies can be single or multiple, holistic or embedded.

Grounded theory: A grounded theory is often associated with inductive approach. It is "a research methodology for developing theory by letting the theory emerge from the data or be grounded in the data" (Sullivan 2001). It is the strategy that seeks to build theory to predict or explain behavior.

Archival research: It refers to a study that uses administrative records and documents as the principal sources of data. It is usually used when the purpose is to find out about the past and changes over time, and often forms the starting point for explanatory, exploratory or descriptive studies.

This research chose basically the survey strategy because it sought the opinion of a population about a specific subject matter and it combined the use of qualitative and quantitative methods

Target Population

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

Table 3.1. Target Population

Strata	Target Population
Moi University	6, 900
Maseno University	2,500
Masinde Muliro University of Science and Tech.	1,400
Jaramogi Oginga Odinga University	2,070
Kisii University	837
University of Eldoret	1300
TOTAL	**15007**

Source: Survey Data

Sampling

The process of sampling involves any procedures using a small number of items or parts of the entire population to make conclusions regarding the whole population

Probability sampling method

Probability sampling is most common in survey-based studies where you need to make inferences from the sample about a population to answer questions or to meet set objectives (Saunders *et al.,* 2003). This method was chosen because each element in the population had a chance of being included in the sample (Roberts-lombard, 2002)

Sampling Technique

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

Sample size

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

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

where S = the sample size

N = the population size

Cv = the Coefficient of Variation

e = standard error

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

$$= \frac{15007(0.3^2)}{0.3^{2+}15007-(0.02)^2} = 222$$

Table 3.2: Sampling Frame of the Public Universities in Western Kenya Region

Name Of University	Total Population	Sample Size
Moi University	6, 900	102
Maseno University	2,500	36
Masinde Muliro University of Science and Tech.	1,400	20
Jaramogi Oginga Odinga University	2,070	30
Kisii University	837	13
University of Eldoret	1300	20
TOTAL	**15007**	**250**

Source: Survey Data, 2014

Data collection, Instrument and Procedure

Primary Data was collected using a questionnaire. The percentages in table 3.2 reveal the number of questionnaires that were distributed to the respondents in the six strata at the public Universities in Western region of Kenya to respondents willing to participate in the research.

Type of Data

There are two types of data i.e. primary and secondary data. "Primary data is a data originated by the researcher for the specific purpose of addressing the research problem" (Malhotra N.K. and Birks D.F. 2007, pg 94). It is what the researcher originally collects from the sample or target population. Secondary data are data collected for some purpose other than the problem at hand (Malhotra and Birks 2007, pg 94).

For purposes of this research, the researcher found it appropriate to use the primary data and the basic instrument for collecting that data was a questionnaire.

Data Collection Instrument

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

Data collection Procedure

According to many scholars, in the use of survey strategy, the main instruments used are self-administered/interviewer administered or structured interviews and questionnaire or a combination of both (Saunders *et al* 2000; cooper and Schindler 2006; Malhotra N.K and Birks D. F 2007). A total of 250 copies of questionnaire were administered to the participants in the entire study. For this study, the questionnaire was administered by twelve Research Assistants, the Research Assistants were selected basing on their qualifications and availability. Those with Bachelor of Business Management were given first priority and further trained on how to effectively collect data.

Measures of Reliability and Validity

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

Reliability of study measures

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

Validity

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

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

Data Analysis and Presentation

To establish the main characteristics of the study variables, descriptive statistics, factor analysis using principal component method with varimax rotation and pearson correlations analysis was done and relevant tests conducted. To establish the statistical significance of the respective hypotheses, ANOVA of F-tests as well as multiple linear regression analysis was conducted, appropriate at 95 percent confidence level (α=0.05). The questionnaire returned from the field was coded, edited and keyed into the computer to facilitate statistical analysis. Statistical package for social sciences (SPSS) version 17 was used to assist in analysis. Analyzed data was interpreted and presented in tables.

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

Mediation

A variable may be considered a mediator to the extent to which it carries the influence of a given independent variable (IV) to a given dependent variable (DV). Mediation can be said to occur when (1) the IV significantly affects the mediator, (2) the IV significantly affects the DV in the absence of the mediator, (3) the mediator has a significant unique effect on the DV, and (4) the effect of the IV on the DV shrinks upon the addition of the mediator to the model, Baron and Kenny(1986,2003)

Mediation is hypothesized casual chain in which on variable affects

$CR= \alpha + \beta_1 CRM + e$

Sobel test equation

(t-test) z-value = a*b/SQRT(b2*sa2 + a2*sb2)

Where;

a = raw (unstandardized) regression coefficient for the association between IV and mediator.

sa = standard error of a.

b = raw coefficient for the association between the mediator and the DV (when the IV is also a predictor of the DV).

sb= standard error of b.

Ethical issues

The major ethical concern which was considered important included; informed consent, confidentiality and privacy. The respondents were provided with adequate information concerning the study. The researcher explained to the respondents that participating in the study was voluntary and that they were free to withdraw from it at any time they deem fit.

Also clarity was provided on the nature of the research and procedures, and they were allowed to ask questions before, during and at the end of the study. No one was coerced to respond to the survey. The respondent was also guaranteed protection through anonymity and by keeping the information given confidential and if there was going to be need for disclosure their consent was sought. All the respondents were treated with respect and equality.

DATA ANALYSIS, PRESENTATION AND INTERPRETATION

Response Rate

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

Profile of the Respondents

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

The total sample for the survey consists of 222 respondents. The gender distribution of the survey respondents is 65.3 per cent males and 34.7 per cent females. The results also indicated that the samples have age predominantly of 45 years and above, which is 46.4 per cent. More than 50 per cent of the respondents use Safaricom mobile phone service provider. Majority of the respondents have college or higher education level where 10.4 per cent are professional qualification, 13.5 per cent are diploma or advanced diploma holder, 16.2 per cent have degrees and 53.2 per cent have postgraduate level of education. Only 6.8 per cent of respondents have attained high-school level. The results are presented in Table 4.1.

Table 4.1: Demographic Profile of Respondents

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

Source: Research Data (2014)

Descriptive Statistics

For clear determination of the responses made to the research items, the mean, standard deviation, skewness and kurtosis of the study variables were determined as highlighted in Table 4.2

Table 4.2: Descriptive statistical analysis of the study variables

Variables	Mean	Std dev	Skewness	Kurtosis
PV	3.0748	0.76270	-0.353	0.629
CS	3.4234	0.79292	-0.583	-0.248
CR	3.2450	0.71781	-0.620	0.325

PV=Perceived Value, LP=Loyalty Programs, CS=Customer Satisfaction and CR=Customer Retention

Source: Research Data (2014)

From Table 4.2 Perceived Value have a mean score of 3.0748 and a standard deviation of 0.76270, its skewness and kurtosis is -0.353 and 0.629 respectively making it skewed to the right side of the curve. Customer satisfaction is the mediator which has a mean of 3.4234 and a standard deviation of 0.79292, its skeweness is -0.583 and its peakedness of -0.248. The customer retention is the dependent variable which has a mean of 3.2450 and a standard deviation of 0.71781. The normal curve is skewed to the right with a skewness of -0.620 and a kurtosis of 0.715.

Scale reliability of study Variables

The reliability of an instrument is defined as its ability to consistently measure the phenomenon it is designed to measure. The reliability of the questionnaire was therefore tested using Cronbach alpha measurements. From the table 4.3

Table 4.3. Cronbach's Alpha Reliability

Variables	Number of Items	Cronbach Alpha Coefficient
PV	**5**	0.808
CS	**4**	0.722
CR	5	0.716
PV=Perceived Value, CS=Customer Satisfaction and CR=Customer Retention		

Source: Research Data (2014).

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

Test for Normality and Linearity

Kolmogorov-Smirnov test (K-S) one sample test was used in order to enable compare the shapes of the distribution to the shape of the normal curve and assumption of the normality of the population distribution. Table 4.4 vividly explains the same from the results of normality of Network quality, Loyalty programs, relational experience, perceived value, customer satisfaction and customer retention.

Table 4.4: One sample Kolomogorov-Smirnov Test

Variables	Statistic	Sig.	Mean	Std. dev.
PV	0.091	0.050	3.0748	0.76270
CS	0.218	0.000	3.4234	0.79292
CR	0.127	0.002	3.2450	0.71781
PV=Perceived Value, CS=Customer Satisfaction and CR=Customer Retention				

Source: Research Data (2014).

From the table, the results reveals that relating to the study variables are normally distributed**Validity of the Study measures**

Validity refers to the extent to which a research instrument measures what it was intended to measure (Zikmund et al., 2010). This study addressed the two approaches to establish validity i.e. content validity and construct validity.

Content Validity

To establish content validity, the content of this research was validated by determining the variables which have been defined and used in literature previously. In this study the dimensions of variables were identified from the customer relationship management practices literature. Additionally, opinions were sought from experts who provided relevant inputs adding to what had been identified from the literature. An assessment of content validity requires experts to attest to the content validity of each instrument (Sekaran, 2000). In order to ensure content validity, previously validated measures were pretested and the preliminary questionnaire was pretested on a pilot set of respondent for comprehension, logic and relevance. Respondents in the pretest were drawn from two Universities which were similar to those in the actual study in terms of characteristics; familiar with the research topic under investigation. The respondents of the pre-test were not from the target population since they would have brought biasness in the research.

Construct Validity

Construct validity demonstrates the extent to which the constructs hypothetically relate to one another to measure a concept based on the theories underlying a research (Zikmund, 2000). Further, construct validity measures "the degree to which a scale measures what it intends to measure" (Garver and Mentzer, 1999) and it is assessed by factor analysis in this research. In order to assess the construct validity, 40 items are examined by principal components extraction with varimax rotation. The Kaiser-Meyer-Olkin (KMO), The Bartlett's test, is significant in this study and confirms the appropriateness of the factor analysis for the data set.

Factor Analysis

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

Factor Analysis Results of Perceived Value

The Kaiser Criterion was used to determine the number of factors to extract for analysis. Results show that the 5 items for Perceived Value are sorted and clustered into one component. The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Barlett's Test of Sphericity were used. The KMO measure of sampling adequacy indicated a value of (KMO=0.767) indicating that the sample size was adequate for the variables entered into analysis. The Barlett's Test of Sphericity was significant X^2=418.074,df=10, p<0.000, implying that the factor analysis was appropriate for the study and there was relationship among variables for the Perceived Value. From Table 4.6, the results of the principal component analysis indicate that, there is one factor whose Eigenvalues exceed 1. The Eigenvalue of a factor represents the amount of total variance explained by that factor. For Perceived Value, the first factor has Eigenvalue of 2.918 which explain 58.352% of the total variance, the percentage of variance combines for the succeeding items to make up 100% variance. Varimax rotation tries to maximize the variance of each of the factor, so the total amount of variance accounted for the redistribution over the extracted factor. Principal component analysis with varimax rotation is widely adopted as a reliable method of factor analysis (Lee, 2010).

Table 4.5: Perceived Value Component Matrix

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

Source: Research Data (2014)

Mediating effect of Customer Satisfaction on the Relationship between Perceived Value and Customer Retention

In order to test mediation effect, zero order correlations between variables were computed. First, the Zero order correlation between perceived Value and Customer Retention was calculated (β=.434; t=7.705; p<.001). Second the Zero order correlation between Perceived and Customer Satisfaction was calculated (β=.223; t=3.252; p<.000). Third the Zero order correlation between Customer satisfaction and Customer Retention was calculated (β=.585; t=12.541; p<.000).The findings suggest that all the three Zero order correlations were significant at 0.01 significant level.

Finally, the full model in which the Zero order correlation between Perceived Value, Customer satisfaction and Customer Retention was tested. The initial significant relationship between Perceived Value and customer retention shrinks upon the addition of the mediator (Customer satisfaction) to the model. (β=.318; t=7.101; p<.000). These results provide support for the fourth hypothesis by clearly indicating that the relationship between perceived Value and customer retention is partially mediated by customer satisfaction. Further, in order to examine the hypotheses, Sobel Test was used to obtain the Z values and examine the significant of the direct effect. The Z-value obtained is t=3.17118868 and is greater than the significant level 1.96 and significant. The null hypothesis is rejected and therefore conclude that Customer satisfaction partially mediates the effect of perceived value to customer retention.

Table 4.6 Results of the Mediating effect of Customer Satisfaction on the Relationship between Perceived Value and Customer Retention

Steps	Predictor Variables	β	Std error	t	Sig.
1st Step:	Constant	1.911	.178	10.715	.000
	PV	.434	.056	7.705	.000
2nd Step:	PV	.223	.068	3.252	.000
3rd Step	CS	.585	.047	12.541	.000
4th Step	PV	.318	.045	7.101	.000
	CS	.519	.043	12.036	.000

Notes: 1st Step (PV and CR), 2nd Step, (PV and CS), 3rd Step (CS and CR), i.e. Steps 1-3 are significant, hence it is necessary to continue to 4th Step where (PV controlled by CS-CR)
PV=Perceived Value, CS= Customer satisfaction, CR= Customer Retention

Source: Research Results (2014)

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

Summary of findings

The study examined the mediating effect of customer satisfaction on the relationship between perceived values and customer retention among mobile phone users in public universities of western Kenya region. Preliminary analyses focused on establishing the characteristics of the respondents and descriptions of the response on the measures of the study variable. Also Hypotheses tests were conducted to address the objectives of study.

Effect of Perceived Value on customer Retention

The study had proposed the null hypothesis; Ho_2: perceived Value has no significant effect on customer retention. From the findings, it was found that Beta coefficients (Perceived Value), B=-0.637, t=-2.866, p=0.005. The Null hypothesis was therefore rejected since its p-value is <0.05 and an alternative hypothesis were accepted, meaning that there is an effect of Perceived Value on customer retention. This results supports prior researches that Perceived Value has its root in equity theory, which considers the ratio of the consumer's outcome/input to that of the service provider's out- come/input (Oliver and DeSarbo, 1988). Again from, customer-perceived value results from an evaluation of the relative rewards and sacrifices associated with the offering. Customers are inclined to feel equitably treated if they perceive that the ratio of their outcome to inputs is comparable to the ratio of outcome to inputs experienced by the company (Oliver and DeSarbo, 1988). (Holbrook, 1994, p. 22), argues that, Customer value is "the fundamental basis for all marketing activity" And high value is one primary motivation for customer patronage hence retention. In this regard the findings of this study is supported by, Sirdeshmukh, Singh, and Sabol (2002), who argued that customer value is a superordinate goal and customer loyalty is a subordinate goal, as it is a behavioral intention and this enhances retention.

Mediating effect of Customer Satisfaction

On mediation effect of customer satisfaction on the relationship between Customer Relationship management practices on and customer retention, the study had postulated four null hypotheses;
Ho_{5a}): Customer satisfaction does not significantly mediate the relationship between network quality and customer retention
$H0_{5b}$): There is no significant relationship between mediation effect of customer satisfaction and its relationship with perceived value and customer retention
$H0_{5c}$): there is no significant relationship between mediation effect of customer satisfaction and its relationship with customer relational experience and customer retention
$H0_{5d}$): customer satisfaction does not significantly mediate the relationship between loyalty programs and customer retention
From the findings there was partial mediation in the relationship between variables (PV= (β=.434, t=7.705, p<.0.05and β=.318 ,t=5.015,p<0.05).), t=6.188, p<0.05).). The null Hypotheses were therefore rejected. The result indicated that on the overall there is partial mediation since both predictor variables predict the dependent variable. According to (Baron and Kenny, 1986), and Kenny (2003), the mediating effect of the variable customer satisfaction was analyzed by using the four steps procedure. The purpose of the steps, especially 1-3 was to help establish that Zero-order relationships among variables exists and If one or more of these relationships are non-significant, then mediation is not possible or likely. If they are significant one proceed to step 4, from here, the results had partial mediation.

Conclusions

The mediating effect of customer satisfaction on the relationship between Perceived value and customer retention among mobile phone users in public universities of western Kenya region has been empirically examined in this study. Results of this study provided support for the Hypotheses linking CRM practices, customer satisfaction and customer Retention. The concept and its roots were introduced by reviewing the existing academic literature, as the competitive environment becomes more turbulent, the most important issue the sellers face is no longer to provide excellent, good quality products or services, but also to keep loyal customers who will contribute long-term profit to organizations (Tseng, 2007).

This study identified the number of customers, or percentage of total customers whose experience with their telecommunication service provider's products or services meets or exceeds their expectations. In a competitive market place where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy. According to the study, Customer satisfaction is about how products and services meets consumer's needs. It is the impression of customers about services provided. Therefore, from the findings, customer relationship management practices have become an alternative means for organizations to build strong, ongoing associations with their customers.

Again from the research, as part of marketing strategy, customer relationship management practices seeks to acquire and retain customers by providing good quality customer services, and therefore has become one of the keys to success in acquiring strong competitiveness in the present markets, because of its implications for access to markets, generation of repeat purchase, creation of exit barriers, and the view that it benefits all parties (Andaleeb, 1996). It is concluded that Customer Relationship Management Practices is concerned about building customer satisfaction by providing value to all the parties involved in the relational exchanges (Peng and Wang, 2006), as customer retention is the final goal of relationship marketing.

In conclusion, customer relationship management practices in today's business, it makes sense to understand how the relationship are executed in practice and how this type of marketing take effect, e.g. influencing long-term relationship building and customer loyalty. As more and more enterprises realize the importance of becoming customer centric in today's competitive economy, they embrace Customer Relationship Management (CRM) as core business strategy" (Wu, 2008). Where CRM is a way of "developing a comprehensive picture of customers' needs, expectation and behaviors and managing those factors to affect business performance" (Hoots 2005). Or it is "about managing customer knowledge to better understanding and serving them" (Rahimi 2008).

In conclusion, the findings of this study have important implications for both academic marketing literature and practice. The managers will also find some useful implications that are relevant and can be applied in designing an appropriate CRM Practices for their customers.

In general, this study looked at the mediation effect of customer satisfaction on the relationship between CRM Practices and customer satisfaction amongst mobile phone users in western Kenya Region. In particular, the study examined the relationships between the study variables. All the relationships were significant and partially mediated. It is evident that from the study CRM practices emphasized in the trading relationships, will lead to repeated purchases hence consumer retention. This also enables Mobile phone service providers to ensure that the greater the customer satisfaction, the higher the consumer retention levels.

The study concluded that, the quality of a service is subjectively perceived by customers during the interactions with a Mobile phone service provider has critical impact on customers' evaluation of service quality. Effective communication of pricing policies as well as flexible pricing for various services offered play a great role in customer retention. The study concluded that since highly satisfied customers are expected to make future purchases and recommend the source to other customers, high levels of customer satisfaction are likely to lead to customer retention. The study also concluded that there exist very high levels of customer satisfaction Mobile phone service providers. Customer satisfaction was found to have a direct relationship with customer retention. Thus, when customers are satisfied with the services offered them by mobile network operators, they are likely to be loyal to them. Finally, the study found that Reliability has a direct effect on customer retention without necessarily using customer satisfaction as a conduit. The implication of this finding is that customers place a high premium on reliable Mobile phone service providers in western Kenya region.

Limitations of the study
Majorly the study utilized Baron and Kenny's (1986) approach which is limited on data availability as well as on independent variable relationships. Second the findings may be limited generalization across populations of opportunities.

Third the study was based on the users of mobile phones in the public universities of western Kenya region and may therefore be limited in terms of external validity and generalizability.

Fourth, we do not know how seller perceived value impacts on buyer trust, satisfaction with and commitment to a customer.

Fifth, like most empirical research, the findings of this study are based on information generated from the phone users that is self-reported data. The information that customers generates is not the only source of information about CRM practices, Customer satisfaction and customer retention.

Sixth, the researcher would have wanted to cover more mobile phone users for the study but due to the limited time frame available for the study, only 250 questionnaires were administered.

Seventh, convincing customers to answer the questionnaires was rather challenging as some of them claim they are busy and therefore do not have time. Besides, some people could not respond to all the items on the questionnaire which makes them invalid and therefore have to exclude from the data.

Despite these challenges, the findings from the study were valid and would be of great benefit to mobile phone operators, telecommunication experts and regulators.

Contribution of the findings to Theory and Practice
The study gives recommendations for both Theory and Practice. The recommendations will act as eye opener to both the academicians and practitioners in marketing and help in filling the gap in the context of the mediation effect of Customer satisfaction on the relationship between CRM practices (Network quality, Perceived Value, Customer relational Experience and Loyalty Programs) and Customer retention

Contribution to Theory
The findings of this study are expected to provide several useful and meaningful implications for both academics and practitioners alike. This study is believed to boost the database of existing literature pertaining to customer satisfaction and retention within the mobile phone service provider. Further, this study has also demonstrated that customer satisfaction is indeed highly reliable on customer retention in the mobile phone industry in particular. In addition, the research model of this study could serve as a reference point for academics in order to further and enhance students' understanding on the key variables i.e. Customer relationship management practices (network quality, Perceived Value, Customer Relational Experience and Loyalty Programs) satisfaction, retention measures of this study. The findings of this study have also highlighted that customer satisfaction could be the effect of customer retention; hence it has made clear, the common misconception about similarity between customer retention and satisfaction measures. Future researchers should provide a broad and more inclusive definition of CRM and constructs which may measure the interaction patterns between both variables. In addition, researchers may also use other tests like Arorian Test and Goodman test to find out the level of significant in the variables.

Contribution to Practice
This study recommends that businesses operating in an intensely price based competitive environment, dependent on high economies of scale and with low levels of staff-customer interaction are bound to suffer shocks in their market positions and profitability unless huge investments are made in more relational strategies like building Customer Relational experience, loyalty programs and satisfaction. The study also recommends that companies must focus on those attributes of trust which consumers use to judge the trustworthiness of the services offered. The study further recommends that Mobile phone service provider companies should emphasize on building a positive brand image to meet customer's expectation and offer more benefits to customer. The practitioners i.e. service providers would be made aware of the importance of factors generated from factors analysis in enhancing the customer satisfaction. In other words, service providers could improve these factors and their respective attributes by devising appropriate strategies to retain more existing customers. In line with this, firms need to preserve their existing customers from switching to competitors by improving

their existing price-based and non-price based offerings. This would tie-up customers with the firm's offerings and hence, the firm itself.

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

Moreover, the study recommends that companies must focus on those attributes of customer satisfaction which consumers base on to judge the retention of the services offered. Additionally, the study recommends that firms should commit or embrace CRM practices to enhance relationships with their customers; the customers are also likely to be committed to maintaining the relationship with that organisation, thereby resulting to Retention. The study further recommends effectiveness of communication between the service provider and the consumer as it is very essential in influencing the trust that customers develop in the firm, their satisfaction with that firm and subsequently their retention in the firm. The study also recommends that an organisation reciprocates to its customers as it is also likely to retain them. Finally, the study recommends that firms should ensure customer satisfaction as it is a good predictor of future purchase behaviour, an indication of customer retention. Satisfied customers generate profits because they are responsible for a large percentage of sales and are less costly to develop than new customers. Rapid improvements in information technology allow mobile phone providers and their frontline staff to track customer characteristics more easily and respond with appropriate marketing offers.

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