Customer Relationship Management Practices and Market Performance of Private Health Facilities in Mount Kenya Region

Mokami David Mwikwabe, Business Management Department, Dedan Kimathi University of Technology.
Dr. Lydia Mwai, Business Management Department, Dedan Kimathi University of Technology.
Dr. Consolata Thuranira, Business Management Department, Dedan Kimathi University of Technology.

Abstract:- Customer Relationship Management (CRM) aims to foster brand loyalty, profitability and customer satisfaction by establishing, nurturing and maintaining successful relationships with stakeholders and customer engagements. Significant progress has been made in CRM research across various industries such as telecommunications, manufacturing, banking healthcare and hotels. However, studies in the healthcare industry have been conceptually diverse, leading to inconsistent findings. The study aimed to investigate the impact of CRM practices on the market performance of private health facilities in the Mt. Kenya region. The foundation for this study rested on the social exchange theory and relationship marketing theory. A descriptive research design was adopted. The study conducted a census survey of all eighty registered private facilities in the Mt. Kenya region equipped with both beds and cots. Primary data was collected through questionnaires from relationship managers and marketing managers. Both descriptive and inferential statistics were used. The findings revealed that CRM Practices exhibited a significant relationship with market performance. The government should encourage private health facilities to adopt effective CRM practices by creating regulations that require facilities to implement certain practices. Further research can compare the effectiveness of CRM practices and their association with market performance across different healthcare contexts.

Keywords:- CRM Practices, Market Performance, Private Health Facilities.

I. INTRODUCTION

In today's highly competitive business environment, successful managers recognize the central role customers play in the success of any business (Tiwari, 2022). Previous research, such as Swaminathan's (2004) study, has shown that key CRM elements, including organizational focus, customer-centric approaches, and knowledge management, directly and indirectly impact performance. The healthcare CRM market is projected to grow at a compound annual growth rate (CAGR) of 14.4%, reaching an estimated value of $17.4 billion by 2027. In the context of Kenya, aligning with the United Nations' Sustainable Development Goals (SDGs) 2030 and the national development roadmap, the government's "Big Four Agenda" places universal access to affordable healthcare as a strategic priority.

II. OBJECTIVES

The main objective was to establish the influence of CRM practices on the market performance of private health facilities in Mt. Kenya region. Specifically, the study sought to determine the influence of customer knowledge management, customer interaction management and key customer focus on the market performance of private health facilities in Mt. Kenya region.

➢ *Hypothesis*
- H01: Customer knowledge management has no statistically significant influence on the market performance of private health facilities in Mt. Kenya region.
- H02: Customer interaction management has no statistically significant influence on the market performance of private health facilities in Mt. Kenya region.
- H03: Key customer focus has no statistically significant influence on the market performance of private health facilities in Mt. Kenya region.

III. RESEARCH DESIGN AND METHODOLOGY

The study employed a descriptive research design, which was chosen for its ability to facilitate both descriptive and inferential statistical analysis (Colorafi & Evans, 2021). The research targeted all private health facilities in the Mt. Kenya region, specifically focusing on those with both beds and cots to ensure homogeneity. The study respondents consisted of marketing or relationship managers from all 80 private health facilities in the region (KMHFL, 2022). Primary data was collected through the use of a standardized questionnaire, distributed to participants at their workplaces, with respondents guided through the questionnaire during the process. Statistical Packages of Social Sciences, version 25, were employed for both inferential and descriptive statistical analyses. The data presentation involved the use of frequency tables and graphs to convey the study's findings.

IV. RESULTS AND DISCUSSIONS

The relationship between variables was assessed using both simple linear and multiple regression models. The models goodness of fit was evaluated using R-squared, while the reliability of the model was examined through ANOVA. Coefficients played a crucial role in elucidating the nature and strength of the observed relationships.

A. Influence of customer knowledge management on the market performance of private health facilities in Mt. Kenya region

The first hypothesis was that Customer knowledge management has no statistically significant influence on the market performance of private health facilities in Mt. Kenya region. The results are in table1.

Table 1 Customer knowledge management and market performance

a. Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.349a	.122	.110	.18404

b. ANOVAa					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.339	1	.339	10.003	.002b
Residual	2.439	72	.034		
Total	2.778	73			

c. Coefficientsa					
	Unstandardized Coefficients		Standardized Coefficients		
Model	B	Std. Error	Beta	t	Sig.
1 (Constant)	2.754	.212		12.968	.000
Customer knowledge management	.201	.063	.349	3.163	.002
a. Dependent Variable: Market performance					
b. Predictors: (Constant), Customer knowledge management					

Table 1 indicate results of the first hypothesis. The coefficient of determination (R^2= 0.122) suggests that approximately 12.2% of the variance in market performance can be explained by Customer Knowledge Management. The ANOVA results show that the regression model is statistically significant (F = 10.003, p = 0.002). Coefficient results indicate that CKM had a beta and a P-value of 0.201 and 0.002. Unstandardized coefficients yield MP= 2.754+ 0.201CKM + e, where 2.754 is the constant and CKM is the customer knowledge management index. This means that increasing CKM by one unit increases market performance (MP) by 0.201. The null hypothesis was rejected with a significant-value of 0.02, establishing that CKM significantly influences the market performance of private health facilities in the Mt. Kenya region.

The study findings concur with Homburg, Droll, and Totzek (2008) who conducted a study in the pharmaceutical industry and found that effective CKM positively influences market performance metrics (sales growth and market share). Further, Chen, Chavez, and Lambert (2014) examined the connection, within the framework of supply chain management, between CKM and market performance. Their findings highlighted that CKM practices positively impact supply chain efficiency and subsequently contribute to enhanced market performance.

B. Influence of customer interaction management on the market performance of private health facilities in Mt. Kenya region

The second hypothesis was that Customer interaction management has no statistically significant influence on the market performance of private health facilities in Mt. Kenya region. The results are in table 2.

Table 2 Customer interaction management and market performance

a. Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.338a	.114	.102	.18487

b. ANOVAa					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.317	1	.317	9.274	.003b
Residual	2.461	72	.034		
Total	2.778	73			
c. Coefficientsa					

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.734	.227		12.038	.000
	Customer interaction management	.210	.069	.338	3.045	.003
a. Dependent Variable: Market performance b. Predictors: (Constant), Customer interaction management						

Table 2 results demonstrate that the coefficient of determination, (R^2) = 0.114 imply that CIM explain only 11.4% viability in market performance of private health facilities with 88.6% being accounted for by additional factors that the study did not examine. Results further showed that CIM was statistically significant (p=0.003, F=9.274) suggesting a significant connection with market performance, thus the null hypothesis was rejected. Additionally, coefficients results indicate that CIM had a significant impact on market performance (Beta= 0.210, t=3.045, p=0.003). The regression model derived from study data that explains the fluctuations in market performance is; MP = 2.734 + 0.210CIM + ε. It can be concluded that CIM significantly influences the market performance of private health facilities in the Mt. Kenya region. These results support the conclusion that CIM plays a major role in predicting market performance of private healthcare facilities.

The study findings concur with Gann & Salter (2003) who also discovered a favorable connection between customer Interaction management and market performance. The study focused on knowledge-intensive business services and found that customer integration was positively related to market performance. Another study that supports this finding is that of Calantone, Cavusgil and Zhao (2002) who found that customer interaction positively affects the success of new product development projects.

C. Influence of Key customer focus on the market performance of private health facilities in Mt. Kenya region

The third hypothesis was that Key customer focus has no statistically significant influence on the market performance of private health facilities in Mt. Kenya region. The results are in table 3.

Table 3 Key customer focus and market performance

a. Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.464[a]	.216	.205	.17395

b. ANOVA[a]					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	.599	1	.599	19.791	.000[b]
Residual	2.179	72	.030		
Total	2.778	73			

c. Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.563	.194		13.190	.000
	Key customer focus	.242	.054	.464	4.449	.000
a. Dependent Variable: Market performance b. Predictors: (Constant), Key customer focus						

From the findings in table 3, key customer focus explains 21.6% of the variance in market performance as revealed by (R^2=0.216). Results further revealed that model was statistically significant (Beta= 0.242, p=0.000, F=19.791), implying that a unit increase of KCF would lead to a variation of 0.242 to market performance. The regression model elucidating the fluctuations in market performance is; Y = 2.563 + 0.242KCF + ε. The null hypothesis was rejected with a significant-value of 0.000, establishing that KCF significantly influences the market performance of private health facilities in the Mt. Kenya region. KCF plays a major role in predicting the market performance of private healthcare facilities.

These findings are in agreement with that of Lui & Piccoli (2016) who also found that customer focus has a positive influence on customer loyalty and firm performance. Further, the findings concur with those of Budur & Poturak (2021) suggesting that Key customer focus was positively related to both customer satisfaction and financial performance. Additionally, Homburg et al., (2013) conducted research on the manufacturing sector and found a positive relationship between KCF and financial performance. These studies collectively confirm that organizations that prioritize key customer focus tend to experience improved market

performance, including higher market share, revenue growth, profitability, and customer loyalty.

D. Influence of CRM practices on the market performance of private health facilities in Mt. Kenya region

Multiple regression analysis was used to investigate the overall influence of customer relationship management practices on the market performance of private health facilities in Mt. Kenya region. The outcome is summarized in table 4.

Table 4 CRM practices and market performance

a.			Model Summary		
Model	R	R Square		Adjusted R Square	Std. Error of the Estimate
1	.607[a]	.368		.341	.15835

b.			ANOVA[a]			
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.022	3	.341	13.593	.000[b]
	Residual	1.755	70	.025		
	Total	2.778	73			

c.				Coefficients[a]		
		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	1.600	.330		4.854	.000
	customer knowledge management	.152	.075	.265	2.021	.007
	customer interaction management	.098	.081	.158	3.206	.002
	key customer focus	.250	.050	.479	5.026	.000
a. Dependent Variable: Market performance						
b. Predictors: (Constant), CRM Practices (customer knowledge management, customer interaction management and key customer focus)						

From the results the R-squared value of 0.368 indicates that the model explains 36.8% of the variance in market performance. The F-statistic of 13.593 is significant at the 0.000 level, indicating that the model is a good fit for the data. This means that the overall relationship between CRM practices and market performance is statistically significant. All three of the CRM practices included in the model are significant predictors of market performance.

Customer knowledge management (b= 0.152, t=2.021, p=0.007), customer interaction management (b= 0.081, t=3.2061, p=002), and key customer focus (b= 0.050, t=5.026, p=0.000), all have positive and significant relationships with market performance. This means that private health facilities that are better at managing customer knowledge, interacting with customers, and focusing on key customers are likely to experience higher market performance.

This study concurs with that of Oney & Aghaei (2022) who found out that that CRM practices had a direct influence on market performance of SMEs in the service sector in Kenya. Similarly, Mohammed, et al., (2017) examined the impact of CRM practices on market performance in the retail sector, similar results were observed. They found that firms that implemented CRM practices experienced higher market performance, including increased sales and customer loyalty.

V.   CONCLUSION OF THE STUDY

The study concluded that customer relationship management (CRM) practices have a positive and significant influence on the market performance in private health facilities in the Mt. Kenya region. Customer Knowledge Management positively influence the market performance of private health facilities. The positive relationships observed in thorough data integration, customer feedback utilization, knowledge sharing among staff, and learning from past experiences collectively contribute to improved market performance. These findings align with existing literature emphasizing the importance of CRM practices in fostering innovation, learning, and overall organizational success within the healthcare sector. The study suggests that embracing CKM principles can lead to enhanced service delivery, performance, and innovation in private health facilities.

On customer interaction management the study concludes that various aspects of customer interaction practices collectively contribute to a customer-centric approach, emphasizing the importance of not only attracting and retaining customers but also fostering enduring relationships that are instrumental in sustaining and enhancing market performance within the healthcare sector.

On key customer focus, the study concludes key customer focus positively influences the market performance of private health facilities in the Mt. Kenya region. The study concludes on the need for a more inclusive approach, where clients actively participate in shaping healthcare services, contributing to enhanced customer satisfaction, loyalty, and ultimately, improved market performance. Further the study highlights the strong emphasis on understanding clients' needs and commitment to satisfying clients.

The study further established a positive and significant relationship between CRM practices and market performance, aligning with previous research in various industries. Notably, effective CRM strategies were found to enhance market outcomes, emphasizing the importance of customer-centric initiatives.

VI.   IMPLICATIONS OF THE STUDY TO THEORY, POLICY AND PRACTICE

From a theoretical standpoint, this study adds valuable insights to the field of CRM by validating the significance of its practices in the healthcare sector. The study contributes to the ongoing evolution of CRM theory by emphasizing the need for an inclusive approach that actively involves customers in the design and customization of services, recognizing the dynamic nature of customer relationships.

Policymakers in the healthcare sector can draw meaningful insights from this study to inform policy decisions. The positive correlation between CRM practices and market performance suggests the need for policies that promote and incentivize the adoption of CRM initiatives among private health facilities. Clear guidelines and support for the implementation of CRM practices can be integral in fostering a customer-centric approach within the industry.

Additionally, policies should encourage private health facilities to actively involve clients in the customization and design of healthcare services. Policymakers can also advocate for continuous training and education programs for healthcare professionals to ensure a consistent and effective implementation of CRM practices, aligning the industry with evolving customer-centric strategies.

VII.   RECOMMENDATIONS OF THE STUDY

Based on the results of the study that the government through the ministry of health should encourage private health facilities to adopt effective CRM practices by offering incentives or creating regulations that require facilities to implement certain practices. Policy makers should further promote transparency and accountability in the healthcare industry by requiring private health facilities to publicly report on their performance, including patient satisfaction rates and other key performance indicators. This can help patients make informed decisions about which facilities to choose and can incentivize facilities to improve their performance.

VIII.   SUGGESTIONS FOR FUTURE RESEARCH

Further research should seek to investigate the long-term effects of these variables. Longitudinal studies can help understand how CRM practices and firm characteristics influence market performance over an extended period, providing a more comprehensive understanding of their impact.

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