



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON
MARKET PERFORMANCE OF SELECTED COMMERCIAL BANKS
IN ADDIS ABABA: THE CASE OF COOPERATIVE BANK OF
OROMIA, ZEMEN BANK AND COMMERCIAL BANK OF ETHIOPIA**

BY

TADELE TEGEGN

JULY, 2016

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TADELE TEGEGN (SGS/0233/2007A)

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ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS

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DEDICATION

This thesis is dedicated to my brother, Worku Tegegn

For his endless love, support and encouragement

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LISTS OF ABBREVIATIONS USED

ANOVA:	Analysis of Variance
ATM:	Automated Teller Machine
CBE:	Commercial Banks of Ethiopia
CBO:	Cooperative Bank of Oromia
CL:	Customer Loyalty
CRM:	Customer Relationship Management
CS:	Customer Satisfaction
SPSS:	Statistical Package for Social Sciences

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ABSTRACT

The purpose of the present study is to examine the effects of customer relationship management on the marketing performance. The statistical population of this study includes branches of Commercial bank of Ethiopia, Cooperative bank of Oromia and Zemen bank. In order to collect the data, a standard questionnaire has been used. Correlation analysis assessed the relationship between CRM and market performance and multiple regression analysis assessed the influence of CRM on market performance also ANOVA was used to examine how the independent variables could reliably predict the dependent variable. The result shows that the customer knowledge, key customer focus, CRM organization, and technology based CRM highly significant for reliably predict the dependent variable (market performance). The results reveal that the customer relationship management influences marketing performance .Also the results show that concentration on the key customer, technology-based customer relationship management, knowledge management, have significant positive effects on the marketing performance except customer relationship management organization which have positive and insignificant influence on market performance.

Key words: Customer Relationship Management, Key customer focus, Customer knowledge management, Customer relationship management organization, Technology based Customer relationship management and Market performance

CHAPTER ONE: INTRODUCTION

1.1. Background of the study.

The efficiency of banking industry has been one of the major issues in the new monetary and turbulent financial environment. The efficiency and competitiveness of financial institutions cannot easily be measured, since their services are an intangible in nature. Thus, the evolution of Customer Relationship Management are found in relationship marketing theory which is intended at improving long term customer relationship by changing from transaction based marketing, with its emphasis on attracting new customers, to customer retention through effective management of customer relationships to cope up with unstable financial crisis Christopher *et al* (1991). According to Reich Held and W.Earl Sasser (1990) those customers who have been around long enough to get familiar with the company's rules and principles, will make more valuable business relationships, will acquire more products and will be less price sensitive on individual offers.

Berry, L.L (1983) stated CRM as attracting, maintaining and multi-service organizations increasing customer relationship stages. This relational concept has been explained in the forms of supplier partnerships, lateral partnerships, buyer partnerships, internal partnerships, as well as business to consumer relationship. Relationship marketing received more attention from scholars and practitioners in the last decade of 20th century because of two main issues: vitals to organization and the involvement of generic service characteristics. This theoretical paradigm redefines the focus of transactional marketing from attracting new customers to retaining existing customers for the purpose of achieving greater long-term profitable returns. Keeping long term customer relationships brings into higher opportunities to sharpen competitive edge and greater Profitability from higher satisfaction, greater customer loyalty and lifetime value, lower customer defection rate, more revenue generated and lower customer attraction costs. Relationship marketing arise Customer Relationship Management (CRM) which occupies an enviable status in the process of the management of banking institutions now days. Customers are highly regarded as the assets of the modern banks and other institutions.

The present age is also known as the age of the people who matter most in the business environment. No organization can achieve commendable business success in the absence of meaningful Customer Relationship Management practices. Banks are trying to win over the hearts and souls of customers who are the force to be considered with. Relationship between

a bank and its customers involves continuous, two-way communication and interaction. Such a relationship on the part of management is not an activity only within a marketing department, but also involves continuous corporate change in organizational culture and process Bly R.W., (1993

In Ethiopia, the banking sector is considered as main beneficiary in recent economic upturn Tsegay and Shifera (2011). Therefore, better formation of strategies in banking sector is the most needed one especially in the recent information technology era. Moreover, in Ethiopia, the rapid growth of banking and other financial services provide the financial infrastructure facilities to the economic expansion and structural transformation. This is clearly reflected in the growth of assets in the financial sector and the contribution of the financial sector to gross national product in last ten years (Ibid). Recently, more than ever before, strong competition, fragmentation of markets, short life cycles of products and increasing customer awareness and complexity are the big challenges to the banking sector (Tsegay, 2011). In such situation, banks can use the CRM strategy to create, maintain, and enhance strong relationships with their customers to secure their market performance.

1.2. Statement of the Problem

The banking industry can make an economy strong and they are just in economy as there is backbone in human body. Modern banks are playing lots of new roles and making life of common consumer as well as business men easy. In the past decade, the banking sector has undergone radical changes, resulting in a market place, which is characterized by intense competition, little growth in primary demand and increased deregulation.

The government of Ethiopia increased deregulation, in order to encourage the investors to participate in the banking sectors, as a result the number of bank has been increased which further raises the competition and difficulty among the banks. In this competitive environment, each bank wants to attract the customers. This can be achieved by having a good customer relationship management with their customers. Considering the competitive nature of the banking industry, the question that comes to mind is how to develop good customer relations in order to create intimacy and a level of confidence that will promote sustainable growth and profitability. The problem is to develop a differential strategy to promote a consistent positive return on investment. It is against the background that all the competitors in the industry are offering very similar products and services. Technology also has consistently enhanced the service delivery system and by the nature of it, it only serves as a short term strategy to attain competitive advantage. It eventually becomes affordable with

time and all other competitors adopt it to augment their service. The question again will be how banks could differentiate themselves from the competition and gain customer attention, patronage and loyalty (William, 2011). The adoption of Customer relationship Management as a tool of competitive edge is in ascendance worldwide. Yet there is no doubt that an effective and efficient practice of customer relationship management is important to the successes of a firm; Parvatiyar A. and Sheth, 2002). They stated that most of the firms adopting Customer relationship Management are yet to highly benefit of it, because there are no laid down guidelines and procedures on adoption; implementation and practices. Considering the competitive nature of the banking industry. The introduction of company portals and e-commerce applications of various kinds have increased the focus on customers and provides new ways to assure the processes support customers. It also placed a new attention on integrated processes and thinking about how processes work together to satisfy customers Harmon;2003).customer oriented E-business patterns include all the e-business activities that aim at increasing relationships with new customers, providing them with information, providing services online. Customers are becoming solidier to please, they are smarter, more price sensitive, more challenging, less sympathetic, and they are approached by many more competitors with equal or better offers (Kotler, 2007).Even though many theories were discussing how clients are satisfied, and they have not yet investigated customer relationship management and its effect on marketing performance of banks. Besides, they have not yet assessed the effect of customer relationship management marketing performance of the banks. There are numerous studies that focus mainly on the performance implementation problems, but the whole areas of how performance measures used has attracted less attention until recently (bourne, 2005).As the researcher try to refer local published studies in this area and found study by Shifera (2011),that investigated the impact of relationship marketing on customer loyalty. Therefore, this gives the reason for this research project to be conducted to help bridge the existing literature gap. The main aim of the researcher is to investigate the influence of customer relationship management on market performance. Furthermore study aims to empirically investigate the influence of relationship management on market performance with reference to, Cooperative bank of Oromia, Zemen and Commercial bank of Ethiopia operating in Addis Ababa. Therefore, it is important to empirically investigate the actual effect of CRM on market performance. Such understanding will assist in better management of bank-customer relationship and in achieving higher level of market performance among competition (Ndubisi, 2006).

1.3. Research Objectives

1.3.1. General objectives

The general objective of this study would be exploring the effect of customer relationship management on market performance on commercial banks of Ethiopia operating in Addis Ababa.

1.3.2. Specific objectives

In conformity with the above general objective the following specific objectives are set.

1. To examine the perceptions of employees towards CRM in the selected Commercial banks.
2. What are the mechanisms of CRM in selected commercial banks operating in Addis Ababa?
3. To analyze the relationship between CRM (key customer focus, knowledge management, technology based CRM and CRM organizations) and market performance.
4. To identify the relative influence of CRM (key customer focus, knowledge management, CRM based technology and CRM organizations) on market performance in the selected banks?

1.3.3. Research questions

To address the above specific and general objectives, the study will answer the following research questions;

1. What is the perception of employees towards CRM in the selected commercial banks?
2. What are mechanisms of CRM in selected commercial banks operating in Addis Ababa?
3. What is the relationship between customer knowledge management and market performance?
4. What is the relative influence of CRM (key customer focus, customer knowledge management, CRM organization and technology based CRM) on market performance in banks?

1.4. Research Hypothesis

In order to achieve the purpose of this study the following hypotheses will be considered and tested.

H₁: Key customer focus has positive and significant influence on market performance.

H₀: Key customer focus has no positive and significant influence on market performance.

H2: Customer knowledge management has positive and significant influence on market performance.

H₀: Customer knowledge management has no positive and significant effect on market performance.

H3: CRM organization has positive and significant influence on market performance.

H₀: CRM organization has no positive and significant influence on market performance.

H4: Technology based CRM has positive and significant influence on market performance.

H₀: Technology based CRM has no positive and significant effect on market performance.

1.5. Scope and limitation of the study

The purpose of this study has been constrained by certain factors that invariably limited the scope of the study as well as its representativeness. There are limitations associated with this study. First, obtained data were from customer service officers and manager's perspective and the researcher has not taken into account the customer's point of view due to time constraint and financial factors. Second, the effects of customer relationship management on market performance could be time dependent. Hence, companies that are implementing the CRM strategies today may not experience the actual effect until years from now. Third, the research focuses only in banking sector to conduct the findings. Fourth, cross-sectional data survey were used to test the association of customer relationship management and market performance. Hence it is important to mention that the study provides only a snapshot at a single point in the time and the researcher didn't check the situation through longitudinal survey due to time and financial factors. Finally lack of experience is the other limitations.

1.6. Significance of the study

Conducting a study on customer relationship management in business organization is believed to be an important. The research results will provide information to the management of commercial banks to better satisfy their customers, respond to their needs on timely manners and thereby increase their market share. More specifically, the findings of this study will provide valuable inputs and directions for the banks to consolidate their marketing strategy, organizational productivity, and customer knowledge management in order to increase their market performance by pinpointing the needs of customers with respect to advanced technologies. The study will also provide directions about the types of technology based service in light of its competitors.

1.7. Organization of the study

The study will consist of five chapters. The first chapter deals with introductory part which consists of background of the study, statement of the problem, objectives of the study, significance of the study, delimitation and limitations of the study. The second chapter deals with review of related literature and empirical findings; the third chapter deals with research methods and methodology. The fourth chapter will presents the analysis and discussions from assessment of customer relationship management and its effect on marketing performance considering Cooperative bank of Oromia, Commercial Bank of Ethiopia, and Zemen Bank from where the data will be gathered. After collecting the data, the results of the study will be analyzed and interpreted. Finally, based on the analysis and interpretation, conclusions and recommendations will be forwarded.

CHAPTER TWO: LITERATURE REVIEW

2.1. Definition of Customer Relationship Management.

In literature, many definitions were given to describe customer relationship management (CRM). The main difference among these definitions is technological and relationship aspects of CRM. Some authors from marketing background emphasize the marketing side while others consider IT perspective of Customer relationship management. Therefore, the aim of this research is not just to familiarize the reader with the techniques and technology of CRM philosophy. The more striving goal of this research is to benefit the readers to understand the importance of customer relationship management as necessary and significant elements of managing every successful enterprise. Hence, "a firm most valuable asset is its customers, and given the new and unfolding technological capabilities to recognize, measure, and manage relationship with each of those customers in order to succeed, a firm must focus in deliberately increasing the value of the customer base" (Peppers & Rogers, 2004, p.6). But, according to Swift, R.S., (2000, p.11), more emphasis is given for customer relationship management and is defined as "it is a system of business approach that are thoughtful and manipulating customer behavior by managing relationships via meaningful communication in order to improve customer turnover". Therefore, the competitive advantage for any enterprise can be gained only by leveraging knowledge of customers' expectations, preferences and behavior, which involve creating an ongoing dialogue with customers and manipulating the information and insight obtained at every customers touch points (Payne, 2004). It's worth mentioning that, building good life time value with customers is not a brief assignment of the marketing department rather it's an ongoing process which required the involvement of the entire organization. This is true for nonprofit (when the customers may be donors or volunteers), as well as for-profit, large or small, public or as well as for private enterprise" (Peppers, 2004, p.6). The case can be more difficult when talking about the concept of CRM philosophy and the new definition of relationship marketing in the public sector. Therefore, the public sector has different objectives and faces different challenges regarding customer management, customer satisfaction, customer retention, customer attraction and acquisition. In addition to this, the fact that, the public sector organization can't choose the proper people they serve; they oriented to serve the entire customer's knocking their doors. The segmentation and targeting process which considers essential requirements for the private sector companies marketing strategy are not valid. Implementing CRM concept on the public and private sector will be measured through this research when employing its effect on

the market performance of the bank. Linking the working area of banking with the new and developing practice of CRM, in order to measure the effect of adopting the concept on customer satisfaction, acquisition, retention and decreasing customer's loss, increasing market share, sales volume will be the main goal of this study. In this study, customer relationship is defined as a multidimensional construct composed of four behavioral components: key customer focus, CRM organization, Knowledge management and technology-based CRM in order to implement the CRM in a successful way for increasing the market performance of the banks Sadek et al., (2011).

2.2. Conceptual Framework of Customer Relationship Management

The essence of Customer Relationship Management thinking originates from three concepts in marketing management: customer orientation, relationship marketing, and database marketing. With the advancement of information communication technology (ICT), these three marketing views have come together in the paradigm of Customer Relationship Management (Langerak, and Peter. (2004). More recently, (Yim, and Swaminathan, 2005) identified three marketing concepts: customer orientation, relationship marketing and database marketing as the evolution of the idea of CRM. At different hierarch of management, CRM may be used to express different perspectives. For instance, at the tactical level of management CRM may be equated to data-base marketing or electronic marketing; at the strategic level, CRM may be interpreted as customer retention or partnering with customers (Peppers and Rogers 1995). At the theoretical level, it may be seen as an emerging research paradigm in marketing most often loosely equated to existing perspectives. Besides theoretical level, there are four key areas necessary for successful Customer Relationship Management implementations: these are strategy, people, processes, and technology considered as precondition for the effectiveness of implementing CRM behavioral dimensions Crosby (2001). On the other hand, each of these components by itself is, relatively straightforward; it is only when all four work in unison that a superior customer relationship capability is developed Day(2003); Kotler and Armstrong (2004). Based on the analyses of literature, CRM implementations usually involve four specific ongoing activities: focusing on key customers Srivastava et al, (1999); Vandermerwe (2004), organizing around Customer Relationship Management Homburg, *et al* (2000); managing knowledge Stefanou, *et al* (2003), and incorporating Customer Relationship Management-based technology Bhaskar (2004). Based on the concepts of CRM mentioned in the theoretical framework, the study will try to examine the effect of customer Relationship management on market performance

of the banks for the selected banks in Addis Ababa considering cooperative Bank of Oromia Commercial Bank of Ethiopia, and Zemen Bank. Thus, focusing on key customers of the banks, efficiency of organization, incorporating CRM-based technology and customer knowledge management, with the aim of enhancing the effectiveness of the organization decisions related to customer relationship management to assess its relation on marketing performance in particular and the organizational performance in general.

2.2.1. Key Customer Focus

The identified customers are defined as the ones that the information is accessible for recognizing and contacting them in the company. Also key customers includes the identified ones that provide more values for company through providing more profits, active long-term relationships, and powerful leadership for the company (Akroush et al, 2011) . Company-wide understanding and support for key customer focus motivate sales force to cultivate long-term customer relationships by offering more personalized services (Armstrong and Kotler 2004)

2.2.2. Customer Relationship Management Organization.

This means fundamental changes in the organizing methods of business processes. Based on the customer relationship management, main dimensions of successful organizational organizing include organizational structure, organizational resources commitment, and human resources management commitment. Contacting the individuals is the most difficult stage in customer relationship management process. Internal marketing plays the most important role of customer-oriented and customer services delivery in every organization. Internal marketing is resulted from interaction between human resource management and marketing (Akroush et al, 2011).

2.2.3. Customer Knowledge Management.

In today's competitive world, knowledge is considered as one of the competitive factors in global economy. It is necessary to consider the customer as another important factor in order to enter today's dynamic market successfully. Customer knowledge management refers to acquiring, sharing, and developing the customer knowledge among employees for making profit to the organization and customers. In order to improve the organizational efficiency and effectiveness, insure from delivering desirable products and services to the customers and acquire their satisfaction, it is necessary to manage the organization's knowledge about customers. Therefore, it can be concluded that knowledge management is an integrative part of customer relationship management (Salomoun et al, 2005). Customer needs driven

Customer Relationship Management strategies require uncovering customer needs through the analysis of customer information. Effectively transforming customer information to customer knowledge is an indicator of successful CRM Yim, and Swaminathan (2005).

2.2.4. Technology-Based Customer relationship management.

Many Customer relationship management oriented activities, such as knowledge management, cannot be optimized without leveraging the latest technology. Zebalah,(2004) described technology based CRM as one of the organizational resources that serves as an input into the Customer relationship management process and is intended to enhance firms' ability to productively build and maintain a profit maximizing portfolio of customer relationships. Although the specific Customer relationship management tools individual firms choose to deploy are likely to vary significantly, customer relationship management technology can be categorized according to the organizational function it is intended to support and by its functionality.

2.3. Marketing performance.

In the competitive world, companies deliver products and services that are almost personalized for every customer. Indeed, organizations can achieve competitive advantages in sale and service marketing through customizing their mass services. Nowadays, successful companies strive to transfer their mass services to individual customer relationship management. Marketing performance refers to the improvement of the organizational status in the market (market share), improvement of the customers' perception of organization and its products, and increase in their loyalty toward organization (Sanmartin and Camero, 2005). Market performance refers to the enhancement of the organizational standing in the market, improvement of the customers' perception of organization and its products, and increase in their loyalty toward organization (Martin, 2005). Market performance consists of the following components:

2.3.1. Sales Growth.

According to Buttle, (2009), improving profitability at the customer level is an indicator of effort within the marketing discipline towards a less comprehensive view of markets. On the other way, the single customer rather than segments of customers is increasingly stressed as the unit of analysis. This occurrences has given birth to labels such as "one-to-one marketing" and "micro marketing". Understood from this viewpoint, customer profitability is rising as an important measurement in which each customer can be defined. An emphasis

on customer-level profitability can also be considered as a mirror image of marketing's changing role within the firm. A significant aspect of the new role is that "marketing is too important to be left to the marketing department". For that reason, in any case in marketing literature, other departments are encouraged to deal with marketing issues. This can be understood predominantly in terms of controlling cost, in the logic that marketing performance measures are being introduced in cost accounting literature and practice.

2.3.2. Customer retention

Customer retention has a significant relation on firm profitability. According Gupta et al. (2004) find that "1% improvement in retention can increase firm value by 5%". Marketers interested in maximizing lifetime value realize that customer retention is a key to increasing long run firm profitability. An understanding of drivers for customer's defection can help companies in designing CRM strategies and interventions aimed toward increasing customer retention and prolonging the lifetime of customers to increase market performance better than before. Customer retention is the maintenance of continuous trading relationships with customers over the long term.

2.3.3. Customer Satisfaction

Customer satisfaction is a customer's response, or judgments, to a product or service in terms of the extent to which consumption meets expectations Hair, *et al* (2003). Indeed, customer satisfaction is central to successful application of the marketing concept. Many company mission statements and marketing plans are designed around the goal of increasing customer satisfaction Fournier *et al*, (1999). In implementing Customer relationship management, a firm seeks to establish and maintain a long-term relationship with customers based on cumulative full customer satisfaction as opposed to transaction-specific customer satisfaction Garbarino *et al*, (1999); Reinartz and Kumar (2002). Specifically, successful CRM implementation requires a dedicated company-wide focus on key customers in one-to-one marketing efforts to fully understand and satisfy their needs and wants on an ongoing basis. The seller's entire organizational structure should be centered on customers, often with customer-focused teams designed to create fully satisfying customer experiences (Sheth and Sisodia, 2001)

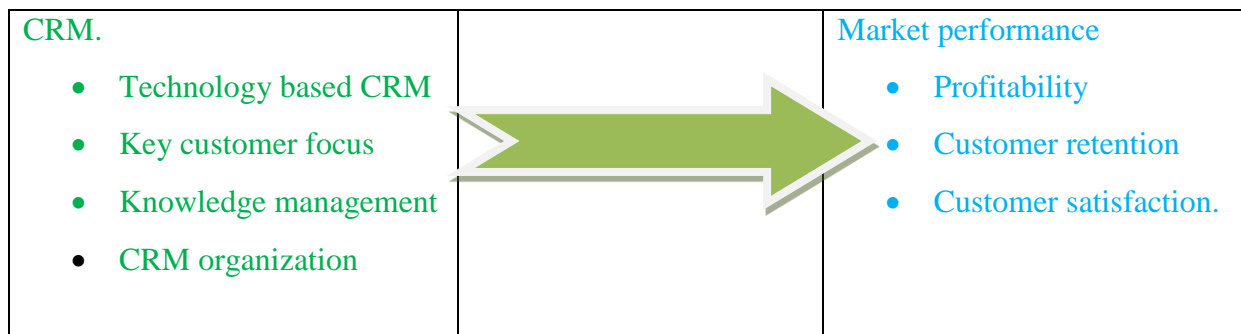


Figure 1: Conceptual framework of Customer relationship management and its relationship to market performance. Source: Sayed H., (2011).

2.4. Customer Relationship Management and Information Technology

Customer relationship management puts more attention on the improvement of service quality and marketing function, and then stresses on cross-selling and providing product or services quickly and precisely. Well-known IT applications are the call center and sales force automation in this extent. Business sales programs and effectiveness, campaign management, channel integration and optimization, product optimization and management, loyalty and retention, cost reduction, customer service, and after-sales support now fall under the IT applications in the CRM deployment. Today, CRM-based IT with its operational, analytical, and collaborative support systems complements the processes involved in all aspects of customer-facing interactions. It integrates marketing, customer services, and diverse contact channels and provides customized services by modeling a customer’s behavior so as to maximize the value of the enterprise. IT on the Internet has not only provided a completely new communications channel, but has forever changed the role and function of customer interaction Buttle, F., (2009).

2.4.1. Customer Relationship Management Objectives in Banking Industry

The idea of customer relationship management is that it helps businesses use technology and human resources gain insight into the behavior of customers and the value of those customers. If it works as expected, a business can provide better customer service, make call centers more efficient, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues. It doesn't happen by simply buying software and installing it. For customer relationship management to be truly effective an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customer life stages in order to market appropriate banking products

like mortgages to them at the right time to fit their needs. The organization must look into all of the different ways information about customers comes into a business, where and how this data is stored and how it is currently used. One company, for instance, may interact with customers in many ways including mail campaigns, Websites, call centers, mobile sales force staff and marketing and advertising efforts. The collected data flows between operational systems (like sales and inventory systems) and analytical systems that can help sort through these records for patterns. The Company combines through the data to obtain a holistic view of each customer and pinpoint areas where better services are needed according to Semih Onut and Ibrahim Erdem (2000). Mehrota (2006) stated that, before the introduction of internet era, customers largely selected their banks based on how convenient the location of banking branches was to their homes or office, with the advent of new technologies in the business of bank, such as internet banking and ATMs, now customers can freely choices any bank for their transactions. This customer base of banks has increased, and also has the choices of customers for selecting the banks. This is just the beginning of the story. Due to forced competition, public sector banks are also becoming more technology focus and customer oriented. Thus, Non-traditional competition, market consolidation, new technology, and the proliferation of the internet are changing the competitive landscape of the retail banking industry. With the increased number of banks, products and services and practically nil switching costs, customers are easily switching banks whenever the find better services.

2.4.2. Benefits of customer relationship Management in the banking industry

Customer relationship management focuses on keeping and maintaining long-term relationship with customers, leading to customer satisfaction and hence creating marketing performance in the banking industry Liyun *et al* (2008,).In this line of thought, Gebert *et al* (2003); Kalakota and Robinson, (2001); Shani and Chalasani, (1992) assert that the companies' objectives from using CRM is to know their own customers and to offer personalized services, in order to increase both customer satisfaction and their marketing performance in the long run through keeping customers loyal to them. Nguyen *et al* (2007) supported that the CRM if used properly, would enhance a bank's ability to achieve the ultimate goal of retaining customers in order to gain a strategic advantage over its competitors. Thus, the successful management of customer relationship can improve customers' satisfaction and loyalty, in order to give positive effect on upgrading business performance Liyun *et al.*, 2008). Customer relationships are becoming even more important for banks as market conditions get harder. Competition is increasing, margins are eroding,

customers are becoming more demanding and the life-cycles of products and services are shortening dramatically. All these forces make it necessary for banks to intensify the relationship with their customers and offer them the services they need via the channels they prefer. CRM helps banks to provide lot of benefits to their customers; some key benefits are as follow.

- ❖ Service provisioning throughout the entire life cycle of the corporate customer, from the initial stages to the establishment of a close, long-term relationship with profitable clients,
- ❖ Significant reduction in and limitation of operational costs through system automation and standardization,
- ❖ Low maintenance and expansion costs owing to the use of modern administration tools which allow bank employees to make a wide range of modifications to the system.
- ❖ CRM permits banks to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers. Foss, B. and Stone, M. (2001).

2.5. Empirical Findings on Customer Relationship Management

2.5.1 Empirical finding in developing countries

Hamdallah and Evelyn (2011) conducted a research to classify hotels in Ashanti region of Ghana into a category of low, middle, or high customer relationship management conscious. They used both qualitative and quantitative research approaches are employed in their study to get a better understanding of the research issue. The population size of the study is 872 consisting of 1 Star Hotels, 2 Star Hotels, and 3 Star Hotels. The sample size of the study is 142 customer relations officers of hotels in Ashanti region of Ghana. Data is collected mainly from field survey through the use of the questionnaire and yielded 80% responds rate. The findings suggest that significantly majority of the hotels have low orientation to CRM as a whole. Majidul and Yi Feng (2006) noted that objective of the study is to achieve a better understanding of an e-CRM phenomenon for measuring BSC performance, namely the mediation effect of marketing interaction relationship on its e-CRM process to performance in Taiwan banks. Questionnaires were distributed to 400 e-CRM experienced customers of these banks in the summer of 2006. We received 75% usable responses for the study. When the level of buy-seller relationships are raised by the bank institute's operation, the level of e-CRM performance such as customer loyalty, internal process efficiency, channel

management, and will increase. According to Sayed (2011) Exploring the theoretical foundations of customer relationship management and its relationship to the marketing performance from the several perspectives. The population of the research is represented in all the financial institutions working in the Arab Republic of Egypt. They are 197 financial institutions, of which there are 39 banks, 20 insurance companies and 138 brokerage companies. The researcher composed a stratified random sample that constitute 50% of the society. The sample consisted of 20 banks, 10 insurance companies and 69 brokerage companies. There is a significant correlation between marketing performance and focus on the main customers, organizational efficiency and customer knowledge management. Oghojator *et al* (2011) explores the question of how IT could enhance firm performance in the areas of customer's service and organization's profitability in the Nigerian insurance industry. The data used in this study were collected through a survey among insurance companies in Nigeria. The sample was selected from Lagos state, the commercial center of the country. Among the 49 members of the Nigeria insurers Association, 30 companies were selected at random from the directory of members contained in the 2009 Insurance Digest published by the Association. A total of 90 copies of the questionnaire were sent. Eventually, among the 86 copies retrieved, 78 were correctly completed and these were analyzed for this research. The findings show that while most companies have a comprehensive data base of their customers, not all make provisions for their customers to make major transactions online because they have not fully integrated their customer relationship management with information technology. Sadek *et al* (2011) intended to measure effect of customer satisfaction and loyalty from the customers' point of view as examples of the non-financial performance measures in Egypt banks. The paper is quantitative in nature and consists of two different structured questionnaires using convenience/quota sampling. The first involved 180 employees in order to measure CRM applicability, and the second involved 270 customers to measure the level of customer satisfaction and loyalty. The questionnaire was distributed among a sample of 200 employees that have been chosen at different hierarchical levels to fulfill the required questions. A satisfactory response rate of 90% was achieved, as 180 questionnaires were usable for analysis. On the other hand, the questionnaire was distributed among a sample of 300 banking customers that have been chosen from the selected nine banks in order to measure the level of customer satisfaction and loyalty towards their banks. The questionnaire has been distributed and collected among the banking customers. A satisfactory response rate of 90% was achieved, as 270 questionnaires were usable for analysis. The findings show that the selected banks apply CRM components but the level of

application differs from one bank to another. Cristian and Horatiu (2011) examined the direct outcomes of the CRM activities, as well the relationship among these outcomes and business performance. We used a database containing contacts of 2000 companies. In the end, there were 102 companies who returned questionnaires with answers. 20 of these questionnaires were invalidated, due to missing data or inconsistency. The valid sample had a size of 82 companies, which represent a response rate of 38.86% based on the number of companies which initially accepted to take part in the survey. The response rate based on the number of contacted companies is 4.1%. The customer-related outcomes (customer retention, satisfaction and loyalty) were found to have a positive relation on business performance. Hamid (2009) aims to address gap in literature, not only by taking a non-traditional approach of success evaluation; using system's stakeholders' expectations as an evaluation criteria but also focusing a case study from Pakistan, where ICT industry and specifically CRM is in the initial stages of adoption. Totally, 9 participants were invited to take part in the research study and data was collected over a time period of almost 6 months. For data collection, a specialized form of interviews (i.e. telephonic interview), open ended email communication and media reports were used. Only suggestion the researcher would like to make is that instead of reinventing the wheel, stakeholders should learn from the mistakes of the western companies. If they have imported the solution from these developed countries, then those failure lessons should also be imported and applied in order to avoid damage and financial losses. Rittippant *et al* (2009) investigated the effectiveness of loyalty card program in the aspect of customer loyalty in the major competitive grocery stores. We distributed and collected 600 questionnaires to gather information from the customers of Big C, Carrefour, and TOPS (200 for each store). All the questionnaires were convenience random sampling with equal amount to both urban and suburban customers with different age, gender, and income level to use as major data in this research to better understand the customers' attitude toward loyalty card program of these grocery stores. Moreover, we interviewed three managers of the major grocery chains in order to study more precisely about the effectiveness and the actual result of implementing this program and its benefits from the store's perspective. As the results have shown that the loyalty card program has significant positive effect on the customers' loyalty. Although loyalty card program may not be the best choice for some stores, there also are many other ways to develop and maintain customer loyalty. Coltman (2007) identifying the extent to which customer relationship management contributes to improving the performance of banking. The researcher composed a sample of banks working in Australia upon the application of technology and number of customers. The

yielded response rate was 32%.the abilities to apply CRM were measured by the human skills and experiences, the structure of information technology and the skeleton of the organization. Performance was measured by the earning rate of the investment (excluding taxes), the revenue of new products and the growth of sales. The study concludes that, abilities to apply CRM lead to improvement of performance in overall banking p activities. Zablah and *et al.*, (2004), distinguishing the concept of CRM and building a comprehensive framework to aid marketers to achieve CRM implementation successfully. They concluded that perceiving relationships with customers as a continuous process helps maximize and save the profits to stay in the competition. Gonsel and tukel, (2011) evaluated the effects of IT capability and human capital support on bank performance. In order to empirically investigate the hypothesis, bank employees were surveyed and bank performance ratios (Return on asset, Return on Equity and Capital asset ration) are estimated using data from their financial reports. 15 banks are identified as the target group because of the availableness of their knowledge. Tools such as e-mail, letter and face to face interviews are used for gathering data as total of 51 questionnaires among 150 from 15 banks has returned. The ratio of participation is approximately 34%. The findings of the study demonstrates that IT capability and human capital support scales which are developed in Western countries, are appropriate for an emerging economy and eastern country Payne and Frow, (2005) emphasizing the role of CRM in achieving value for customers and contributors, shareholders and employees and reducing costs. The study mentioned customer's satisfaction and retention have been achieved in 36% and 51% of the companies respectively when it was applied CRM. The above studies varied in treating CRM. While some studies treated its humanistic dimension, some treated its technological dimension and some treated its strategic dimension. However, the marketing dimension was of little interest to the studies. The above studies varied in measuring the earnings of CRM. Some studies measured them through the customer's satisfaction and loyalty. Other studies measured them through the return rate on investment. Others measured it through increasing sales and profits. There was less interest in the market share and net profit to net sales. The above studies varied in the results of the effect of the dimensions of CRM on performance. Results showed that some dimensions have effect on performance, and some others have not.

2.5.2 Empirical Findings in Developed Countries

As evidenced from majority of prior empirical studies, the majority of researches on customer relationship management have conducted based on the data obtained from developed countries. Here, in this section a certain empirical findings conducted based on a developed countries data are reviewed. Swaminathan, (2004) Clarified the relationship of customer relationship management and customer outcome. The study sample consisted of 1,223 service firms selected on a random probability basis from the Business. He has taken the sample frame were banks, investment companies, insurance companies, and other firms characterized by a high degree of relationship orientation, and thus well suited for testing our CRM framework. Questionnaires were sent directly to general managers or similarly level senior managers at each of the companies selected for the study. These senior-level respondents were highly knowledgeable about CRM implementation and practice within their companies as indicated by their ability to answer fully virtually all questions. A total of 215 returned surveys were complete and usable, for a response rate of 17.6 percent. Focusing on key customers and managing knowledge have significant effects on customer satisfaction. Customer satisfaction is not directly affected by organizing around CRM and incorporating CRM-based technology. Also, organizing around CRM affects customer retention directly. Likewise, managing knowledge has a significant effect on customer retention and sales growth via customer satisfaction. Incorporating CRM-based technology shows no sign of significant effect on the performance metrics. Kosmidou and Zopounidis (2008) conducted research study entitled “Measurement of bank performance: study of Greece bank” the present study evaluates the performance and efficiency of the Commercial and cooperative banks in Greece for the period 2003-2004. In this study the multi-criteria Promethee method was used to evaluate the performance of commercial and cooperative banks in Greece. The data set in this study includes 14 commercial banks¹ and 16 cooperative banks operating in Greece over the period 2003-2004. Data from the financial statements of the banks for the period 2003 to 2004 have been collected. The conclusions are not so uniform, since there are banks that are enjoying considerably increased profits and market shares, and others whose financial indices seem to be deteriorating. Oztaysi (2011) defined the CRM processes within a company and propose a tool for CRM measurement in Turkey. The research is designed according to scale development literature. The responses from various industries (manufacturing, information technologies, tourism, service, retail, finance, and logistics) were collected. Using exploratory factor analysis, 167 valid responses are analyzed. The study provides limited information about the relationship between the processes and

outcomes of CRM (such as CS, CL). A comprehensive model can be constructed and the relationship between, CRM results, CRM processes and other organizational factors can be investigated. The effect of organizational culture, structure and other organizational characteristics on CRM processes and results can be analyzed. Mithas and Frow, (2005) stated that, the role of customer relationship management on customer knowledge and the customer's satisfaction. The necessary data was gathered from experienced managers of Information Technology almost from 300 institutions working in United States of America. The finding showed that the applications of CRM have a positive effect as they contribute to improve the knowledge of the customer and enhance the customer's satisfaction.

CHAPTER THREE: - METHODOLOGY OF THE STUDY.

This part will provide the research methodology employed to conduct the study. Accordingly, This part will presents data type and source, method of data collection, sampling design technique, research design and technique, total population and sample size and method of data analysis and presentation.

3.1 Research Approach and Design

Research design is the blueprint for fulfilling research objectives and answering research questions (John et al., 2007). In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. It ensures that the study would be relevant to the problem and that it uses economical procedures. The same authors discuss three types of research design, namely exploratory (emphasizes discovery of ideas and insights), descriptive (concerned with determining the frequency with which an event occurs or relationship between variables) and explanatory (concerned with determining the cause and effect relationships). The types of research employed under this study were descriptive and explanatory research. The major purpose of descriptive research is description of the state of affairs as it exists at present. Then this study describes and critically assesses the effects of customer relationships management on market performance of commercial banks operating in Addis Ababa. Second, the study employs explanatory in that the relationship between variables is correlated with an aim of estimating the integrated influence of the CRM dimensions on market performance. Moreover, the study utilized cross-sectional in the sense that all relevant data was collected at a single point in time. The reason for preferring a cross-sectional study is due to the vast nature of the study and the limitation of time. And obtaining information from a cross-section of a population at a single point in time is a reasonable strategy for pursuing many descriptive researches (Janet Ruane, 2006). According to (Mark et al. 2009) mixing qualitative and quantitative approaches gives the potential to cover each method's weaknesses with strengths from the other method. In this study, a combination of qualitative and quantitative approaches of doing research was employed, which has been practiced, as recommended by Creswell 2009).

3.2. Data type and sources

The study will employ both qualitative and quantitative data .The qualitative data includes those data that are primarily collected through interview whereas quantitative data includes objective items through the questionnaires. Regarding the data source, the study will use primary source. Primary source of data will be collected through closed ended questionnaires

and structured and semi-structured interviews with the selected branch managers and customer service officers.

3.3. Methods of data collection.

Methods of data collection relatively dependence on standard questionnaires prepared by Swaminathan (2004) which was prepared in the form of Likert five scales. For the purpose of data collection, the researcher was used closed-ended questionnaires and both structured and semi structured interviews. Closed-ended questionnaires were prepared on the basis of customer relationship management dimensions and banks market performance. Closed ended questionnaires will be prepared on the basis of customer relationship management dimensions and marketing performance of the study. Thus, closed ended questionnaires helps to measure respondent's knowledge about the topic. The questionnaire would be divided in to two sections. The first section contains the demographic characteristics of the respondents will be requested to provide information about their gender, age, year of service or experience and education level. The second section of the questionnaire would be designed to enable the researcher to gather information about effect of CRM on market performance in public and private banks of selected commercial banks. For all questionnaire included in section 2, the respondents will be requested to indicate their feeling on a five point Likert scale type to measure weighted as follows: 1=strongly disagree, i.e., very much dissatisfied with the case described, 2=disagree, i.e., not satisfied with the case described, 3=neutral, i.e., uncertain with the case, 4=agree, i.e., feeling alright with the case described, and 5= strongly agree, i.e., very much supporting the case described. But, while making interpretation of the results of mean and Standard deviation the scales were reassigned as follows to make the interpretation easy and clear. 1 - 1.8= Strongly Disagree, 1.81 - 2.6 = Disagree, 2.61 - 3.4= Neutral, 3.41 - 4.20= Agree and 4.21 - 5 = Strongly Agree (Best, 1977).

3.4. Sampling Design and Target populations.

The aim of the thesis is to examine the effects of CRM on market performance in selected commercial banks operating in Addis Ababa .the researcher purposively select three commercial banks (one from public and two from private) banks found in Addis Ababa. Namely: commercial bank of Ethiopia, Cooperative bank of Oromia, and Zemen Bank. the three Commercial banks were selected based on their nearness and convenience to collect data in short time Therefore, from the selected commercial banks, for interview branch managers and questionnaire with employees are assumed to be selected to conduct the

research. In selecting the research subjects, stratified random sampling will be used. The sampling method helps for a population from which sample will be drawn does not constitute a homogeneous group. Thus, stratified sampling technique will generally apply in order to obtain a representative sample. Under stratified sampling the population of the study was divided into two: managers and customer Officers. Sub-populations that are individually more homogeneous than the total population and selecting items from each stratum constitute a sample of the study. Since each stratum will more homogeneous than the total population, the researcher will be able to get appropriate estimates. For the purpose of the study the strata are formed on the basis of common characteristics of the items to be put in each stratum. This means that various strata formed in such a way to ensure elements being most homogeneous within each stratum and most heterogeneous between the different strata. Thus, strata are purposively formed on the basis of personal judgment of the researcher. The researcher will take small samples of equal size from each of the proposed strata (Managers and customer officers) and then examining the variances within and among the possible stratifications, deciding an appropriate stratification. While using stratified sampling method, selection of items for the sample from each stratum of the study, resorted to simple random sampling. Considering the study, the researcher will use proportional allocation method under which the sizes of the samples from the different strata are kept proportional to the sizes of the strata. The target populations of the study were the branch managers, employees of the selected commercial banks excluding secretaries, guards and other supportive staffs whom they are insignificant for the study. In the determination of sample size the three criteria were very important to gather the required data from sample respondents. These included the level of precision, the level of confidence or risk and the degree of variability in the attributes being measured that enable the researchers to determine appropriate sample size (Miauou&Michener, 1976).The total numbers of employee in commercial bank of Ethiopia (112 employees), Cooperative Bank of Oromia (103employees) and Zemen (53 employees) in Addis Ababa. The researcher used Taloo Yamane' (1967) formula to calculate sample size.

$$n = \frac{N}{1 + N(e)^2}$$

Where **n** is the sample size, **N** is the population size, and **e** is the level of precision. By using this formula at 95% confidence level and 5% level of precision the sample size were obtained as follows:-

$$n = \frac{268}{1 + 268(0.05)^2}$$

160.

TABLE 3.1 Proportionate sample distribution for each bank

no	Lists of banks	Total population of each bank	Sample size
1	CBE	112	67
2	CBO	103	61
3	ZEMEN	53	32
Total		268	160

Source: own computation based data collected (2016).

By taking the above table in to consideration, the researcher selected only 160 respondents from the total members of these employees using proportionately. Having selected such number of respondents, the questionnaires were distributed by using simple random sampling to get each respondent from each Bank. This sampling technique was chosen as it gives each member of population fair or equal chance of being selected.

3.5. Method of Data Analysis

After the data collection from primary source it would be checked and edited to detect errors that will be committed by the respondents. Then, the edited data would be coded and manually entered in to statistical package for social science (SPSS) computer software. Moreover, both qualitative and quantitative methods of data analysis techniques would be employed. Analysis of data in this research would be done by using descriptive statistical methods like: frequency, mean, standard deviation and inferential statistical methods such as: correlation and regression. The regression analyses will be conducted to determine by how much percent the independent variable i.e. CRM (key customer focus, knowledge management, CRM organization, Technology based CRM) explains the dependent variable which is market performance. Correlation analysis will be conducted to test the proposed hypothesis whether there is a positive significant relationship between the customer relationship management dimensions and market performance.

3.6. Instrument Validity and reliability

Validity is the degree to which a test measures what it purports to measure (Creswell, 2009). Validity defined as the accuracy and meaningfulness of the inferences which are based on the research results. It is the degree to which results obtained from the analysis of the data actually represents the phenomena under study. He contends that the validity of the questionnaire data depends on a crucial way the ability and willingness of the respondents to

provide the information requested. A pilot study was conducted to refine the methodology and test instrument such as a questionnaire before administering the final phase. Questionnaires were tested on potential respondents to make the data collecting instruments objective, relevant, suitable to the problem and reliable as recommended by John Adams et al. (2007). Issues raised by respondents were corrected and questionnaires were refined. Besides, proper detection by an advisor was also taken to ensure validity of the instruments. Finally, the improved version of the questionnaires were printed, duplicated and dispatched. The instruments selected can help to show CRM factors that affect market performance of Commercial banks. It can clearly address how these CRM dimensions affect market performance of commercial banks operating in Addis Ababa. The relevant data was collected on the dimensions of CRM that can better indicate the relationship between CRM dimensions and the market performance of Commercial banks. Moreover, to have valid conclusion, inferential statistical model was used to test the relationship between the variables.

The reliability test is an important instrument to measure the degree of consistency of an attribute which is supposed to measure. As stated by Mahon and Yarcheski (2002) the less variation of the instruments produces in repeated measurements of an attribute the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. Cronbach's alpha is one of the most commonly accepted measures of reliability. It measures the internal consistency of the items in a scale. It indicates that the extent to which the items in a questionnaire are related to each other. It also indicates that whether a scale is one dimensional or multidimensional. The normal range of Cronbach's coefficient alpha value ranges between 0-1 and the higher values reflects a higher degree of internal consistency. Different authors accept different values of this test in order to achieve internal reliability, but the most commonly accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Hair et al., 2003).

Table 3.2: Cronbach's Alpha for each field of the questionnaire

No	Field	Number of Items	Cronbach's Alpha
1	Key customer focus	5	0.718
2	Customer knowledge management	7	0.722
3	CRM organization	7	0.723
4	Technology based CRM	7	0.733
5	Market performance	10	0.865
Over all		36	0.879

Source: Field Survey (2016)

The Cronbach's coefficient alpha was calculated for each field of the questionnaire. The table 4.1 show the values of Cronbach's Alpha for each field of the questionnaire and the entire questionnaire. For the fields, values of Cronbach's Alpha ranged from 0.7138 and 0.865. This range is considered high as the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals 0.879 for the overall questionnaire which indicates very good reliability of the entire questionnaire. Therefore, based on the test, the results for the items are reliable and acceptable.

3.7 Ethical Considerations

All the research participants included in this study were appropriately informed about the purpose of the research and their willingness and consent was secured before the commencement of distributing questionnaire and asking interview questions. Although all interview sessions has tried to tape-record, it was impossible as the respondents were not voluntary. Regarding the right to privacy of the respondents, the study maintained the confidentiality of the identity of each participant. In all cases, names are kept confidential thus collective names like 'respondents' were used.

CHAPTER FOUR: RESULTS AND DISCUSSION.

In this chapter, the data collected from respondents were analyzed and interpreted using quantitative analysis which involves analysis of the descriptive and inferential statistics employed to test the hypothesis and to investigate the influence of independent variables on dependent variable. To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS version 20.

4.1 Descriptive statistics of variables

In this part descriptive statistics in the form of mean and standard deviation were presented to illustrate the level of agreement of the respondents with their implications of the three selected Banks.

4.1.1 Key customer focus

Key customer focus is one of the most important dimensions of customer relationship management that involves providing a customized service to their customers, treating customers with special care, working with key customers and meeting and ensuring key customer need. In today's business environments, the ultimate goal of any key customer focus is to achieve a deep customer relationship that makes an organization a necessary partner to its most profitable customers. The overall company understanding and support for key customer focus encourages sales force to foster long-term customer relationships by offering more personalized services (Armstrong and Kotler, 2004). Based on the results of interview conducted from managers of the three banks regarding key customer focus shows that as it play an important role for market performance especially for exporters and manufactures by serving them better than other banks since they are also the economic policy of the country to help those sectors. In addition to this the mangers pointed out that customer's needs driven customer relationship management programs are common with firms to adopt business to business marketing strategies, because customer needs-driven-customer relationship management programs improves inter-firm relationships(Hamadallah,1996). In addition to this, table 4.2 also reveals that the mean rating score of the entire sub construct variables in the three banks i.e. working with key customers, meeting and ensuring key customers' needs, treat customers with special care and customer life time value were falling between the ranges of 3.41-4.2. This shows that respondent's agreed that all those entire sub construct variables are the important factors that have influence on market performance. The result is similar to Payne and Frow (2005) discussion that Customer relationship management

is a strategic approach that is concerned with creating improved share value through the development of appropriate relationships with key customers.

Table 4.1 perceptions of employee towards key customer focus

N	Variables of key customer focus	CBE		CBO		ZEMEN		
		mean	std	mean	std	mean	std	
1	My bank provides customized services to our key customer	4.1	0.8	4.1	0.58	4.38	0.61	
2	Treat customer with special care	4.29	0.78	4.16	0.58	4.44	0.5	
3	Working with key customer	4.2	0.7	4.08	0.76	4.44	0.5	
4	Customer life time value	4.2	0.7	4.05	0.76	4.41	0.5	
5	Meeting and ensuring key customer need	4.1	0.9	4	0.5	4.34	0.6	
	overall mean	4.2		4.1		4.4		

Source survey data, 2016

4.1.2. Perceptions of customers towards CRM organization

CRM is an enterprise wide initiative. It requires that all areas of the organization work toward the common goal of building stronger customer relationships. Strong focus on key customers are deeply surrounded throughout its CRM system, the whole business were structured around promoting, encouraging, stimulating the valuable relationships. The organizational arrangement and structure needs to be flexible and, if necessary reassembled to generate customer-centric values and develop coordination of customer-focused, cross functional teams in order to attract potential pool of customers. Furthermore, with careful efforts by all organizational functions to constantly provide a stream of value-rich actions and customer outcomes. This enables the business firm and its sales force was secure that, they can satisfy customers' needs and enhance customer relationships. The successes of CRM programs call

for commitment of resources at all levels and functions of the firm (Anderson and Swaminathan, 2005). regarding information obtained from the interview with managers of the three banks indicates that the bank target were improving their service using different measures such as designing organizational structure that attract and promote customers, intensive manpower training to implement totally performance standards through all customer touch points. In addition to this, the managers stated as to be customer-centric, companies need to collect and store meaningful information in a comprehensive customer database. As they stated customer database is an organized collection of information about individual customers or prospects. The database must be current, accessible, and actionable in order to support the generation of leads for new customers while supporting sales and the maintenance of current customer relationships. Smart organizations are collecting information every time a customer comes into contact with the organization. Based on what they know about the individual customer, organizations can customize market offerings, services, programs, messages, and choice of media (Agarwal *et al.*, 2004)

Table 4.2 perceptions of employee towards CRM organization

N	Variable of CRM organization	CBE		CBO		ZEMEN	
		mean	std	mean	std	mean	std
1	Good organizational structure	4.17	0.54	4	0.4	4.09	0.39
2	Good organizational image	4.29	0.7	4.34	0.42	4.4	0.5
3	Cross-functional teams	4.05	0.79	4.08	0.42	4.16	0.37
4	Coordination of customer focus	4.1	0.8	4.3	0.63	4.38	0.49
5	Properly designed around customer	4.1	0.8	3.96	0.632	4.19	0.4
6	Flexible organizational structure & arrangement	4	0.9	4.066	0.7	4.34	0.65
7	Organizational wide commitment resource.	4	0.9	3.98	0.79	4.41	0.5
	overall mean	4.1		4.1		4.3	

Source survey results (2016).

4.1.3 Perception of respondents towards customer knowledge management

Knowledge is well-thought-out as one of the competitive factors in global economy. It is compulsory to think and consider for a business firms in order to attract customer in today's dynamic market successfully. Despite of this customer knowledge management can be defined as the system of attaining, allocating, and increasing the customer knowledge among employees for making profit to the organization and customers. With the purpose of improving the organizational productivity and value, assure from delivering required products and services to the customers and acquire their satisfaction, it is necessary to manage the organization's knowledge about customers (Salomoun et al, 2005). Based on information obtained from the interview with managers of the three banks indicates that customer knowledge management plays a decisive role in any business firms especially in service giving businesses through the knowledge of understanding customers, needs, wants and aims. The managers also said that it is essential for a business to align its processes, products and services to build real customer relationships. It includes intimate and implicit knowledge such as key account managers, and distant or systematic knowledge including database information about sales, web-behavior or other analytical piece of data. Furthermore, obviously companies know about their customers, but frequently this is in a fragmented form and difficult to share or analyze and often it is incomplete or just in the head of one or two people. To be effective customer knowledge needs to be visible throughout the organization to ensure the voice of the customer is heard. The result agreed with findings of (Frow and Mithas *et al.*, 2005) who found that customer knowledge is an important factor that influence market performance.

Table 4.3 perceptions of employee towards customer knowledge management

N	Variables about customer knowledge management	CBE		CBO		Zemen	
		mean	std	mean	std	mean	std
1	Good management practice	4.1	0.8	3.918	0.738	4.09	0.39
2	Well-trained and motivated employee	4.2	0.8	4.3	0.74	4.563	0.504
3	Manages all customer communication	4.15	0.902	4.02	0.83	4.25	0.44
4	Detail knowledge of every procedure	4.045	0.81	3.97	0.74	4.5	0.5
5	Ability to handle customers	4.05	0.81	4.082	0.737	4.19	0.4
6	Works well with others	3.92	0.95	3.95	0.33	4.4	0.6
7	Enable ongoing and two-way communication	3.924	0.917	4.0703	0.3326	4.09	0.39
	Overall mean	4.1		4.04		4.3	

Source survey result (2016)

4.1.4. Perception of employee towards Technology based CRM

Technology and the Web has changed the way companies approach CRM strategies because advances in technology have also changed consumer buying behavior and offers new ways for companies to communicate with customers and collect data about them. With each new advance in technology especially the creation of self-service channels like the Web and smart phones, customer relationships are being managed electronically. The development and improvement of information technology provide the ability to gather, investigate, and share customer information which will lead to a customer satisfaction, customer loyalty and retaining customers (Bulter, 2000). The CRM demands for information-wide strategies which exploit computer technologies in maintaining relationships (Harding *et al.*, 2004) such as: computer-aided design or manufacturing, data warehouses, data mining and CRM application systems that allow the firms to offer maximum customization with better quality at lower cost. Moreover, it helps the staff at all touch points to serve the customers in a better way. Hence, many customer focus activities would be impossible without the use of an appropriate technology (Sin *et al.*, 2005). Based on the information gathered through interview with the

managers of the Zemen bank and CBO shows that CRM–based technology enables their market performance through providing information about the customer to be stored in databases, businesses to analyze data, pull out customer preferences and make clear their behavior, easy access to data across departments that may be widely geographically disperse, easy access for customers in terms of online transactions, speedy personalized communications that enable the customer to feel valued and special even though in reality they may be just one of hundreds of thousands of customers. Generally the respondents are agreed with the variables of CRM based technology. This implies technology has an impact on market performance of banks. This result contradicted with Swaminathan, (2004) who conducted a research on the relationship between CRM and customer outcomes by stating that incorporating CRM based technology has no effect on market performance.

Table 4.4. perceptions of employee towards to Technology based CRM

N	Variables of CRM based technology	CBE		CBO		ZEMEN	
		mean	std	Mean	std	mean	std
1	Comprehensive data base	4	0.6	3.98	0.34	4.09	0.3
2	Provide ATM	4.17	0.71	4.25	0.41	4.5	0.5
3	Right hard and soft wares	4.09	0.49	4.11	0.41	4.1	0.3
4	Provide technical support	4.06	0.82	4.13	0.68	4.4	0.6
5	Computer aided design	3.86	0.88	4	0.7	4.1	0.3
6	Attention and prompts service using online media	3.9	0.9	4.05	0.53	4.3	0.5
7	Online without physical contacts for customer convenience.	3.8	0.8	4.1	0.5	4.1	0.3
	Overall mean	3.98		4.1		4.2	

Source survey (2016)

4.1.5. Perceptions of respondents towards market performance

Market performance refers to the enhancement of the organizational standing in the market, improvement of the customers’ perception of organization and its products and increase in their loyalty toward organization (Martin, 2005). In today’s world as competition becomes tough, firms are able to deliver their offer and services that are customized for every

customer. Certainly, these organizations can accomplish competitive advantage in sale and service marketing through tailoring their mass services. At the moment, the profitable companies endeavor to transfer their mass services to the individual customer. The table below depicted that almost all the respondents of the three banks agreed that the listed variables are significant in determining the market performance of the banks.

Table 4.5 perceptions of employee towards to market performance

N	Variables about the market performance	CBE		CBO		Zemen	
		mean	std	Mean	std	mean	std
1	Customer retention	3.94	0.49	3.9	0.66	4.09	0.3
2	Developing system for customer feedback on services	4	0.8	4.28	0.66	4.7	0.5
3	Focus on providing distinctive service to customers	3.83	0.69	4.033	0.7	4.2	0.4
4	Extensive training for customer handling	3.89	0.81	4.3	0.71	4.7	0.5
5	We focus on day-to-day operations	3.83	0.87	4.05	0.66	4.19	0.4
6	Expanding branches nearer to customers	3.97	0.68	4.2	0.7	4.4	0.7
7	Putting customer- center operation enables the bank to increase its sales growth	3.89	0.73	3.77	0.64	4.2	0.6
8	Standard process for managing operations.	4.43	0.5	4.2	0.8	3.9	0.3
9	Ability to satisfy customers.	4	0.6	4.17	0.71	4.05	0.53
10	Improvement of quality services.	4.2	0.8	3.86	0.88	4.1	0.5
	Overall mean	3.99		4.1		4.3	

Source survey (2016)

4.1.6. Summery analysis of perceptions of respondents towards CRM factors and market performance.

Based on the table 4.6 below the mean score shows the rate of employees feeling on different aspects of CRM variables, their differences between the average mean scores of the three groups. To compare the overall CRM variables between public and private banks the researcher used all four variables average mean. From the table we can infer that in all dimension (key customer focus, CRM organization, CRM based technology, customer knowledge management and market performance Zemen bank is better than Commercial bank of Ethiopia and Cooperative bank of Oromia. The table 4.6 also revealed that

Commercial bank of Ethiopia and Zemen banks were better in terms of key customer focus than Cooperative bank of Oromia. In public banks segmentation possible or no termination of unprofitable customers, unlike the private sector maximization of profit cannot be the object of public sector, the citizens, through the government institution, are ultimately the owners of the administrations. Furthermore, the public organizations have therefore even more reason to be citizen oriented, differential marketing offering a different grade of services to different citizens is likely to be hated in the public sector, and may well raise complaints because it is inherently undemocratic, or violate regulations regarding transparency and fair treatment of citizens(Saremi 2009). Having all the above points Zemen bank was better in terms of focusing on key customers especially in terms of working with key customers, setting clear objectives and strategies for key customers, continuously delivering superior and added value for key customers, meeting and ensuring key customer needs and customer life time value than Cooperative bank of Commercial bank of Ethiopia. Moreover, as the survey result and discussion with managers of banks indicated the concern of key customer focus in Commercial bank of Ethiopia were relatively higher having average mean of 4.2 than Cooperative Bank of Oromia (overall mean=4.1) Therefore all banks even though the extents that they are providing services are different, majority of them are emphasizing on providing quality services to their customers. But, the results inferred from table below implies that still there were tasks that Cooperative bank of Oromia have to do on the above mentioned aspects of key customer focus in order to improve their market performance. Concerning CRM Organizations, in the private sector, databases are often developed as independent initiatives by separate departments. Over time, their integration into an organization-wide database becomes commercially justifiable it helps the company achieve commercial benefits of improving customer value cost-effectively. In public sector issues such as value optimization motivate less, and there is usually little history of cross-agency or interdepartmental cooperation. There is also less appetite to understand and optimize the organization's data capabilities within data protection and privacy constraints. All this suggests that public sector CRM is more likely to be a follower than a leader in terms of using customer data. Based on the interview response concerned there is a strong measurement culture in the public sector, but it tends to be activity and work content-based. There is less experience of process, service and value measures. There is less focus on measures based on the perception of customers concerning the quality of service delivery (Anderson and Swaminathan (2005).On the subject of CRM based technology in all the three banks employees perceived that technology has long been recognized as an enabler to radically redesign business processes in order to

achieve outstanding improvements in organizational performance. Technology assists with the re-design of a business process by facilitating changes to work practices and establishing innovative methods to link a company with customers, suppliers and internal stakeholders. Moreover, technology based CRM applications take full advantage of technology innovations with their ability to collect and analyze data on customer patterns, interpret customer behavior, develop predictive models, respond with timely and effective customized communications, and deliver product and service value to individual customers. Using technology to optimize interactions with customers, companies can create a 360 degree view of customers to learn from past interactions to optimize future ones (Davenport and Short, 1990; Porter, 1987). Based on the survey result and discussion with managers About customer knowledge management Zemen bank and Commercial bank of Ethiopia were better than Cooperative bank of Oromia with average mean score of 4.1 and 4.3 respectively. Because employees perceived that customer knowledge management is a significant issue for a business firms mainly for service giving business in order to handle potential customers, to maintain customers and obtain customers. Customer knowledge management is the system used to provide firms with market intelligence that can be used to keep hold of and build profitable portfolios of customer relationships in order to build customer life value. The worth of knowledge management is improved by its level of convenience in order to address customer's current and anticipated needs by providing an offer and services as per their needs and expectations. Successful dissemination of knowledge management requires firms to develop both information technology systems, such as marketing management support systems to spread explicit knowledge and other processes and procedures to encourage the distribution of implicit knowledge (Ryals *et al.*, 2001). lastly, from the table 4.7, the market performance of the three banks that they were achieve through key customer focus, customer knowledge management, CRM organization and technology-based CRM were compared using average mean. As far as the table 4.7 is concerned, Zemen bank and Cooperative bank of Oromia were better with average mean of 4.3 and 4.1 than Commercial bank of Ethiopia with average mean of 4. From this we infer that the more the banks emphasizing on key customer focus, customer knowledge management, CRM organization and technology-based CRM the more will be the market performance.

Table 4.6 Mean comparison of overall factors

Variables	CBE	CBO	Zemen Bank
	Overall mean	Overall mean	Overall mean
Key customer focus	4.2	4.1	4.4
CRM organization	4.1	4.1	4.3
CRM based technology	4	4.1	4.2
Customer knowledge mgmt.	4.1	4.04	4.3
Market performance	4	4.1	4.3

4.2. Results of inferential statistics

In this section, the results of inferential statistics are presented. For the purpose of assessing the objectives of the study, Pearson’s Correlation Coefficient and multiple regression analyses were performed. With the aid of these statistical techniques, conclusions are drawn with regard to the sample and decisions are made with respect to the research hypothesis

4.2.1 Pearson Correlation analysis

To determine the relationship between service CRM dimensions (key customer focus, customer knowledge management, CRM organization and CRM based technology) and market performance, Pearson correlation was computed. Table 4.8 below presents the results of Pearson correlation on the relationship between CRM dimension and market performance.

Table 4.7 the relationship between CRM dimension and market performance

Customer relationship management	Market performance	
	Pearson correlation	Sig.(2-tailed)
Key customer focus	0.411	.00
CRM organization	0.422	.00
Technology based CRM	0.729	.00
Customer knowledge management	0.728	.00

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

Source: spss output from survey (2016)

The results in table 4.8 indicate that, there is positive and significant relationship between Key customer focus and market performance ($r=0.411$, $p<0.01$), CRM organization and market performance($r=0.422$, $p<0.01$), technology based CRM and market performance ($r=0.729$, $p<0.01$), customer knowledge management and market performance($r=0.728$, $p<0.01$).The results of correlation analysis in the table 4.7 shows that all the independent variables were positively and significantly correlated with the dependent variable i.e. market performance at 99 percent confidence level ($P<0.01$). Based on the Pearson correlation test shown in the table 4.7, customer knowledge management and technology based CRM dimension are positively and significantly correlated with market performance with highest coefficients. This mean if the bank improves the customer knowledge management and technology based dimensions the firm's market performance will be improved. Therefore, technology based CRM and customer knowledge management has power to determine the market performance of the banks. In relation to CRM organization dimension, the banks can be perceived by their employees as good organizational structure has able to build strong and lasting relationship with customers. CRM organization has a significant role in building long-term relationship with customers and achieving market performance (Berry, 1983). So, the finding of Berry (1983) is similar with the results of this research. Customer knowledge management is another element of CRM dimensions that is taken into account to explain market performance. Based on the correlation result as it is shown in the table 4.8, customer knowledge management dimension is positively and significantly correlated with market performance. This shows that customer knowledge management is a determinant of market performance and that help firms to gather and use customer knowledge in order to record relevant information about each customer transaction. Later information is taken from employees can be administered and converted into customer knowledge (Mithas *et al.*, 2005). According to Mithas *et al.*, (2005), customer knowledge management has a strong positive effect on the softer aspects of market performance such as providing quality service for customers, modifying services for customer, satisfying customers, customer retention etc. Hence, this study is consistent with the finding of Mithas *et al.*, (2005). The other factor included in the CRM underpinnings is key customer focus. As it is depicted in table 4.8 above the correlation analysis, key customer focus dimension has positive and significant relationship with market performance. The correlation coefficient between key custom focus and market performance is 0.411. Furthermore, as a relatively broad sort of outreach strategy, achieving customer focus is not a one-size-fits-all solution, but if firms are looking at how to approach their enterprise with this sort of outlook, they're not alone. Many business leaders

are considering the idea of a customer focus to ramp up business and appeal to their client base (mithas and Frow, 2005).

4.2.2 Regression Analysis

4.2.2.1 Model Summary

For the purposes of determining the extent to which the explanatory variables (key customer focus, CRM organization, technology based CRM and customer knowledge management) explain the variance in the explained (market performance) variable, regression analysis was employed. The model performance based the adjusted R² shows that, the independent variables explained 61% of the variation in the dependent variables and the remaining 38.9 percent of the variance in market performance may be explained by other factors that are not included in this study.

Table 4.8 model summerry

Mode	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.788 ^a	.621	.611	.25397

Predictor (constant): key customer focus, CRM organization, customer knowledge mgmt. and technology based CRM.

Dependent variable: market performance.

Source: spss output from survey (2016).

4.2.2.2 Goodness of fit of the model

The purpose of Goodness of fit of the model is to checking how could the independent variables reliably predict the dependent variable, The p-value is compared to alpha level (typically 0.05) and, if smaller, we can conclude that, the independent variables reliably predict the dependent variable.

Table 4.9 ANOVA

model	Sum of squares	Df	Mean square	F	Sign
regression	16.351	4	4.088	63.377	0.000
residuals	9.997	155	0.064		
totals	26.348	159			

a. Dependent Variable: Market Performance

b. Predictors: (Constant), Customer Knowledge, Key Customer Focus, CRM Organization, Technology Based CRM

Source: Survey result (2016).

From the above table 4.9, the p-value associated with this F value is very small (0.000). These values indicates that the customer knowledge, key customer focus, CRM organization, and technology based CRM highly significant for reliably predict the dependent variable market performance.

4.2.2.3. Regression Coefficients

Table 4.10 coefficients of customer relationship variables

Dependent Variable	Unstandardized Coefficients		T	Sig.(p-value)
	B	Std. Error		
(Constant)	.246	.266	1.953	.017
KEY Customer Focus	.09	.031	.966	.003
CRM Organization	.085	.085	4.664	.320
Technology Based CRM	.406	.087	2.255	.000
Customer knowledge management	.344	.153	2.924	.026

Dependent variable: market performance.

Source: survey (2016).

The above coefficients table illustrates the influence of customer relationship management on market performance in all the three banks. At this point using this multiple regression coefficient results, the proposed hypotheses for this study were tested as follows.

H1: Key customer focus has positive and significant influence on market performance.

The result of multiple regression analysis of the table 4.9 above clearly indicates that in three banks key customer focus has significant influence on market performance at 5% critical value ($p < 0.05$). The hypothesis which states that Key customer focus has positive and significant influence on market performance is tested at a 5% level of significance, it was discovered that key customer focus play a significant role in determining the market performance of the banks. Therefore, the alternative hypothesis is accepted. The above result is supported by Chung and Shin (2010) in which key customer focus has a positive and

significant influence on market performance in the online retailing. Besides, the study of Ndubisi (2007) showed that the more key customer focuses the banks have, the more they will be market leaders.

H2: Customer knowledge management has positive and significant influence on market performance.

The result of multiple regression analysis in the table 4.9 above clearly indicates that in the three banks customer knowledge management has significant influence on market performance ($p < 0.05$). Besides, the value of beta in ($\beta = 0.344$) demonstrates that the positive influence of customer knowledge management on market performance. Thus, the above proposed hypothesis is accepted. The above result is supported by the studies of Mithas and Frow, (2005) who found Customer knowledge management as having a significant impact on market performance in the banking.

H3: Technology based CRM has positive and significant influence on market performance.

Table 4.9 demonstrates technology based CRM which has a significant influence on market performance in three banks ($p < 0.05$). Besides, the table depicts the value of beta ($\beta = 0.406$) respectively shows that the positive influence of technology based CRM on market performance. Therefore; the above proposed hypothesis is well accepted.

H4: CRM organization has positive and significant influence on market performance

The fourth hypothesis which stated that CRM organization has a positive and insignificant influence on market performance. The results of the multiple regressions, as presented in table 4.9, revealed that CRM organization has a positive and insignificant effect market performance with a beta value ($\beta = 0.085$), with $p > 0.05$. Therefore, the researcher is rejected the hypothesis, that is. CRM organization has a positive and insignificant effect on market performance. The above result is contradicted by Swaminathan, (2004), whereby organizing around CRM affects market performance through customer retention, customer satisfaction and customer attraction. The above result also contradicted to the studies of Mithas and Frow (2005) who found CRM organization as having a significant impact on market performance in the banking industry. In general, the multiple regression analysis of the table 4.11 clearly demonstrates that the independent variables Customer knowledge management and Technology based CRM had positive and highly significance for market performance .However; CRM organization had a positive and insignificant influence on Market performance in all the three banks.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary of Finding

The main aim of this study was to investigate the effects of customer relationship management on marketing performance of commercial banks operating in Addis Ababa with commercial banks of Ethiopia from public banks and Cooperative bank of Oromia and Zemen bank from private banks. In this study a descriptive research design and cross sectional research survey was employed. Both qualitative and quantitative research approach was implemented. The source of information was both primary and secondary data. Based on the research objectives the questionnaire was prepared and one hundred sixty respondents were approached using non-probability sampling (purposive sampling technique) The results of the descriptive statistical analysis also indicated that, respondents of all banks were all most agreed with the customer relationship management dimension. The correlation result shows that there is a positive and significant relationship between key customer focus, CRM organization, technology based CRM and customer knowledge management and market performance. The finding also indicates that the highest relationship was found between technology based CRM and customer knowledge management, while the lowest relationship was found key customer focus and CRM organization. Furthermore, the multiple regression results showed that the four customer relationship management dimensions (key customer focus, CRM organization, and technology based CRM and customer knowledge management) have positive and significant effect on customer market performance. The adjusted R value of 0.611, demonstrates that 61.1% of variation in market Performance of banks can be accounted by the customer relationship management dimensions. The findings of this study also indicated that technology based CRM is the most important factor to have positive effect on market performance, followed by customer knowledge management, and key customer focus. However Customer relationship management organizations have a positive and insignificance influence on market performance. Furthermore, to test the goodness of fit of test of the model ANOVA was employed and the result shows that all the independent variable reliably predict the dependent variables in the models.

5.2 Conclusions

The study was conducted to examine the effect of customer relationship management on market performance in selected commercial banks operating in Addis Ababa. This research has several functions in management of bank customers because commercial banks were interested in obtaining and retaining of customers to achieve market performance. During the investigation the researcher used both descriptive and inferential statistics and based on the findings he made the study to an end by outlining the following typical conclusions.

- ❖ The findings of the study showed that the employees in the three banks have good customer relationship management of key customer focus, CRM organization technology based CRM and customer knowledge management. Therefore, the researcher can credibly conclude that the concept of customer relationship management is well understood by the majority of employees of the selected banks from key customer focus, CRM organization, technology based CRM and customer knowledge management perspectives and they were able to relate them with market performance.
- ❖ Based on the results of the descriptive statistics, it is important to conclude that the more the level of key customer focus, CRM organization, and technology based CRM and customer knowledge management perceived by employees, the more level of market performance can be achieved by selected Commercial banks.
- ❖ The correlation result shows that, the four customer relationship management dimensions (key customer focus, CRM organization, and technology based CRM and customer knowledge management) are positively and significantly related with market performance.
- ❖ In terms of the stated research hypotheses the following specific empirical findings emerged from the investigation: All customer relationship management dimensions have positive and significant effect on market performance except customer relationship organization which has positive and insignificant influence on market performance. The findings of this study also indicated that technology based CRM is the most important factor to have a positive and significant effect on market performance. In addition to this, all customer relationship management dimensions significantly explain the variations in market performance except CRM organizations.

5.3 Recommendations

Based on the findings and conclusions of the study, the researcher forwards the following recommendations to the management of the banks and suggestion for other researchers.

Incorporating Customer Relationship Management based Technology:

- ❖ The banks should maintain comprehensive databases of customers to improve their services.
- ❖ The banks should have necessary hardware and software facilities to address the dynamic need of customers towards advancement of banking technologies.
- ❖ The banks should be exerting more attention to provide individual customer information availability at every point of contact.
- ❖ It is necessary to adjust technical personnel support for utilization of computers and banking technologies to improve the capability of employees about the technologies
- ❖ The selected banks have to improve the level of key customer focus by providing customized service to their customers, working with key customers, treating customers with special care, and meeting and ensuring key customer needs.
- ❖ Emphasis the following activities towards focusing on key customers focus:
They should apply effort in order to discover the needs of the key customers. They should give attention to provide services in line with the needs and specializations of the key customers. The marketing department of the three banks should show coordinated effort together with the employees to modify the service that the key customers need. The three banks should have dialogue with key customers in order to identify where the demand of key customers lies and offering customized services to them. It is important that all individuals in the three banks deal with great care with the main customers to gain their loyalty.
- ❖ Customer knowledge management: The three banks should have good management practice, well trained and motivated employees, detailed knowledge of every procedure of bank and ability to handle customers.
- ❖ The selected banks have to developing carefully designed around customers through good organizational structure, organizational wide commitment resources, cross functional teams and good organizational images. Generally, the selected banks have to implement customer relationship management appropriately and continuously as an indispensable tool for gaining competitive advantage and build long- lasting and profitable relationships with their customers in order to achieve market performance.

5.4 Direction for future Research

Future research is mainly based on the current limitations; therefore, future research will seek to generalize the model developed in to other services. Although the sample size was 160 which are adequate and theoretically acceptable but the result shows that increasing the sample size will increase the accuracy of the results.

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APPENDIX

APPENDIX A QUESTIONNAIRE

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

MBA PROGRAM

Researcher: Tadele Tegegn

Contact Address: +251-910-102-068

Email:tegegn022@gmail.com

Dear Respondents:-

I would like to express my earnest appreciation for your generous time, honest and prompt responses.

Objective:

This questionnaire is designed to collect data about **Customer Relationship Management and Its effect on Market Performance of banking industry in Ethiopia**. The information that you offer me with this questionnaire will be used as a primary data in my case research which I am conducting as a partial fulfillment of the requirements for the degree of Master's of Business Administration in Management (MBA) at st. marry university under the School of graduate studies. Therefore, this research is to be evaluated in terms of its contribution to our understanding of Customer Relationship Management and Its effect to Marketing Performance and its contribution to improvements in the area. Results will be used to help and expand our knowledge and understanding of any major shift in Customer relationship Management practices. All answers will be kept strictly confidential and only aggregate results will be reported.

General Instructions

- There is no need of writing your name.
- In all cases where answer options are available please tick (✓) in the appropriate box.
- For questions that demands your opinion, please try to honestly describe as per the questions on the space provided

Confidentiality

I want to assure you that this research is only for academic purpose authorized by the st marry university. No other person will have to access this data collected. In any sort of report I might publish, but, I will not include any information that will make it possible to identify any respondents.

Section I: demographic Information.

1. Male female

2. Which of the following age categories describes you?

18-25 25-32 32-37 37-42
Above 42

3. Number of years you have worked for the Bank (in years):

1-5 years 5-10 10-15
15-20 20-25
above 25

4. Educational Qualification:

College diploma degree masters PhD and above

Section II: Questions related to Customer Relationship Management and Its effect to Market Performance.

The following statements concern the Custom relationship management practices of your Bank.

Please indicate the extent of your agreement or disagreement with each statement by ticking (√) in the box corresponding to a number from 1 to 5 that represents your level of agreement or disagreement. i.e. 5= strongly agree 4=agree 3=neutral 2=disagree 1=strongly disagree. Thus, your answers to these questions will enable the researcher to explore the effects of Customer Relationship Management on Market Performance in banking industry.

no	item	Agreement scale				
		5	4	3	2	1
	Questions about key customer focus in your bank					
1	My bank provides customized services to our key customer					
2	Treat customer with special care					
3	Working with key customer					
4	Customer life time value					
5	Meeting and ensuring key customer need					
	Questions about Organizing around Customer relationship management in your bank					
1	Good organizational structure					
2	Good organizational image					
3	Cross-functional teams					
4	Coordination of customer focus					
5	Properly designed around customer					
6	Flexible organizational structure & arrangement					
7	Organizational wide commitment resource.					
	Questions about Managing Knowledge in your Bank					
1	Good management practice					
2	Well-trained and motivated employee					
3	Manages all customer communication					
4	Detail knowledge of every procedure					
5	Ability to handle customers					
6	Works well with others					
7	Enable ongoing and two-way communication					
	Questions about incorporating Customer relationship management-based Technology in your Bank					

1	Comprehensive data base					
2	Provide ATM					
3	Right hard and soft wares					
4	Provide technical support					
5	Computer aided design					
6	Attention and prompts service using online media					
7	Online without physical contacts for customer convenience.					
	Questions about marketing performance in your Bank					
1	Customer retention					
2	Developing system for customer feedback on services					
3	Focus on providing distinctive service to customers					
4	Extensive training for customer handling					
5	We focus on day-to-day operations					
6	Expanding branches nearer to customers					
7	Putting customer- center operation enables the bank to increase its sales growth					
8	Standard process for managing operations.					
9	Ability to satisfy customers.					
10	Improvement of quality services.					

APPENDIX B INTERVIEW FOR MANAGERS

Note: This part is only filled by Managers at different positions of their Bank (will be considered managers as interviewee).

Section II: Semi-structured interviews.

1. Do you think that, your bank gives more emphasizes on key customers and provides customized services for them?
2. In your opinion, do you think that customer-centric performance standards are established and monitored at all customer touch points?
3. Do you think that, in your opinion your organization provides channels to enable ongoing two-way communication between key customers?
4. In your opinion, do you think that your bank maintain a comprehensive database of the customers having the necessary hardware and software?
5. Do you think that, customer relationship management practices helped your bank in business performance in terms of increasing number of customers, increasing customer Satisfaction, market share, and sales growth than before?
6. How much do you think that the acts of employees of the bank, especially those on the front line, affect the level of customer satisfaction and intent to remain in your bank?
7. According to your opinion, to what extent does good relationship with the customer is important for market performance?
8. How do you see your employee's efforts in the bank to create good relationship with customers?
9. To what extent the bank informs customers' in advance about any change that takes place in the bank?

THANK YOU AGAIN FOR YOUR COOPERATIONS.

APPENDIX C SPSS OUT PUT

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.788 ^a	.621	.611	.25397	1.574

a. Predictors: (Constant), CUSTOMERKNOWLEDE, KEYCUSTOMERFOCUS, CRMORGANIZATION, TECHNOLOGYBASEDCRM

b. Dependent Variable: MARKETPERFORMANCE

	Key Customer Focus	CRM Organization	Technology Based CRM	Customer Knowledge
Key Customer Focus	1			
CRM Organization	.291**	1		
Technology Based CRM	.377**	.228**	1	
Customer Knowledge	.373**	.694**	.740**	1

** Correlation is significant at 0.01 levels (2-tailed)

Dependent Variable	Unstandardized Coefficients		t	Sig.(p-value)
	B	Std. Error		
(Constant)	.246	.266	1.953	.017
KEY Customer Focus	.09	.031	.966	.003
CRM Organization	.085	.085	4.664	.320
Technology Based CRM	.406	.087	2.255	.000
Customer knowledge management	.344	.153	2.924	.026

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Maru Shete (Assoc. Professor) all sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

TADELE TELEGN MOGES

Name

Saint Mary's University, Addis Ababa, Ethiopia

Signature

August, 2016

ENDORSEMENT

This thesis has been submitted to St. Mary's University College, School of Graduate Studies for examinations with my approval as a university advisor

MARU SHETE (ASSOC.PROFESSOR)

_____	_____
Name	Signature
Saint Mary's University, Addis Ababa, Ethiopia	August, 2016