ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MBA PROGRAM

THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) ON THE PROFITABILITY OF COMMERCIAL BANK OF ETHIOPIA:- A CASE STUDY OF SELECTED CITY BRANCHES.

BY: YOHANNIS H/MICHAEL

MBA Thesis Submitted to the School of Graduate Studies of St. Mary's University in Partial Fulfilment of the Requirements for the Award of the Degree Master of Business Administration (MBA) in Marketing Management

FEBRUARY 2018
ADDIS ABABA, ETHIOPIA

THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) ON THE PROFITABILITY OF COMMERCIAL BANK OF ETHIOPIA:- A CASE STUDY OF SELECTED CITY BRANCHES.

By:

YOHANNIS H/MICHAEL

Under the Guidance of:

MESFIN WORKINEH (PhD)

MBA Thesis Submitted to the School of Graduate Studies of St. Mary's University in Partial Fulfilment of the Requirements for the Award of the Degree Master of Business Administration (MBA) in Marketing Management

FEBRUARY 2018

ADDIS ABABA, ETHIOPIA

ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

COLLEGE OF BUSINESS

THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) ON THE PROFITABILITY OF COMMERCIAL BANK OF ETHIOPIA:- A CASE STUDY OF SELECTED CITY BRANCHES.

By:

YOHANNIS H/MICHAEL

APPROVED BY BOARD OF EXAMINERS

As member of the Board of Examiners of the MBA Thesis Open Defence Examination, We certify that we have read, evaluated the thesis prepared by Yohannis H/Michael and examined the candidate. We recommended that the Thesis be accepted as fulfilling the thesis requirement for the Degree of Master of Business Administration in Marketing Management

_____   _____   _____

Dean, Graduate Studies   **Signature**   **Date**

_____   _____   _____

Advisor   **Signature**   **Date**

_____   _____   _____

Internal Examiner   **Signature**   **Date**

_____   _____   _____

External Examiner   **Signature**   **Date**

DECLARATION

Hereby declare that this submission is my own work towards the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the university, except where due acknowledgement has been made in the text.

Declared by
Name: Yohannis H/Michael
Signature: _____
Place: Addis Ababa, Ethiopia
Date of Submission: Feb 2018

ENDORSEMENT

This thesis submitted to St. Mary's University, School of Graduate Studies for examination. As a university advisor, I hereby certify that I have read and evaluated this thesis prepared, under my guidance, by Yohannis H/Michael entitled "The Effect of Customer Relationship Management (CRM) on the Profitability of Commercial Bank of Ethiopia - A Case Study of selected city branches.". I recommend that submitted as fulfilling the thesis requirement.

Advisor's Name   **Signature & Date**

Dr. MESFIN WORKINEH   _____

ABSTRACT

In this competitive industry, setting an effective and efficient CRM has a great impact on the overall of profitability of an organization this study aimed to explain the effect of customer relationship management in the profitability of CBE by taking a case of selected city branches. A conceptual framework used as a guidance to test the relationship between the CRM dimensions consisted in the profitability. The study is descriptive in nature in that it collects data from one or more target groups, and analyses it in order to describe the present condition. More specifically, a survey data on the four dimensions of the CRM collected both from the customers and from employees of CBE (Branch managers, Customer relationship managers, customer relationship officers and customer service managers) to determine the extent of CRM application in the Bank. A quantitative approach used in the research. Questionnaire is designed and distributed to the total sample size of 300 customers of four selected city branches based on the service provided and number of transactions made per day as well as branch grades which, is grade I-IV. The portion of questionnaire distribution goes on as branch grade the largest portion distributed to the higher-grade branches and the lower goes to the lower grade branches and 63 employees of CBE with different job titles. Mostly managerial level with the exceptions of commercial credit employees and customer relation officers in randomly selected city branches and head office organs to collect a primary data. Therefore, the data were obtained from two sources namely, primary and secondary sources in primary Regression, t-test, one sample t-test ANOVA multicolinarity test was conducted. The finding showed that customer focus, knowledge management and technology based CRM of CBE have not significant but positive effect on profitability by staff respondents and the rest organizational dimension have insignificant and negative effect on the profitability of CBE the same is true for key customer focus. Therefore, it is essential for CBE to pay more attention for the CRM dimensions by considering their significant effect on profitability. Moreover, CBE should reconsider its strategy since the study results insignificant contribution in influencing the profitability of the organization.

Key Words:- Customer Relationship Management (CRM), Customer Focus, Organization dimension, Knowledge management, Technology-based CRM, and Profitability.

ACKNOWLEDGEMENTS

Table of Contents

LIST OF TABLES

In the introductory chapter, background of the study, problem statement, and research questions of the study, operational definitions, significance, scope, limitation and organization of the study will discussed.

1.1 Background of the study

Writers diverged in formulating a specific definition for CRM. This divergence owed to a difference in the scientific background of these writers. To begin with, (APA, 2000, p.p. 12-13) defined CRM as a method of understanding the customer behaviour through intense communication with him/her to improve the performance, which represents in attracting the customer, keeping him/her and increasing his/her loyalty and profitability. It can be notice that this definition regards CRM as mere communication on the part of the organization to understand the customer's behaviour. (Stone & Findlay, 2001) defined CRM as the organization carrying out a lot of information about the customer from various resources and keeping it in order to divide the territories, analyze and reuse. This definition regards CRM as only collecting and recording information about the customer. (Fross & Stone, 2001) defined CRM as the company use of its abilities in the field of research methodology, technology and e-commerce in order to manage customer relationships. This definition for CRM regards it as the ability to use technology in the domain of dealing with customers.(Parvatiyar & Sheth , 2002) mentioned that CRM is a comprehensive strategy that includes the process of acquiring certain customers, keeping them and cooperating with them to create a distinguished value for both the company and the customer. This strategy requires integrating the functions of marketing, sales, customer service and exposition chain to achieve the highest competence and efficiency in delivering value to the customer. As it shows, this definition regards CRM as a strategy with a main goal of delivering a distinguished value to the customer through improving the marketing productivity.

In an attempt to summarize the most important concepts of CRM, (Zablah&et.al., 2004) demonstrated that there are five points of view for defining CRM. The points of view are the process, the strategy, the philosophy, the ability and the technology

Despite the above theoretical and empirical facts as to the development of the CRM in the financial sector, until recently, the banking sector in Ethiopia has remained dormant to the shift in business paradigm from product-centric to customer-centric. Various factors contributed for this fact; among others the dominance of public banks till the liberalization and deregulation of the economy in the 1990`s is the major one.

Commercial bank of Ethiopia using customer relation management as a strategy that can help to build strong relationships with their customers and increase its profits through the right management system and the application of customer focused profit-generating institutions

It is apparent from literatures that those banks that are able to implement all dimensions of the CRM are more beneficial than those are that implemented it in a fragmented manner (Das *et. al*, 2009). Thus, as it is three years since CBE adopted CRM, determining to what extent CBE has implemented the dimensions of the CRM contributes a lot in projecting the expected gain from the system and point out the dimensions to leverage in the future. Hence, assessing the Effect of Customer Relationship Management (CRM) on the Profitability of Commercial Bank of Ethiopia a Case Study of selected branches across four dimensions; key customer focus, knowledge management. CRM organization, and technology- based CRM become imperative and it is the way to appraise the why of positive outcomes and/or negative repercussion, if any, in adopting the system.

1.2 Statement of the problem

Most of the CRM literatures written in the context of the developed countries Ethiopian Banks have fall short of the expectations of their customers in recent time. It must be noted that, the lifeblood of any business is its customers. Profit comes from sales minus cost. Sales must be realized first before cost becomes relevant (Xu,Y. et al. 2002). Customers decide sales based on their perception of product and service quality. In short, quality determines profits, and customers alone define and determine what that quality is and should be in every business organization an effective implementation of a widespread CRM ensures positive returns on investment with minimal wastage of valuable resources and cost reduction.

The unprecedented growth in the number of Banks in Ethiopia is a laudable attempt in the development of the financial sector in particular and the service industry as a whole.

Most bankers would like to believe that banks are in the finance industry, and not in the service industry. As such, they compete in terms of financial prowess rather than service quality. People, resources, time, and systems are devoted more too managing assets and cash rather than managing customers and service.

Therefore, it is important for banks to focus on retention of customers, because it is more Profitable to retain a customer than to obtain a new customer Payne A.and Frow P (2005)

Even though many theories were discussing how clients are satisfied, CRM and marketing performance CRM impact but they have not yet investigated customer relationship management and its relationship with the profitability of banks. Besides, they have not yet assessed the association between customer relationship management and its effect on the profitability.

Therefore, there was the need to conduct a thorough study to assess the effectiveness of CRM in the related with profitability in order to ascertain a way of effectively implementing of customer relationship management within the Commercial Bank of Ethiopia.

1.3 Research Questions

What are the effects of Customer Relationship Management (CRM) on the Profitability of Commercial Bank of Ethiopia?

1.3.1 Sub Research Questions

1. Does key customer focus affect CBE profitability?

2. Does knowledge management will affect CBE relation with customers?

3. How does technology affect CBE profitability?

4. How does CRM organization affect CBE profitability?

1.4 Objectives of the study

To identify factors that influence customer relation management in profitability of CBE

1.4.1 General Objectives of the study

The general objective of the study is to investigate how customer relationship management affects the profitability of Commercial Bank of Ethiopia.

1.4.2 Specific objectives of the study

The specific objectives of the study will be to-

- Examine the relationship between key customer focused and profitability in Commercial Bank of Ethiopia
- Investigate the main areas of knowledge management.
- Evaluate customer relationship management with the view of how technology affect CBE profitability
- Explore CRM organization affect CBE profitability

1.5 Significance of the study

This study contributes to the financial services literature as it is one of the very few that examine CRM purposes in the Ethiopian banking sector. More specifically, the study has the following potential contribution for Commercial Bank of Ethiopia;

- It serves as a background material to assess its level of CRM purposes in the past three years.

- It enables the Bank to identify the dimensions that needs further enhancements so as to benefit from CRM`s purposes at full scale.

- To the country as a whole, good customer, relationship imbedded in financial institutions would help bring financial stability in the country and this is an important prerequisite towards economic growth.

1.6 Scope of the study

The study assess branches of CBE that are found only in Addis Ababa having the grade (Grade II, III & IV) per the Bank`s branch rating scheme. This limits the realm of the study by discriminating those branches of CBE found in outlying areas and those in Addis Ababa but with

lower grades. In addition, the study assess CRM`s purposes in the Commercial Bank of Ethiopia only from four dimensions that are derived from the reviewed CRM related literatures.

1.7 Limitation of the Study

The outcome of the study is solely dependent on the individual responses of the respondents that participate in the study. Moreover, as the sample is small and selected using purposeful sampling technique, the results might not be generalize beyond the specific population from which the sample is drawn, considering the vast number of branches CBE has all over the country almost over 1236 Dec,2017.

1.8 Organization of the Study

The study comprised of five chapters. The first chapter presents introduction of the study whereby background of the study, problem statement, objectives of the study, research questions, significance of the study, definition of terms, scope and limitations of the study are include. The second chapter is devoted to reviewing related literatures followed by the third chapter that discusses the methodology used to undertake the study.

1.9 Definition of key terms

Customer Relationship Management (CRM) – is a cross-functional, customer-driven and technology-integrated management strategy that maximizes relationships (Chen and Popovich, 2003). It involves the integration of marketing, sales, customer service, IT and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value.

Key customer focus; - A customer-focused structure, culture, policy, and reward system should permeate any organization that strives to implement CRM successfully

CRM organization: - CRM means essential changes in the way that firms are organized and business processes conducted

Knowledge management: - According to the knowledge-based view of the organization, the creation, the transfer, and the purposes of knowledge is the primary rationale for a firm's existence

Technology-based CRM: - Accurate customer data is necessary to successful CRM performance consequently; the technology has an important role in CRM in adding to firm intelligence

Profitability: - Profitability in the case of CRM is determined in the light of the lifetime value of the customer to the organization, taking account the income and expenses associated with each customer and their respective transactions over time

CHAPTER TWO

REVIEW OF RELATED LITERATURES

The chapter converse what CRM are, its dimensions, the benefits it provides and its purpose in the service sector particularly in the Banking industry. Moreover, the banking industry in Ethiopia, primarily CBE at the focal point and the research activities undertaken so far in the subject matter and the resultant findings as to the service sector in general and the banking industry in particular discussed.

2.1 THEORETICAL FRAMEWORK OF THE STUDY

The financial stability of a country is an important prerequisite towards economic growth. In this regard, the Commercial Bank of Ethiopia plays a decisive role in the economic growth of Ethiopia. If a country, wishes to attract investment it must have a solid and profitable branch of the financial services industry (Goosen, et al, 1999). The functions performed by financial institutions affects all aspects of a country's economy and are central to the overall performance of the economy

2.2 EMPIRICALFRAMEWORK OF THE STUDY

Apart from the theoretical backgrounds, various empirical research outputs confirm that CRM has proven benefits in the real business arena, particularly for the banking sector. Sadek *et al.* in their study for measuring the effect of CRM components on the non- financial performance of Egyptian commercial banks have confirmed that the deployment of the CRM components has positive association with customer satisfaction and consequently to customer loyalty. In addition, the study also underlined that the importance of using CRM lies as personalized customer approach, and the understanding in advance of customer needs constitute the main criteria for achieving a competitive advantage in the banking market. Yet, in another study that involves the banking sector of Iran, the CRM recognized as to its capability to enhance customer base and competitive advantage of banks therein. Last but not least, a case study on a Greek bank has further ascertained that the CRM has helped the bank to become more customer focused, increased its revenue significantly and contributed to the development and success of the bank in the market.

2.3 Dimensions of CRM

It is a proven fact that the multi-dimensions concept of CRM can be considered relatively new because of the only few studies, which are made on the CRM dimensions of some service sectors such as banking (Akroush et al., 2011; Sadek et al., 2011; Sin et al., 2005; Yim, Anderson, and waminathan, 2005) and contact centres (Abdullateef et al., 2010) thus the range of information on this concept is quite limited To drive the point home, it said that CRM consists of four broad behavioural dimensions (Sin et al., 2005; Yim et al., 2005)

These behavioural dimensions are key customer focus, CRM organizations, Knowledge management and technology -based CRM. It is essential that all of these dimensions must work on systematically in an organization to guarantee its improved performance (Fox and stead, 2001; Sin et al., 2005; Yim et al., 2005).

In this regard, Abdullateef et al. (2010) investigation on the impact of CRM dimensions on call - centers in Malaysia taken as a typical example. He declares that customer orientation, as one of the CRM dimensions, is more comprehensive than key customer focus. His argument receives much support from several studies that consider customer - orientation as one of the most important dimensions of CRM (e.g. Wang, Huang, Chen, and Lin, 2010).

Key customer focus

A customer-focused structure, culture, policy, and reward system should permeate any organization that strives to implement CRM successfully (Ryals and Knox 2001; Sheth, Sisodia, and Sharma 2000).This involves an overall customer-centric focus (Sheth *et al.,* 2000; Vandermerwe, 2004), and continuously delivering superior value to selected key customers (Parvatiyar and Sheth, 2001) through personalized/ customized offerings (Dyche, 2002). Key elements of this dimension consist of customer-centric marketing, key customer lifetime value identification, personalization and interactive co-creation marketing (Sadek *et al.,* 2011). Accordingly, Sin, Tse and Yim (2005) define key customer focus as a composition of dialog with customers on customizing their needs, customizing products, customer needs assessment and implementation of customer needs information. Arnett and Badrinarayanan, (2005) also indicate that customer-needs driven CRM strategy involves two steps: first, uncovering insights regarding customer needs and secondly, the development of special programs to meet the

discovered needs. Therefore, firms as part of their CRM practices ought to develop CRM strategies that are capable of delivering both economic and non-economic benefits to key customers.

CRM organization

First, to enhance service employees to conduct customer-oriented behaviours, organizations have to develop an appropriate working environment for service in work, for instance, providing staff with the modern tools, and technology, customer-satisfaction tracking and complaints management systems, inspirational leadership, and appropriate rewards systems. As a result of the previous supportive working conditions, organizations can ensure the required customer-oriented behaviours of their employees (Mechinda and Patterson, 2011)

The researchers also argue that CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer - oriented approach, unless the project is completely integrated by them (Sin et al., 2005; Yim et al., 2005) Further, as a confirmation for this point Ku (2010) stress that CRM success does not only require technological quality or systems, but it also requires an effective service concept as well as suitable operation procedures.

Thus, the success of CRM implementation relies on the active involvement of the employees in the organization itself (Boulding, Staelin, Ehret, and Johnston, 2005; Payne, 2006; Tamilarasan, 2011). Therefore, we can say that CRM organization has to be an essential means through which firms effect fundamental changes in the way they organize their actual business processes for employees and customers (Sin et al 2005; Yim et al., 2005).

Inevitably, all the organization resources (such as marketing capabilities, policies, culture, and Organization structure) integrated in order to implement CRM successfully and, in turn, to improve organizations performance. Previous studies also declare the positive impact of CRM organization on customer retention (Yim et al., 2005), financial and marketing performance (Akrouch et al., 2011; Sin et al., 2005).

Moreover, Richards and Jones (2008) argue that CRM organization may influence future marketing decisions, such as brand differentiation, price, communication, and distribution. In this

regard, it has also been reported that many hotel chains cleverly and flexibly quote their room prices according to the customer data that were collected previously (Nunes and Dréze, 2006).

Knowledge management

Knowledge about customers plays a vital role in CRM, taking into our consideration the fact that the main purpose behind collecting data about customers is to get a clear image about them from different perspectives (Sin et al., 2005). Therefore, organizations can authenticate such data to be able to establish and develop beneficial relationship with their customers (Zahay and Griffin, 2004).

Needless to say that useful information about customers can be gathered through interactions with them or from different touch points within the organization itself (Brohman et al., 2003), and the criterion for deciding whether CRM is successful or not , is to effectively transform customer information into customer knowledge (Plessis and Boon, 2004; Stringfellow et al., 2004).

In this connection, we can say that managing knowledge effectively can greatly help an organization to have success in building better customer relationship, resulting in a positive impact on organization performance (Abdulateef et al., 2010; Akroush et al., 2011; Sin et al., 2005; Yim et al 2005). We have to take into our account that the success of relationship management is heavily dependent on collecting and analyzing customers' information, as such information used for developing highly personalized offerings (Sigala, 2005).

In fact, it is necessary for organizations to remain competitive, and this aim cannot achieve unless they enjoy wide knowledge about their market, explore and make use of their existing knowledge about their customers. Hence, Lo et al., (2010) recommend investigating the impact of knowledge management dimension.

In this case researchers state that there is limited research that explains the role of knowledge management in the hospitality context (Hallin and Marnburg, 2008; Shaw and William, 2009). Meanwhile, hotels that enjoy a lot of customer's knowledge disseminated among their different departments are more likely to implement successful marketing activities for meeting their customer needs (Noble and Mokwa, 1999). Moreover, Fan and Ku (2010) indicate that customer

knowledge management is firmly associated with marketing capabilities and it greatly enables organizations to take strategic managerial decisions for improving their performance

Technology-based CRM

Dutu and Halmajan (2011) are of the opinion that CRM strategy will end in failure if the information technology not used properly.

Thus, the suitable use of technology in marketing is one of the greatest opportunities in service industry, because of the fact that it is important to get the right information from the right people at the right time.

So that the right decisions can be made and /or the services can be rendered (Dev and Olsen, 2000; Moriarty-Jones et al, 2008).

In support with that view, Kasim and Minai (2009) find out that CRM technology dimension is firmly related to hotel performance, because hotels need to use information technology for improving their performance .In this regard, new technologies are considered as the core drivers for change (Minghetti, 2003).

Furthermore, several studies, made about the impact of information technology on organization performance report similar findings about the positive role of information technology in CRM strategy. In other words, these studies revealed that many customer-centric strategies cannot achieve their goals, without the help of information technology (Sigala, 2005; Ozgener and Iraz, 2006; Eid, 2007, Sin et al., 2005; Abdullateef, 2010; Yeh et al., 2010).

2.4 Benefits of CRM

Today, customer is a source of information, which is necessary for implementation of marketing strategy. According to changes in market place and active participation of customers in communicating marketing activities, Relationship Marketing becomes important.

Early CRM researchers had hypothesized that CRM`s benefits varied by industry as the processes and technologies associated with CRM were tailored to specific industry structures (Rust, Lemon, Zeithaml, 2001). However, findings in a recent cross cultural, multi-industry study of CRM done by Reinartz et al. (2004) support the notion that desired CRM benefits do not

vary greatly across industries or countries, as had earlier been thought. This later finding lends support to the idea that core benefits associated with CRM initiatives exist across contexts. The identified seven core benefits were;

  1) improved ability to target profitable customers;

  2) integrated offerings across channels;

  3) Improved sales force efficiency and effectiveness;

  4) individualized marketing messages;

  5) customized products and services;

  6) Improved customer service efficiency and effectiveness; and

  7) improved pricing.

2.5 CRM & the service sector

Berry (1983) was the first who uses the term relationship marketing in services sector. Since then over the last three decades a considerable volume of literature, conference papers, working paper series in this areas were published

According to researchers, the extent of CRM benefits to an organization will vary depending on the nature of the business concerned.

They are likely to be more substantial in the case of any organization that has some or all of the following characteristics, frequent customer interactions and purchases, high cross selling potential, perceived risks and involvement, and profitability

(Kumar 2006, Buttle, 2004; Hansotia, 2002)

Thus service firms especially financial organizations and telecommunications are regarded as companies that most likely to benefit from CRM implementation due to the fact that they collect and accumulate a lot data on each customer (Bose, 2002)

2.5.1 CRM in the Banking Industry

Today, many businesses such as banks, insurance companies and other service providers realizes the importance of customer relationship management and its potential to help them acquire new customers, retain the existing ones and their life time value. CRM is a business strategy of identifying the banks most profitable customer and prospects, and devotes time and attention to

expanding account relationships with those customers through individualized marketing, reprising, discretionary decision-making and customized service all delivered through the various sales channels that the bank uses. In the words of Joyner (2002) as quoted by Pokharel (2011) states that, the banking industry is facing an ever increasing level of competition around the world as the

Dynamics of the business change. Technology, commoditization, deregulation and globalization forever change the face of the bank. Banks have understood the need to capitalize on the new technologies to gain advantage in the competition by exploiting their customer base, brand value and costly infrastructure investments in order to increase profits, as there is a direct link between the customer satisfaction and the profitability.

2.5.2 Banking in Ethiopia

Banking in Ethiopia started in 1905, with the establishment of the Bank of Abyssinia that owned by the Ethiopian government in partnership with the National Bank of Egypt then under British rule. Nevertheless, a well structure banking system started to evolve starting the 1940s-after the Italian departure. A government owned bank-the State Bank of Ethiopia established in 1942 and a number of foreign bank branches and a private bank were operating in competition with the government owned commercial bank until they nationalized and merged into one government owned mono-bank in 1976. The competitive banking situation that started to flourish during the 1960s and 1974s nipped in the bud by the command system that reign over the 1974-1991 periods.

Following the change of government in 1991, and the subsequent measures taken to liberalize and reorient the economy towards a system of economy based on commercial considerations, the financial market was deregulated. A proclamation number 84/94 was issued out to effect the deregulation and liberalization of the financial sector, and a number of private banks and insurance companies were established following the proclamation. Directives issued in subsequent years further deepen the liberalization mainly including the gradual liberalizations of the interest rate, foreign exchange determination, money market operation, etc. In the year 2013/14, there were 16 private banks operating along with three public banks, namely the Commercial Bank of Ethiopia, the Construction and Business Bank, and the Development Bank

of Ethiopia. Other financial institutions operating in the economy includes 17 insurance companies, one pension fund and about 31 Micro Finance Institutions with a business focus mainly in the rural areas but in reality concentrated in urban area. The Development Bank of Ethiopia (DBE) is a specialized bank in project financing and is not a deposit taking institution (NBE, 2013/14).

Generally, public banks dominate the financial industry in Ethiopia. The Commercial Bank of Ethiopia (CBE), the largest bank in the industry, accounts 38.8% of the branch networks, over 53.3% of the outstanding loans and mobilizes about 66.4% of the deposits of the commercial banks (NBE, 2014). However, the progress observed by the private banks in the last ten years appears commendable. In terms of the fresh loans annually disbursed, the share of the private bank is at par with the public commercial banks. In addition, private banks also managed to capture more than half of the private sector commercial banks' loan customers (CBE, 2013/14).

2.6 CRM & PROFITABILITY

Profitability in the case of CRM is determined in the light of the lifetime value of the customer to the organization, taking account the income and expenses associated with each customer and their respective transactions over time (Gordon, 1998). Profitability is fundamental to provide the necessary funds to keep the business growing. Customer profitability reflects the financial performance of customers with respect to all the costs associated with a transaction (Gordon, 1998).

2.6.1The effect of CRM on profitability

CRM has a strong effect on the profitability of an organization. If implemented properly it produces positive results n the other side improper management of CRM solutions results in downfall of an organization. Management of individual customer relations results in enhanced customer loyalty, thus increasing the profitability of an organization.

In financial services due to intense competition relationship strategies plays an important role in profit generation process. Peppers and Rogers, (2000), conducted a research and find out about the effect of CRM on the return on investment (ROI) of an organization in financial services. They found that firms with high CRM practices generate more profits than low CRM practices.

2.7 Conceptual Framework

The following conceptual framework was developing for this study. It shows the overall effect of independent variables, which are the CRM dimensions (These four dimensions are key customer focus, knowledge management, CRM organization and technology-based CRM) on the independent one, which is profitability.

Customer focus
Knowledge management
CRM organization
Technology-based CRM

PROFITABILITY
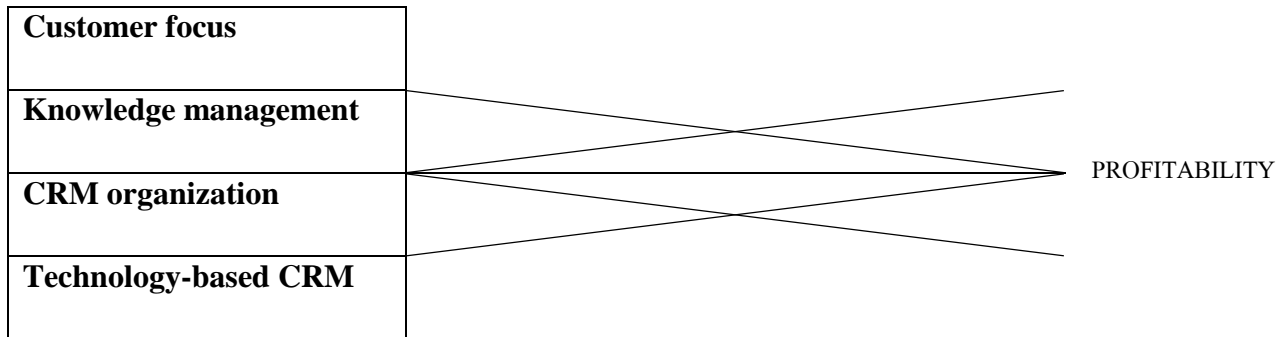
<div align="center">**CHAPTER THREE**</div>

<div align="center">**RESEARCH METHDOLOGY**</div>

3.0 INTRODUCTION

This chapter deals with the methodology of the study whereby the research design, sampling and sampling techniques, data collection instruments, data collection procedures and the method of data analysis are discussed

3.1 RESEARCH DESIGN

The study is descriptive in nature in that it collects data from one or more target groups, and analyzes it in order to describe the present condition. More specifically, a survey data on the four dimensions of the CRM collected both from the customers and from employees of CBE (Branch managers, Customer relationship managers, customer relationship officers and customer service managers) to determine the extent of CRM application in the Bank.

3.2 RESEARCH APPROACH

Both quantitative and qualitative approach was also used for the study which involved collecting and analyzing the data gathered in succession. The quantitative data will be collect first to find out management and staff commitment to CRM and the effect it would have on profitability in Commercial Bank of Ethiopia.

 The qualitative data collected and analyzed in the sequence to help explain or elaborate on the quantitative results obtained in the first phase.

3.3 DATA TYPES (SOURCES OF DATA)

In order to answer the objectives and research questions of this study there would be the need to get adequate information from various sources to help achieve the study objectives as well as research questions. Data therefore obtained from two sources namely, primary and secondary.

3.3.1 PRIMARY DATA

The main source that used for the collection of the primary data was the questionnaire Questionnaires administered to staff and customers of the bank personally by the researcher.

3.3.2 SECONDARY SOURCES

Secondary data obtained from relevant published and unpublished literature on CRM its application and other relevant materials

3.4 STUDY POPULATION

Population of a study defined as the elements or people studied and from whom data obtained (Keller and Warrack, 2003).

The target population of this study are staff and customers of Commercial Bank of Ethiopia, especially, (Sumale Tera, Theodros, Churchill and Mesalemia branches) and commercial credit, customer relationship managers also included

The staff population used for the study was 63 whilst the customers" population was 300 and this represented the average number of customers the bank serves within a day in the two branches.

For the purpose of this study, the hypotheses statements that attempted to test.

H1: There is no significant relationship between customer focus and organizational profitability

H2: There is no significant relationship between organizational efficiency and organizational profitability

H3: There is no significant relationship between knowledge management and organizational profitability

H4: There is no significant relationship between technology and organizational profitability

3.5 SAMPLING AND SAMPLING PROCEDURES

The sample size selected for the staff of Commercial Bank of Ethiopia from four branches 63 for those of who are directly communicating the customers who are the users of our credit service these employees are in the management position which are customer relation officer's, branch manager's & customer service managers. The questionnaires distributed to four branches of 300 customers daily which are made up of 100 each for Theodros and Mesalemia and 100 from Sumale Tera & Churchill Avenue branches respectively.

purposeful random sampling method was used to select customers and this will done by putting the entire population into three main subgroups (stratum) that is Premium, Business and mass customer was randomly selected from each group. Based on the customer classification   the bank shall classify its customers based on the following two dimensions;

A) Economic Ownership Dimension

B) Volume and value of transaction

The population of the study encompasses all employees and customers of the Commercial Bank of Ethiopia found at the vicinity of Addis Ababa. As it is impractical to asses all branches of CBE found in Addis Ababa, a purposeful sampling is found to be the most appropriate for this case study approach, because 'information- rich' cases can be selected so as to learn much about the issues that are important to the study(Patton, M. Q, 1990).

To do so, the branches in Addis Ababa were categorized into sub-groups per the Bank`s branch grading system. This grading system categorizes branches from Grade I to Grade IV based on volume of transaction, variety of services provided, site location, amenities and staff strength, cash holding limits and other similar considerations.

After the identification of the specific number of branches in each group, the sample drawn from the lower to higher-grade branches (Grade IV).

Focusing on in Grade I - IV branches believed to provide the necessary data for the study the overall structural platform across branches in the CBE is uniform as the procedural manuals designed for the processing unit dictate it. Moreover, the use of higher-grade branches is presume to enable access to multiple portfolios of customers and employees of the Bank as the

branch rating criteria enable the identification of branches where it provides diversified services that involve huge volume of transactions.

Accordingly, among the Grade I up to IV branches only four of them (Theodros Square, Mesalemia, Sumale Tera & Churchill Avenue) were included in this study to enable undertaking a focused inquiry within the scheduled time. Furthermore, as the credit processing team of the Bank for branches in Addis Ababa is located solely in the head office, the credit customers and the respective customer relationship employees of this section is also included in the sample.

Overall, 63 employees that work in the customer relationship management areas of the four branches and in the head office and 300 customers of CBE having a business relationship with one of the branches were included in the sample. The number of customers in each branch was deriving from the management information system (MIS) of the Bank as depicted in Table 3.1 below.

According to Miaoulis and Michener, (1976), in addition to the purpose of the study and population size, three criteria usually will need to specify to determine the appropriate sample size: the level of precision, the level of confidence or risk, and the degree of variability in the attributes measured. The level of precision, sometimes called sampling error, is the range in which the true value of the population estimated to be. This range often expressed in percentage points, (e.g., ±5 percent). The key idea encompassed in level of confidence is that when a population is repeatedly sample the average value of the attribute obtained by those samples is equal to the true population value and the degree of variability in the attributes being measured shows the distribution of attributes in the population. Based on this premises, the writers have devised strategies to determine sample size for different number of populations. Accordingly, for a population that is more than 100,000 at the confidence level of 95% and precision level of $\pm$ 7% the number of responses that should be obtain shall count up to 205. Using the same analogy, in these study 300 questionnaires distributed to meet up to the required level of number of responses from customers of CBE.

While employee questionnaires distributed to all of the customer relationship area employees of the four branches and Head office as well.

Table 3.1 Customer distribution of the four Branches of CBE

Name of Branch	Current Account Customers	Saving Account Customers	Time deposit customers	Credit Service Customers	**Total**
Theodros Square	10700	14415	-	807	**25115**
Sumale Tera	506	16194	1	12	**16700**
Churchill Avenue	56	1021	-	1	**1077**
Mesalemia	94	3750	-	5	**3844**
Grand Total	11356	35380	1	825	**46736**

3.5.1 Volume and value of Transaction

The Bank shall classify the customers in to the following three broad customer segments according to their value;

i. Retail /consumer/customers -

ii. Business customer

iii. Premium customers

3.5.2 Economic Ownership Dimension

The Bank shall have four broad classifications by economic ownership namely: Private, Government, Public, and Associations.

However, for the purpose and issue of the project work with related to CRM focus on volume and value of transaction and in particular the premium customers.

3.6 DATA COLLECTION

First of all the questionnaires, which are prepared for this research work, derived from related literatures and its validity duly assessed by academicians

In order to answer the objectives and research questions of this study there was the need to get adequate information from respondents. Therefore, questionnaires administered to customers and staff of Commercial Bank of Ethiopia.

The questionnaire developed by Saeed (2011) and Das *et al*. (2009) adopted to undertake this study, which contains statements that are specifically designed to measure CRM practices of firms in relation to the four behavioral dimensions of CRM − Key Customer focus, CRM organization, Knowledge Management and Technology-based CRM as proposed by Sin, et al., (2004).

The questionnaires were composed of two sections. The first section contained questionnaire items on five point Liket Scale to assess the CRM practices of CBE while the second section collected data on the profile of respondents.

The Structured questionnaires used to solicit primary data from employees and customers of the Bank. Questionnaires distributed for customers labelled as "customer questionnaire" while those distributed for employees "employee questionnaire" (Sadek et al., 2011) to avoid mix ups of responded questionnaires during data collection.

As secondary sources of data published journal articles, publications, books, websites and others used as found appropriate to solidify the premises of the study.

3.7 Data Collection Procedures

Data collected mainly from survey through questionnaires. The 'employee questionnaire' was given to the concerned Branch Managers/directors accompanied by the inter-departmental memo requesting cooperation from the branches concerned. Consequently, the Branch Managers/directors further distributed them to the employees under their domain. Since the Customer Relationship Managers/Officers are the one with which customers are frequently

engaged, the 'customer questionnaires' were given to them who further distribute it to the customers and receive the responses thereby.

Accordingly, 63 employee questionnaires and 300 customer questionnaires were given to the respective Branch Managers or customer relationship managers/officers of the four branches and head office. This yields 92.06% response rate for employee questionnaires and 69.3% response rate for customer's questionnaire

3.7.1 INSTRUMENTATION

Questionnaire as the instrument of choice in this study and was originally developed by Parasuraman, Berry and Zeithahaml (1985).

3.8 Data analysis

The survey is designed to solicit to what degree the CBE has applied the four dimensions of the CRM, the data was analyzed using the Statistical Package for Social Science (SPSS) version 24 software using tables and other descriptive statistics (Mean, standard deviation, t-test and Z-score) as found appropriate. This software has been widely used by researchers as a data analysis technique (Zikmund, 2003).

The analysis to address the research questions done by first calculating the mean score for each dimension in the respective respondent groups and consequently confirms the result using t-test statistics.

Based on the results of this score the achievement of CBE in each dimension is rank for the respective employee and customer respondent groups. Lastly, the overall mean score of CRM as perceived by employees is compare with that of customer perception mean score of CRM using Z-score. Finally, CRM dimensions that score above the simple average of the scale points i.e. 3.00 are considered to show CBE`s practice of the same to be high while those scores below this point shows CBE`s practice of the dimensions to be low.

The completed questionnaires checked for completeness and accuracy. The responses quantified and coded using Statistical Package for Social Sciences (SPSS) version 24 this statistical package used in converting the frequencies of the responses into percentages for easy understanding and comparison. Data analyses presented in a manner to answer the research questions

3.7.1 Reliability and Validity

The CRM best practices scale comprises best practices that are limited to the domain of CRM as explained by well- known researchers such as Parvatiyar and Sheth, (2001); Jackson,1985; Sin *et al.*,2005, each of which is different from any other. Since the statements have been generated from an extensive review of academic and practitioner`s literatures, it is assumed that the construct validity was hold.

CHAPTER FOUR

ANALYSIS AND INTERPRETATION

In this chapter, the collected data from the employees and customers of the four branches of CBE are summarized and analyzed in order to realize the ultimate objective of the study accordingly the demographic profile of the two respondent groups and the level of CRM practice of CBE as perceived by its employees and customers are discussed. At last, summary of the findings are presented

4.1 BACKGROUND OF THE RESPONDENTS

4.1.1 Employee & Customer Respondents

Table 4.1.1 & 4.1.2 presents the summarized characteristics of respondents of the 'Employee & customers questionnaire that are mainly involved in customer relationship management activities of CBE. The male respondents constitute the largest share of the gender composition by both respondents representing 56.9% & 69.3% of the respondents while 43.1% & 30.7% were female respondents for employees & customers respectively This implies that the bank provide more opportunities for male candidates in the time of recruitment. In addition to that most of the bank customers were male this implies that the bank aggressively work to gain more entrepreneur women's in order to maximize and achieve its resource mobilization strategy beyond the early introduced women's saving account to balance the gender gap between the respondents.

Table 4.1.1 Background Characteristics of the 'Employee questionnaire' respondents

Variable	Categories	Frequency	Percent
	Male	33	56.9
Gender	Female	25	43.1
	Total	**58**	**100**
	Diploma	0	0
Educational level	Degree	44	75.9
	Masters	14	24.1
	PhD	0	0
	Total	**58**	**100**
	Branch manager	6	10.3
	Customer service Manager	15	25.9
	Customer Relationship Officer	12	20.7
Job Title	Customer relationship Manager- Business & Corporate Customers	8	13.8
	Customer relationship Manager- Commercial Customers	17	29.3
	Total	**58**	**100**
	1-3 Years	2	3.4
	4-10 Years	8	13.8
Job Experience	11-20 Years	42	72.4
	More than 20 years	3	10.3
	Total	**58**	**100**

Source: survey result, 2017

Table 4.1.2 Background Characteristics of the 'customer questionnaire' respondents

Variable	Categories	Frequency	Percent
Gender	Male	142	69.3
	Female	63	30.7
	Total	**205**	**100**
Purpose used (usage)	Personal	16	7.8
	Business	54	26.3
	Both	135	65.9
	Total	**205**	**100**
Service used*	Saving Account	158	77.1
	Current account	197	96.1
	Credit Services	80	39
	Automatic Teller Machine (ATM)	167	81.5
	Money Transfer	77	37.6
	Credit Card Service	0	0
Length of relationship with CBE(CLV)	1-3 Years	27	13.2
	4-10 Years	103	50.2
	More than 10 Years	75	36.6
	Total	**205**	**100**

Source:- survey result, 2017.   *Service used by the customer may be more the one service

In terms of educational level, 44 respondents (75.9%) were first-degree holders and 14 respondents (24.1%) were MA holders this implies that the respondents understand what is required for the project work in order to acquire genuine data from respondents about the dimensions of CRM in commercial bank of Ethiopia.

In overall parameters, 15 customer service managers and 12 customer relationship officers were involved in the study 25.9% & 20.7% respectively.

While the customer relationship managers of commercial credit customers constitute the largest share (29.3%) followed by the business and corporate customers relationship managers and branch managers that represent 13.8% and 10.3% of the respondents respectively.

This implies that almost over 75% of the respondents were considered as asset for the project work due to the nature of work these employees directly communicated with the target customers frequently so that will gives us genuine data about our project.

Finally, the respondent distribution shows that nearly 82.7% of the respondents were highly experienced in the banking sector that means they are in the industry for more than 11 years.

This implies that these employees provides valuable response for this project work because they clearly understand and have sufficient knowledge what was going on in the bank with related to CRM dimensions at the past and the current scenario the can easily compare & contrast the trend this is an advantage for the researcher.

Accordingly, the employees with job experience of less than 20 years but greater than 11 years take the lion share of the respondents that is 72.41% while those who are less experienced in the business arena constitute 3.4% of the respondent's profile.

This implies that the bank endowed with senior employees which are acquiring the best knowledge with related to the banking industry so the data which are collected from these employees were knowledge based and their experience helps them to identified the bank weakness rather than the junior employees which constitutes 3.4%.

Concerning the purpose for which the customers use the services rendered by CBE, majority of the respondents found to be using the services for both personal consumption and business

purposes. This implies that the respondent profile is pervasive enough to explore CBE`s level of CRM practices as customer`s perception represent assessments made from both angles.

Moreover customers that use CBE`s services for personal consumption constituting 7.8% and those that use it for business purposes representing 26.3% of the respondents were also included in the study.

 so the project work merely focuses on the customers which are categorized on business sector rather than government employees and other related sectors this will gives us a clear indication to assess the CRM practices in CBE.

As to the services that used in CBE, current account/Cheque account/ users take the lion share followed by saving account users comprising 96.1% and 77.1% of the respondents, respectively. Of the cheque account users 39% of them uses the credit service of the bank as well. Thus, it is of a significant contribution to the output of the study since credit service customers are found to be the major contributors for the Bank`s profitability. Other service users constitute 39%, 81.5%, 37.6% and 0% of the respondents profile for credit service, Automatic Teller Machine, Money transfer and credit card service customers, respectively. This implies that the bank customers using variety of product and services which rendered by the bank so this will motivate the bank to expand and promote new products and services in order to retain its existing customers and to take the market share

For the inquiry regarding the length of relationship with the Bank either for personal consumption or business purpose, most of the respondents were found to be using CBE`s services for years that range from 4-10 but those with the least number of years relationship with the Bank represent only 13.2 % of the respondents. Hence, this is believed to substantiate the outcome of the study in revealing the perception of those customers that are in a position to compare and contrast CBE`s service endeavours since they have experience in CBE both before and after the adoption of the CRM practices.

Descriptive statistics

In this section, respondents answer present in the form of table. The tables contain mean and standard deviation of their response, Mean value provides the idea about the central tendency of the values of a variable. Standard deviation is to give the idea about the dispersion of the values of a variable from its mean value.

All of the variables were measured using five point Likert scale (1strongly Disagree; to 5 strongly Agree). The interpretations of the Likert scale results are: scores of 1 to 2.32 indicate low level, Scores of 2.33 to 3.65 indicate medium level, and scores of 3.66 to 5 indicate high level (Alhakimi and Alhariry, 2014).

4.2 Level of Practice of the Components of CRM in CBE

The main objective of the study is to determine to what extent CBE practice CRM as measured by the four behavioral dimensions. To do so, both employees and customers of CBE were asked to rate the level of CRM practices on a Likert scale of 1 through 5. The questionnaires distinguished based on the heading given for each of them either "employee questionnaire" or "customer questionnaire".

In the following section the data collected is analyzed in two sections, devoted for each group of respondents, so as to explore their perception as to CBE`s extent of deploying the four dimensions of the CRM in particular and CRM in general.

4.2.1 Level of CRM practice – Employee`s & Customers perception

The data was collected to solicit the perception of employees that work under the title of customer relationship manager, customer relationship officer, customer service manager and branch manager as to CBE`s level of CRM practice measured using the four behavioral dimensions therein.

Accordingly, the resultant outputs shown in table 4.2.1.1 & 4.2.2.1 where the effect the effect of customer relationship management (CRM) on the profitability of commercial bank of Ethiopia - A Case Study of selected city branches demonstrated by the mean score achieved by each dimension under consideration.

Table 4.2.1.1 Level of practice of the dimensions of CRM - Employee`s Perception

Behavioral component	N	Mean Score	Standard deviation	Rank
Key customer Focus	58	**3.101**	**1.228393**	3
CRM organization	58	**3.005**	**1.358464**	4
Knowledge Management	58	**3.145**	**1.183402**	2
Technology Based CRM	58	**3.775**	**1.1614**	1

Source: SPSS data analysis output, 2017

Accordingly, table 4.2.2.1 shows the summary of the data collected from customers of the surveyed branches.

Table 4.2.2.1 Level of practice of the dimensions of CRM- Customer`s Perception

Behavioral component	N	Mean Score	Standard deviation	Rank
Key customer Focus	205	**2.8947**	**1.092268**	2
CRM organization	205	**3.1768**	**1.1231**	1
Knowledge Management	205	**2.6104**	**1.114457**	4
Technology Based CRM	205	**2.655**	**1.102941**	3

Source: Survey result, 2017

As clearly seen from the tables above, the technology-based CRM dimension has the highest mean score for employee's respondents and CRM organization dimension for customers when we compared to the other three dimensions standing first in the group followed by the knowledge management dimension and key customer focus dimensions of CRM. On the contrary, the CRM organization dimension achieved the least mean score for employees, which evidently puts it in the fourth order rank among the group but the first for customer respondents. While it is of at the lowest performance level in the customer Focus, Knowledge Management CRM deployment Technology Based aspects for customers hence, its employees perceive CBE as a company that is highly organized

Around Technology Based CRM while its performance is perceive to be unsatisfactory regarding CRM organization as compared to the other dimensions used to assess the application of CRM as a whole but the customers denied about CRM organization dimension but the bank must work hard in order to improve the knowledge management dimension in the opinion of its customers.

4.2.1.1 Key Customer Focus

The collected data used to assess the extent to which the employees, working in Customer relationship management areas, perceive CBE as focused on key customers and the customers which are longtime relationship with the bank. The manifestations of key customer focus dimension of the CRM are included in the items that used to measure the same and what customers perceive CBE as a bank that endeavour to meet the needs of its most valuable customers by providing customized products that are in agreement with their prevailing requirements

Among these, the provision of customized services determination of constantly delight those customers and using the relationship-pricing concept in pricing our different products/services achieved the highest & lowest mean respectively

CBE works with reputable business organization to provide increased value to its customers for customers achieved the highest mean. And CBE set a differential pricing for its products based on the extent of relationship with its customers scores lowest this implies that the bank must be careful with related to pricing issues in order to retain its customers in the banking industry pricing is a very sensitive issue.

As can be seen from the table below, the output of the sample statistics reveal that the highest mean was recorded for CBE`s effort to CBE works with reputable business organization to

provide increased value to its customers. 4.5902 while setting a differential pricing scheme has been found to be latent in the CBE`s relationship building practices with the least mean score of 1.3220

Table 4.2.2 One-Sample Statistics - Key customer focus			
Key Customer Focus Dimension items	N	Mean	Std. Deviation
CBE works with reputable business organization to provide increased value to its customers.	205	4.5902	0.0690
CBE set a differential pricing for its products based on the extent of relationship with its customers	205	1.3220	0.0490

Source: SPSS data analysis output, 2017

In the meantime, to compare the results of the independent variables sample statistics a t-test was also conducted using the same software showing a totally conformity with the one-sample statistics output.

As shown in the table above, the highest level of agreement with mean value of 4.15 is recorded for the Bank`s provision of customized services and products to its key customer while the use of relationship based pricing item scored the least mean figure. At glance, one can observe that all of the mean scores are above the simple average of the scale, which is 3, except for this particular item. Moreover, even among these items that are medium the simple average of the scale three of them are still below the overall average mean score. Hence, it is confident to say that CBE is a bank that provides a customized product and service for its key customers striving to strength the emotional bond with the same by wishing them on important occasions and doing cross selling as well. Yet, its performance as to the application of relationship-based pricing is at slack in this particular dimension of CRM.

Accordingly, the below t-test results the sample statistics results whereby the highest mean score registered for the provision of customized products and services is match with the highest t-score

of 37.04 but overall view with related to customer focus is not well developed and the same is applicable for all of the other items under consideration.

This implies that whenever the bank provides customized services & products to its key customers the customers will be satisfied so the customer retention will be good at this point, the bank profitability depends on these key customers so this dimension must give a huge attention & must be a focal point and addressed in better for the future.

Table – 4.2.2.1 T-test on key customer focus

| | Test Value = 0 | | | | | |
| | | | | | 95% Confidence Interval of the Difference | |
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
The Bank provides customized services & products to its key customers	37.040	57	.000	4.15517	3.9305	4.3798
we strive to constantly surprise & delight our key customers	13.721	57	.000	2.55172	2.1793	2.9241
We strength the emotional bond with our key customers by wishing them on important occasions	21.562	57	.000	3.00000	2.7214	3.2786
We use the relationship pricing concept in pricing our different products/services	14.198	57	.000	2.50000	2.1474	2.8526
CBE works with reputable business organization to provide increased value to its customers.	15.482	57	.000	2.82759	2.4619	3.1933
We leverage the power of word of mouth by using Referral Marketing	26.954	57	.000	3.62069	3.3517	3.8897

programs						
We do cross selling of products/services to increase customer share.	15.529	57	.000	3.08621	2.6883	3.4842

Source: SPSS data analysis output, 2017

To compare the above test independent variable result a t-test conducted. Likewise the item CBE strength its emotional bond with its key customers by wishing them on important occasions has the highest t-score of 79.893 which corresponds the highest mean score of 4.5853 followed by CBE works with reputable business organization to provide increased value to its customers.

On the other hand, CBE uses referral marketing programs with the t-score of 66.446 and 42.3, respectively the lowest t-value (21.86) recorded for the least score that describes the customer focus dimension is the employees of CBE instigate customers to use various services of the Bank.

However, the overall mean for this particular dimension of customer focus is 3.1488 hence, indicating that the majority of respondents are towards medium level agreement with the statements specified in the study this implies that the bank must give a special attention for this dimension.

Table. 4.2.2.3 T-test on key customer focus						
	Test Value = 0					
Item			Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
	t	df			Lower	Upper
CBE strength its emotional bond with its key customers by wishing them on important occasions	79.893	204	.000	4.5853	4.4722	4.6985
The employees of CBE instigate customers to use various services of the Bank	21.861	204	.000	2.3365	2.1258	2.5473

Source: SPSS data analysis output, 2017

4.2.1.2 CRM organization

This dimension appraise the extent of CRM practice from organization wide perspectives where the top management strategic focus, the premises of making marketing decisions and human resource management and development aspects were assessed to do so.

The dimension is comprised of nine items responded on a five point Likert scale where the highest being strongly agree and the lowest representing strongly disagree. Accordingly, the sample statistics for each item is calculated and presented in table below. The table shows that having a variety of distribution channels/branches and the establishment and monitoring of customer centric performance standards at all customer contact points represent the highest and lowest mean figures, respectively as compared to the other items tested using the sample statistics.

Of the nine items, most of them have a mean score that is greater than the overall mean showing a relatively insignificant achievement in this particular dimension for employee respondents but moderate achievement for customer respondents. Thus, this implies that it is secure to say that except for the poor practice in establishing and monitoring customer centric performance standards across all customer contact points, CBE`s application of the CRM organization

dimension as perceived by its employees and customers is encouraging especially in providing customer convenience using a variety of distribution channels/branches.

The employees well trained in customer service practices have mean scores that are below 3.00 which is the simple mean of the scale representing an average level of CRM practices.

Therefore, the bank must do its best to make it brand its organization from the banking industry the dimension overall mean not significant but better from the rest three dimensions so the strategy must be revisit.

Table.4.2.2.4 Sample statistic – CRM organization	N	Mean	Std. Deviation
Our top management accepts and provides leadership for building & maintaining customer relationship as a major goal of the bank.	58	3.21	1.52
CBE commits time and resources in managing customer relationships.	58	3.19	1.43
Our systems are designed to make it easy for customers to do business with us	58	3.17	1.56
We provide increased customer convenience using a variety of distribution channels/branches	58	4.06	.97
We deliver a reliable customer experience across all customer contact points	58	3.03	1.1
Customer –centric performance standards are established and monitored at all customer contact points	58	2.41	1.36
CRM responsibilities of customer contact employees are clearly defined, assigned and understood	58	2.47	1.35
Our employee training programs are designed to develop the skills required for acquiring and deepening customer relationship	58	3.26	1.52
Our frontline employees are encouraged and empowered to positively exceed customer expectations.	58	2.24	1.39
Overall		**3.0044**	**1.3555**

Source: SPSS data analysis output, 2017

A t-test that compare the above CRM dimension the independent variable sample statistics was also conducted where the highest mean score for provision of increased customer convenience is confirmed by the highest t-test score of 4.06 and also the lowest t-test score confirm the lowest mean figure of 2.24. Thus, it is confident to say that the above sample statistics result is the true representation of CBE`s extent of CRM organization application as perceived by its employees working in the domain.

This implies that whenever the bank provides convenience service with variety of branches to its key customers the customers will be satisfied so the customer retention achieved and at the same time, additional new customers recruited besides significant amount of resources mobilized from the society.

Table:- 4.2.2.5 T-test on organizational dimensions

| | Test Value = 0 | | | | 95% Confidence Interval of the Difference | |
	T	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
OD1	16.078	57	.000	3.20690	2.8075	3.6063
OD2	16.961	57	.000	3.18966	2.8131	3.5662
OD3	15.512	57	.000	3.17241	2.7629	3.5819
OD4	31.919	57	.000	4.06897	3.8137	4.3242
OD5	20.864	57	.000	3.03448	2.7432	3.3257
OD6	13.476	57	.000	2.41379	2.0551	2.7725
OD7	13.872	57	.000	2.46552	2.1096	2.8214
OD8	16.239	57	.000	3.25862	2.8568	3.6604
OD9	12.253	57	.000	2.24138	1.8751	2.6077

Source: SPSS data analysis output, 2017

4.2.1.3 Knowledge Management

This dimension is concerned with adapting customer data into intelligence in order to understand customers need more preciously and provide products and services that are superior and

congruent with those needs. To assess employees perception as to the extent of knowledge management application in CBE`s CRM endeavours, ten items were used which were responded on five point Likert scale that goes from strongly disagree to strongly agree points. Based on the responded questionnaires a sample statistics calculated resulting in a mean and standard deviation score where the highest mean indicates a high level of agreement and the lowest signifying high level of disagreement. The below table shows the output of the sample statistics.

Table:- 4.2.2.6 sample Statistics knowledge Management

Item	N	Mean	Std.deviation
We take customer feedback seriously and reply to them	58	4.14	.96333
We have effective customer recovery strategies including guarantees for service failure	58	2.43	1.14113
Customer and employees feedback is taken using a variety of direct and indirect measures	58	3.37	1.05462
We broadcast to the employees the feedback given by our customers	58	2.86	1.31720
We use information from customers to design or improve our products products/services	58	2.19	1.19144
We analyze the causes of customer defection through exit interviews and lost customer surveys	58	2.26	1.13262
We do customer classification using customer Lifetime value or other related metrics	58	2.88	1.41518
We have a process in place to check and obtain customers 'permission to interact with them using various channels	58	3.74	1.19297
We have a well-developed privacy policy to ensure confidentiality of customers data	58	3.89	1.18009
We have a differential reward system that rewards customers based upon their profit/ revenue contribution.	58	3.69	1.24544
Overall		**3.145**	

Source: SPSS data analysis output, 2017

As one can observe from the above table, CBE take customer feedback seriously and reply to them the highest mean figure while the deficiency in using information from customers to design or improve our products, products/services resulting in the minimum mean score among the tested items. Of the remaining items CBE`s performance regarding the practice of analyzing the causes for customer defection is the least while CBE have a well-developed privacy policy to ensure confidentiality of customers data is with the  highest mean score among the items under consideration. Overall, CBE`s extent of applying the knowledge management dimension of CRM is satisfactory except for the five items where the mean is found to be below the simple scale average.

A t-test commonly used to determine whether the mean of a population significantly differs from a specified value also conducted for this dimension. As a result, the t-test has confirmed the sample statistics result by providing the highest t-test score of 32.713 for the highest mean score and the lowest t-test score of 13.996 for the corresponding item that has the least mean score. Thus, we can say that the mean scores achieved for each item tested represent the real knowledge management dimension in CBE.

Table:- 4.2.2.7 T-test on knowledge management

	Test Value = 0				95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
We take customer feedback seriously and reply to them	32.713	57	.000	4.137	3.88	4.39
We have effective customer recovery strategies including guarantees for service failure	16.224	57	.000	2.431	2.13	2.73
Customer and employees feedback is taken using a variety of direct and indirect measures	24.279	57	.000	3.362	3.08	3.63
We broadcast to the employees the feedback given by our customers	16.548	57	.000	2.862	2.51	3.21
We use information from customers to design or improve our products products/services	13.996	57	.000	2.189	1.88	2.50
We analyze the causes of customer defection through exit interviews and lost customer surveys	15.187	57	.000	2.259	1.96	2.56
We do customer classification using customer Lifetime value or other related metrics	15.495	57	.000	2.879	2.51	3.25
We have a process in place to check and obtain customers	23.885	57	.000	3.741	3.43	4.05

'permission to interact with them using various channels						
We have a well-developed privacy policy to ensure confidentiality of customers data	25.147	57	.000	3.896	3.59	4.21
We have a differential reward system that rewards customers based upon their profit/ revenue contribution.	22.562	57	.000	3.689	3.36	4.02

Source: SPSS data analysis output, 2017

Table:- 4.2.2.8- sample statistics – Knowledge Management

	N	Mean	Std. Deviation
Lost customer survey & exit interview	205	2.5512	.99684
classification based of customer lifetime value	205	3.3122	1.09370
provision of service failure guarantee	205	2.8293	.92626
taking customer feedback seriously and reply to them	205	2.3122	1.36126
use of customer feedback to design & improve its services	205	2.0293	1.25601
Well-developed privacy policy	205	1.8195	1.17223
Rewarding customers that contribute to its profitability	205	3.4195	.99489
Overall		**2.6104**	**1.1144**

Source: SPSS data analysis output, 2017

Thus, it is possible to say that customers perceive CBE as a bank that Rewarding customers that contribute to its profitability yet the practice of surveying lost customers with the aim to win back again is almost non-existent in the Bank and use of customer feedback to design & improve its services followed by the failure to give service breakdown guarantees. On the other hand, the practice of taking customers feedback used as an input for service enhancements of the bank are perceived to be practiced by CBE in a considerable manner

The overall mean for the perception of CRM dimension is 2.834 & 3.2565 for employees and customers respectively hence, indicating that the majority of respondents are towards below medium level agreement for employees & customer respondents with the statements specified in the study.

4.2.1.4 Technology-based CRM

Under this dimension, the extent of CRM practices is assess from technological capability perspectives i.e. whether or not CBE has the latest technology at hand to undertake CRM proficiently.

In soliciting the employees & customers perception of the extent of technology-based CRM practices of CBE, two items are used to be respond on a five point Liket scale where the highest point represent strongly agree and the lowest representing strongly disagree. Accordingly, a one-sample statistics is calculated where the overall mean is less than the simple average of the scale 3.00. Moreover, the item 'having an information system that is capable of providing comprehensive data about all aspects of customers ' scored a mean that is even below the total mean indicating CBE`s failure to do so. Yet, it is of a considerable achievement for the Bank in automating its marketing, sales and service functions.

Taken as a whole, one can say that the extent of the technology-based CRM in CBE as perceived by its employees is at the good stage.

This implies that the employees of CBE believes that the bank uses dynamic technology to serve its customers this will easily win the public confidence on the contrary the customer respondents does not believe as employees and this implies that the bank must address the technology which are using for CRM purposes and notify for its customers in order to work with them as expected and the bank must try its best to solve any inconveniences' with related to technology.

Table:- 4.2.2.9 one-sample statistics- Technology-based CRM

Item	N	Mean	Std. Deviation
Our bank uses technology to automate marketing, sales and service functions	58	4.12	1.01
Our information systems are designed to give comprehensive data about all aspects of our customers, so that we can be responsive to them	58	3.43	1.31
Overall		**3.775**	**1.16**

Source: SPSS data analysis output, 2017

A t-test that compare the above CRM dimension the independent variable sample statistics result a t-test also conducted as shown in table below. Clearly, the t-test confirm the above results where it is confident to appraise CBE`s extent of technology-based CRM using the one sample statistics results calculated above.

Table: - 4.2.2.10 T-test on technology-based CRM

	Test Value = 0				95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Our bank uses technology to automate marketing, sales and service functions	31.069	57	.000	4.120	3.86	4.39
Our information systems are designed to give comprehensive data about all aspects of our customers, so that we can be responsive to them	19.905	57	.000	3.43	3.09	3.78

Source: SPSS data analysis output, 2017

Table: - 4.2.3.1 Customer Relationship Management and Profitability – responds from staff Detail

Item	N	Mean	Std. Deviation
Customer relation is key to Commercial Bank of Ethiopia	58	4.82	.381
Commercial Bank of Ethiopia have procedures of handling customer complaints within the shortest possible time	58	4.48	.731
Customer retention issues are discussed by staff at meetings and appropriate motivation given	58	4.50	.777
Satisfied customers of Commercial Bank of Ethiopia are willing to sign on to other products	58	4.63	.583
Commercial Bank of Ethiopia is making profit	58	4.87	.378
Customers are treated with respect	58	4.43	.728
Overall		**4.621**	**.596**

Source: SPSS data analysis output, 2017

Profitability is a key for the sustainability of Commercial Bank of Ethiopia and in any business; as well so building strong customer relationship management plays a significant role for the success.

Most of the staff greatly agreed upon; with a mean of all factors more than 4.0 showed that there is a greater effort of management and staff of Commercial Bank of Ethiopia towards the improvement of customer relationship management with related to profitability. Commercial Bank of Ethiopia is making profit achieved greater mean score of 4.87 that is very clear and the bank resource mobilization strategy will be a platform for other private banks. In doing, so motivating employees to delight customers must be a policy in Commercial Bank of Ethiopia because Customers treated with respect was the only factor with a little bit disagreement, which is a mean of 4.43. All the other factors had no disagreement about customer relationship management and profitability.

Table:- 4.2.3.2 T-test on Customer Relationship Management and Profitability

	Test Value = 0				95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Customer relation is key to Commercial Bank of Ethiopia	96.488	57	.000	4.82759	4.7274	4.9278
Commercial Bank of Ethiopia have procedures of handling customer complaints within the shortest possible time	46.684	57	.000	4.48276	4.2905	4.6750
Customer retention issues are discussed by staff at meetings and appropriate motivation given	44.051	57	.000	4.50000	4.2954	4.7046
Satisfied customers of Commercial Bank of Ethiopia are willing to sign on to other products	60.550	57	.000	4.63793	4.4845	4.7913
Commercial Bank of Ethiopia is making profit	98.241	57	.000	4.87931	4.7799	4.9788
Customers are treated with respect	46.343	57	.000	4.43103	4.2396	4.6225

Source: SPSS data analysis output, 2017

4.3 Regression Analysis

Multiple Regressions is a statistical technique that allows us to predict some one's score on one variable based on their scores on several other variables. Then, the following assumptions test should be done (Pallant, 2005).

4.3.1 No or little multicolinearity

Multi co linearity used to describe correlation among independent variables. If there is high correlation between two or more predictor variables, may cause problems when trying to draw inferences about the relative contribution of each predictor variable to the success of the model (Pallant, 2005).Multicollinearity in this study was tested using variance Influence Factor (VIF) value and tolerance level. If tolerance value closed to 1 and VIF value is around 1 and not more than 10, it can be concluded that there is not multicollinearity between independent variable in the regression model (Pallant, 2005). In this case there is no multicollinearity.

Shows there is no multicollinearity.Employees

Coefficients[a]		Collinearity Statistics	
Model		Tolerance	VIF
1	Customer focus	.2306	3.8264
	Knowledge Management	.1796	9.1081
	Organization Dimension	.197	6.9311
	Technology	.2841	4.008
a. Dependent Variable: Profitability			

Shows there is no multicollinearity customers

Coefficients[a]

Model		Collinearity Statistics	
		Tolerance	VIF
1	Customer focus	.545	2.259
	Knowledge Management	.633	1.854
	Organization Dimension	.468	2.524
	Technology	.85	1.176

4.3.2 Homoscedasticity

Homoscedasticity is the variability in scores for variables of independent should be similar at all values of variable dependent. In order to ensure the fulfilment of this relationship between independent variable and dependent variable, the variance of dependent variable values must be equal at each value of independent variables (Hair, 2010). For a basic analysis, it is worth plotting ZRESID (Y-axis) against ZPRED (X-axis), because this plot is useful to determine whether the assumptions of random errors and Homoscedasticity have been met.

Decision rule: If there were certain variant, such as organize shaping dot (waves, fuse and narrow), therefore no Homoscedasticity happened. If there were not certain variant, and dots spreads above and below numbers in axis Y, then Homoscedasticity did happened (Pallant, 2005).The scatter plots show that there is homoscedasticity. Thus the assumption is reasonably supported in thus study.

4.3.3 No auto correlations

Regression analysis is based on uncorrelated error/ residual terms for any two or more observation (Kothari,2004).This assumptions is tasted for each regression procedure with the Durbin- Watson test, which test for correlations between variables residuals. The test statistic can vary between 0 and 4 with a value of 2 meaning that the residuals are uncorrelated (Field, 2009).A value greater than 2 indicates a negative correlation between adjacent residuals, where as a value below 2 indicates a positive correlation. As a rule, the residuals are independent (not correlated) if the Durbin – Watson statistic is approximately 2, and an acceptable range is 1.50 – 2.50 (Muluadam, 2015). In this study as shown in the below table the Durbin – Watson value was 2.353 & 2.252 which is close to 2,therefore it can be confirmed that the residuals are independent (not correlated) for employees & customers respectively.

4.4 Regression analysis and hypothesis testing

Multiple regression shows how much of the variance in the dependent variable can be explained by the independent variables. It also gives an indication of the relative contribution of each independent variable. Tests allow determining the statistical significant of the results, both in terms of the model itself , and the individual independent variables (Pallant, 2005).A multiple linear analysis was conducted to see the predictive power of CRM dimensions for the profitability of the bank by taking profitability as a dependent variable.

From the model summary in below Table, R-value is .841[a] & .661[a] indicates correlations of the CRM dimensions with the dependent variable (profitability) and the model exhibited an adjusted R square of .707, it indicated that 70.7 % & .43.7 % of the bank profitability was explained by the variation of the CRM dimensions according to employee & customer's respondents respectively.

The result of the regression illustrates that there is a strong associations between the CRM dimensions and profitability of the bank. The value of correlation coefficient between them is .841[a] & .661, which indicated significant positive correlations between the constructs for employee & customer's respondents respectively.

Table: Model Summary employee's perception

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.841	.707	.423	.44295	2.353
a. Predictors: (Constant), Technology, Customer Focus, Knowledge Management, Organization Dimension					
b. Dependent Variable: Profitability					

Source: Computation from survey data (2017)

Table:- Model Summary Customers opinion

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.661[a]	.437	.362	.52940	2.252
a. Predictors: (Constant), Technology, Customer Focus, Knowledge Management, Organizational Dimension					
b. Dependent Variable: Profitability					

Source: Computation from survey data (2017)

The second part of the output that the researcher interested in is the ANOVA summary table. For now, the important number is the significance in the right most columns. If that value is less than 0.05, we have a significant linear regression. If it is larger than 0.05, we do not.

The ANOVA summary table for the regression analysis is observed that the significant level is less than 0.05 ($p<0.05$) that illustrate we have a significant linear regressions.
The ANOVA result below shows the significant of the model as a whole and it lead to the concluded that the combined impact of the independent variables on profitability of the bank is significant.

Table:- ANOVA - The result of multiple regression analysis for employees

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.157	28	.756	2.417	.011b
	Residual	9.067	29	.313		
	Total	30.224	57			
a. Dependent Variable: Profitability						
b. Predictors: (Constant), Technology, Customer Focus, Knowledge Management, Organizational Dimension						

Source: Computation from survey data (2017)

Table:- ANOVA - The result of multiple regression analysis for customers

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.143	24	1.631	5.819	.000[b]
	Residual	50.447	180	.280		
	Total	89.590	204			
a. Dependent Variable: CRP6						
b. Predictors: (Constant), TEC1, OD1, CF1, KM1						

Source: Computation from survey data (2017)

In order to evaluating independent variables for employee & customer respondents, the table below illustrates which variables included in the model contributed to the prediction of the dependent variable and by how much to compare the different variables it is important to look at standardize coefficients.

Thus looking the standardized beta values and it possible to say that knowledge management with B= .0504 & .02254 makes the strongest contribution to explaining profitability of the bank, when the variance explained by all other variables in the model is controlled for Customer Focus B= -.1243 & 0450 Organization Dimension B=.2117 & -.0007 and Technology based CRM

B=.0604 &.-.0130 for employees & customers respectively contributes to the variation of the profitability of the bank in the given order. The Sig. column of below table used to identify which of these variables are making statistically significant contribution to the profitability of the bank.

Table:- Multiple regression result of the CRM dimensions and profitability

Coefficients								
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
Model		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.259	1.118		.231	.831		
	CF1	-.053	.104	-.1243	-.3714	.3973	.2306	3.8264
	OD1	.113	.119	.2117	.7927	.4447	.1796	9.1081
	KM1	.0412	.126	.0504	.2944	.3482	.197	6.9311
	TEC1	.0187	.098	.0604	.0895	.2505	.2841	4.008
a. Dependent Variable: Profitability								

Source: Computation from survey data (2017)

Table - Multiple regression result of the CRM dimensions and profitability Customers perception

Coefficients							
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
Model	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	3129	.682		4.585	.000		
CF	.033	.05264	.0450	.701	.375	.545	2.259
OD	.022	.04583	-.0007	-.045	.336	.633	1.854
KM	.008	.05261	.02254	.241	.376	.468	2.524
TEC	-.006	.03685	-.0130	-.217	.713	.850	1.176

a. Dependent Variable: Profitability

Source: Computation from survey data (2017)

The hypothesis test result based on standardized coefficient beta and P-value to test whether the hypothesis to reject or not reject. As shown from the above tables customer focus P-value is significant (P<0.05) and the beta value is negative (Beta =-.1243 & 0450) for employees & customers respectively, therefore the result is supported the initial hypothesis and organizational dimension (Beta =.2117 & -.0007) is significant and positive effect on the profitability of CBE. This is likely true for knowledge management, P-value is significant (P<0.05) the Beta value is positive (Beta = .0504 & .02254), therefore the result is supported the initial hypothesis and infers that knowledge management has a significant and positive effect on the profitability of CBE.

Regarding the technology based CRM dimension, P-value is significant (P>0.05) and the Beta value is positive (Beta =.0604 &.-.0130) therefore, the result supported the initial hypothesis and

infers that technology based CRM dimension has a significant and positive effect on the profitability of CBE.

The Sig. column of above table used to identify which of these variables are making statistically significant contribution to the performance of the bank.

To construct a regression equation we use the un-standardized coefficient values. This is where the actual prediction equation found. The regression equation for this research presented below.

$Y = a_1 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$

Where:

Y =Profitability

a =Constant value

ß=Beta

X_1= Customer Focus

X_2= Organizational Dimension

X_3 = Knowledge Management

X_4= Technology

e = error term

So equation comes out;

$Profitability = .259 + -.053X_1 + .113X_2 + .0412X_3 + .0187X_4$

To construct a regression equation we use the un-standardized coefficient values for customer respondents. This is where the actual prediction equation found. The regression equation for this research presented below.

$Y = a_1 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + e$

Where:

Y =Profitability

a =Constant value

ß=Beta

X_1= Customer Focus

X_2= Organizational Dimension

X_3 = Knowledge Management

X_4= Technology

e = error term

So equation comes out;

Profitability = $3129.033X_1+.022X_2+.008X_3+-.006X_4$

.

Regression analysis and hypothesis testing

Multiple regression shows how much of the variance in the dependent variable can be explained by the independent variables. It also gives an indication of the relative contribution of each independent variable. Tests allow determining the statistical significant of the results, both in terms of the model itself , and the individual independent variables (Pallant, 2005).A multiple linear analysis was conducted to see the predictive power of CRM dimensions for the profitability of the bank by taking profitability as a dependent variable.

From the model summary in the above Table, R-value is .841, & .661 for employees & customers respectively indicates correlations of the CRM dimensions with the dependent variable (profitability) and the model exhibited an adjusted R square of .423 & .362 for employees and customers respectively, it indicated that 42.3 % & 36.2 of the bank profitability was explained by the variation of the CRM dimensions.

Comparison b/n the perception of Employees and Customers

To substantiate the findings of the study a comparison of mean between the perception of employees and customers of CBE is undertaken. The comparison between the means using Z-score result calculated, at 5% level of significance, having a critical value of ± 1.96

In due course, the calculated Z-value is found to be 0.8295 for staff & 0.6275 for customers signifying the fact that there is significant difference between the perception of employees and customers of CBE as to the Bank`s level of CRM practice, derived from the extent of deploying the four behavioural dimensions and profitability aspects of the CRM.

DISCUSSION

The previous two sections presented in detail the extent of CRM dimensions with its effect of customer relationship management (CRM) on the profitability of Commercial Bank of Ethiopia - A Case Study of selected city branches as perceived by the employees and customers of the sampled branches. In this section, the finding from the two groups of respondents response presented in a summarized and informative manner.

Both respondent groups asked to assess CBE extent of CRM practice in a five point Likert scale where the extent of its effect of customer relationship management (CRM) on the profitability derived from the assessments made on the four behavioural dimensions and profitability aspects therein.

Accordingly, as it is depicted in table 4.2.1.1 and 4.2.2.1 in the previous section the resultant sample statistics for both groups of respondents shows that CBE`s level of performance in organization dimension of CRM

As to the knowledge management dimension, though the overall mean score for staff groups of respondents is significant from customer the mean score 3.145 for staff & 2.6104 for customers more over employees perceive CBE`s level of knowledge management practices greater favourably than the customers.

When we analyse the detail frequency of responses as to the level of agreement and disagreement a significant difference is found between the perception of the two groups in the item that assesses CBE`s practice of deploying a differential reward system for customers that contribute to its profitability. While the employees perceive CBE`s practices to be adequate and mean score is 3.689, while customers perceived it to be insufficient as compared to their contribution to the profitability of the Bank 3.41.

On the contrary, concerning the organizational dimension, the simple comparison between the two mean scores of the group reveal that customers perceive CBE`s level of performance on this dimension to be more favourable than the rest dimensions while employees perceive the performance to be less than that of knowledge management aspects. Still, employees perception as to CBE`s level of focus on key customers is higher in mean score when compared to that of

the customers mean score of 3.107 by staff and 3.0829 customers which is the expected result. Thus, the extent of deploying the key customer focus practices in CBE we can say that significant following the CRM organization dimension aspects of the Bank as perceived by its customers.

Eventually, since the four behavioural dimensions used to assess the extent to which CRM is practiced in CBE a cumulative mean score is calculated for each group of respondents resulting in 3.258 and 2.834 for employee and customer respondents, respectively.

At glance, it is evident that employees perception as to CBE`s level of CRM practices is in favourable than its customers and when we compare the statistics results of each dimensions for the two groups the same holds true where the mean score of each dimension for customers respondents are less than that of the employees in three dimensions.

Yet, a z-score is calculated that is used to determine whether or not there is significant difference b/n the perception of employees and customers of CBE as to the Bank`s level of CRM practice as a whole. In due course, the calculated Z-value found to be 0.8295 for staff & 0.6275 for customers signifying the fact that there is significant difference between the perception of employees and customers of CBE this deals with the employees response found to be that CRM dimensions more applicable than customer respondents do.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

Based on the findings presented in the previous chapter, this chapter provides the conclusions reached as to CBE`s Effect of Customer Relationship Management (CRM) on the Profitability and forward prospective measures that are aimed at moderating the prevailing deficiencies and further promote CRM practices of the Commercial Bank of Ethiopia.

5.1 Summary of Major finding

Demographic distribution of the respondents analyzed and the effect with the study variables discussed in detail. In addition the data gathered with related to the independent variables of the study which consisted on CRM dimensions such as customer focus, organizational dimensions, knowledge management, and technology based CRM which have an effect on the profitability of CBE were analyzed. Summary of the results is elaborated in the below points.

- The bank employees are dominated by male which implies that the bank give more chance for male candidates in the time of the recruitment.
- The researcher advice the bank to reconsider the gender balance it is good to give more opportunities for female candidate, it is better to balance the gender to combine their effort on increasing the profitability of the bank at the same time most of the respondents were male as well so the bank must revisit its strategy in order to fill the gender gap by providing new products in addition to women's saving account.
- The age distribution implies that the respondents are adult where are believed to have a great energy to the execution of the CRM dimensions on the profitability of the bank in the future.
- The majority of the respondents hold first degree and this fact implies that the sample selection of the research is appropriate for the research questions rely on the perspective of the employees to measure the effect of the CRM dimensions on profitability of the bank. Moreover, the data collected from respondents whose education qualification is fit to react to the questions and gives confidence to the research, as the data collected from such academic background is reliable.

- The data gathered on experience of the bank witness the appropriateness of the samples as well as validity of the data as majority of the respondents' acquire senior experience more than 11 years with related to the experience of the bank and those employees are able and qualified to respond on the effect of the CRM dimensions of the bank. In addition, the respondents are important targets to give reliable feedback on the research instrument and the study is dealing with.

- Additionally, in relations with the job title of the respondents the majority of the respondents are managerial levels. This gives confidence for the research that those employees have a big opportunity to confront with many actual and potential customers of the bank. As a reason of their exposure they can offer the appropriate feedback on the effectiveness of the CRM dimensions undertakings.

In the quantitative part, this section will also present the major findings of the study in line with the objective of the study.

- The first and the second objectives of the study were to investigate the significant effect of Examine the relationship between key customer focused and knowledge management in the profitability of Commercial Bank of Ethiopia this is given by the descriptive statistics of attitudes towards CRM dimensions & profitability with the following results of means score.

- The overall mean for the perception of customer focus is 3.101 & 2.89 for employees and customers respectively indicating that the majority of the respondents are towards below medium level agreements with the statements specified in the study.

- The overall mean for the perception of CRM organization 3.005 & 3.1768, for employees and customers respectively indicating that the majority of the respondents are towards medium level agreements with the statements specified in the study

- The overall mean for the perception of knowledge management is 3.14 & 2.61, for the employees and customers respectively indicating that the majority of the respondents are towards medium level agreements except the customers which is below the neutral scale with the statements specified in the study

- The overall mean for the perception of Technology Based CRM is 3.775 & 2.65, for the employees and customers respectively indicating that the majority employee respondents

are towards more than medium level agreements with the statements specified in the study but the customers below the medium.

As observed above all employee respondents had a medium agreement with the statements specified on the study but the researcher rank the respondent's agreement for the CRM dimensions based on their mean score. But the customer's respondents achieved below medium mean score except CRM organization dimension. Therefore Technology Based CRM got the first rank then Knowledge Management, Key customer Focus, and organizational dimension and organization dimension, while customer focus technology and knowledge management take the following rank for employees and customers respectively.

The third objective of the study was to evaluate customer relationship management with the view of how technology affects CBE profitability. Five hypotheses formulated to test this relationship. The multiple regressions conducted reveals that the four variables measuring CRM have positive effect on the performance of CBE. The results of the regression analysis are summary below.

- Customer focus has a positive effect on profitability of CBE with regression coefficient of -.1243 for employees and .0450 for customers respectively .The t significant test also confirm the significant effect of customer focus (P<0.05). However, since the significant level of correlation (0.149& 0.03) is lower & lower than the coefficient of error (0.05) for employee & customers respondents respectively, the hypotheses accepted with a 5% of study error. As a result, a significant relation exists between customer focus and organizational profitability. Hence, the bank has to revisit its strategy regarding the relationship between Customer focus and profitability of CBE.

  - *Thus, null hypothesis accepted.*

- Organizational dimension has a positive effect on profitability of CBE with (Beta =.0211) for employees and = 0.0007 for customers therefore, organizational dimension is significant & positive effect on the profitability of CBE. Since the t significant test exposes the significant of the coefficient that is (P<0.05).

- *Thus,* **null hypothesis accepted.**

- Knowledge management, has a positive effect on profitability of CBE Beta = .0504 and Beta =.02254 for customers has a positive effect on profitability of CBE for employees the correlation between two variables is 0.365 & 0.040 for employees & customer

respondents respectively indicates that relatively weak correlation. On the other hand, the significant correlation (0.005) is less than the coefficient of error (0.05). Therefore, the null hypothesis with 95% confidence (assuming no relation) rejected. Therefore, relation between the concentration and CRM is significant. Hence, the bank has to revisit its strategy regarding the relationship between Customer focus and profitability of CBE.

- *Thus,* **null hypothesis rejected.**
- Technology based CRM has a positive effect on profitability of CBE Beta = .0604 and Beta =-.0130), it is significant for customers has a negative effect on profitability of CBE for employees and it is accepted for employees and not accepted for customers the correlation between two variables is 0.055 & *0.079 for employees & customer respondents* that indicates relatively weak correlation. On the other hand, the significant correlation (0.005) is less than the coefficient of error (0.05). Therefore, the null hypothesis with 95% confidence (assuming no relation) rejected. Therefore, relation between the concentration and CRM is significant. Hence, the bank has to revisit its strategy regarding the relationship between Customer focus and profitability of CBE.
- *Thus,* **null hypothesis accepted.**

5.2 Conclusions

This study aimed to examine the Effect of Customer Relationship Management (CRM) on the Profitability of CBE with the CRM dimensions. In this regard, it concluded about how each dimension of customer relationship management impact on Profitability as stated below

- One of the research findings that concluded from the statistics provided above is that knowledge management is positively related to on the Profitability of CBE so the bank must be aggressive to excel this performance.

- The most important factor that can affect CRM dimensions is organizational dimensions compared with the other dimensions, as the statistics imply, organizational dimensions has a positive and significant effect on the Profitability of CBE

- On the other hand, the remaining CRM dimensions such as Technology based CRM, Organizational dimension and Customer focus of CBE they have a positive but insignificant effect on profitability of the bank.

5.3 Recommendations

Based on the conclusions drawn out of the finding, the following points are forwarded as recommendations so that CBE can revise or reconsider its CRM strategies in designing effective and efficient strategies by focusing on the CRM dimensions that has a significant contribution and by giving due attention for those which have insignificant contribution to boost the overall performance of the bank.

- In designing its CRM strategies, it is essential for CBE to focus and exert more effort on knowledge management and organizational dimension that effecting profitability significantly.

- CBE should pay more attention to the activities and means of organizational dimensions, by increasing more customer-oriented activities on its strategies to attract and retain actual and prospect customers, since the study results showed a weakness in this variable in influencing the profitability of the bank.

- Same as organizational dimensions the study results that customer focus and technology based CRM of CBE has a weakness on its effectiveness. As a result the bank should give due attention through holding specialized training courses to recognize the value and effectiveness of these activities, and there role in improving the bank profitability.

- Generally, CBE should create CRM strategies by integrating with the actual marketing practices and should increase the promotional activities, which is suitable for the banking industry and which use to get the majority of the customers towards increasing the bank profitability.

5.4 Limitations and directions for future researches

- All researches face with limitations, which also exist in this research. This research conducted on one single bank in the banking industry with its own characteristics. It is not clear to what extent the substantive results of this study could generalize to other industries. The second limitation concerned the independent dimensions. There are different factors that determine the profitability; nevertheless, the study conducted on only taken CRM dimensions. This study recommends that future study done on other companies. This would help for comparison purpose.

It is also possible to add additional independent variables that have an effect on profitability.

References

- Applied mathematics in Engineering, Management and Technology 3(3) 2015:401-411 www.amiemt-journal.com

- BASIC AND ADVANCED QUANTITATIVE DATA ANALYSIS USING SPSS Jabatan Pendaftar Latihan , MYCPD 2017 Jude Sondoh, Phd (SPE) Geoffrey H. Tanakinjal , Phd (SPKAL)

- Chen, I.J. and Popovich, K. (2003) "Understanding customer relationship management (CRM): People, process and technology", Business Process Management Journal, Vol. 9, No. 5, pp. 672–688.Corporate (2008) (http://www.sas.com/corporate/index.html: Accessed on 15/06/2008). Cyber Marketing Services (2000), The great debate justifying your investment in customer relationship manabnh&6gement solutions,

- Development of Financial Sector in Ethiopia: Literature Review Aderaw Gashayie1* Dr Manjit Singh PhD Research Fellow, School of Applied Management Studies, Punjabi University, Patiala, India Professor of Accounting and Finance, School of Applied Management Studies, Punjabi University, Patiala, India

- ETHIOPIA'S NEW FINANCIAL SECTOR AND ITS REGULATION

Tony Addison WIDER, UN University, Helsinki, Finland and Alemayehu Geda KIPPRA, Nairobi, Kenya April 2002

- http://www.crmxchange.com /sessions/ debates/ july99-transcript.html, Mooney, E. (2000) CRM is costly; not managing it even more costly, Radio Communication Report, April 17, 2000. M.H. (1997) "Determinants of organizational performance", Management decision, Vol. 35 No. Collis, J, and Hussey, R., 2003,

- Journal of Economics and Sustainable Development ISSN 2222-1700 (Paper) ISSN 2222-2855 (Online)

  - *International Journal of e-Education, e-Business, e-Management and e-Learning, Vol. 1, No. 1, April 2011*

  - *International Journal of Business and Social Science Vol. 2 No. 10; June 2011*

  - International Review of Management and Marketing Vol. 2, No. 4, 2012, pp.220-230 ISSN: 2146-4405 www.econjournals.com

- *Kuwait Chapter of Arabian Journal of Business and Management Review Vol. 2, No.1; Sep 2012* 59 FACTA UNIVERSITATIS Series: Economics and Organization Vol. 9, No 3, 2012, pp. 341 – 354

- Marko Laketa, Dusica Sanader, Luka Laketa, and Zvonimir Misic. 2015. Customer Relationship Management: Concept and Importance for Banking Sector *UTMS Journal of Economics* 6 (2): 241–254.

- Palgrave Macmillan Coltman, T. (2007), "Can superior CRM capabilities improve performance in banking", Journal of financial services marketing, Vol.12 No.2, pp. 102-114.S.K. (2006) "CRM as strategy: avoiding the pitfall of tactic", the marketing management journal, Vol. 16, No. 2, pp.147-154.

- Tellis, W. (1997), Application of a Case Study Methodology, The Qualitative Report,http://www.nova.edu/ssss/QR/QR3-3/tellis2.html: Accessed on 8/06/09.Thakur, R., Summey, J.H. and Balasubramanian,

- Thomas, J.S, Reinartz, W. and Kumar, V. (2004), "Getting the most out of all your customers", Harvard Business Review, July/August, pp. 116-23.

- Tuominen, M., Rajala, A. and Moller, K. (2004), "*Market-driving versus market driven: divergent roles of market orientation in business relationships*", IndustrialMarketing Management, Vol. 33 No. 3, pp. 207-17.

- Vekatramum, N and Ramanjuam, V. (1986) Measurement of business performance instrategic research: A comparison of approaches, Academy of management review,Vol. 11 No. 4, pp 801-814, Management decision, Vol. 35 No. 6, pp. 417-435.

Yin, R. (1994) Case Study Research: Design and Methods, 2nd Edition, BeverleyHills, CA: Sage Publications.

- Zonabend F. (1992), The monograph in European Ethnology, Current Sociology,Vol. 40, No. 1, pp.49-60 *usiness research methods,* Singapore: Thomson Learning.

- http://www.destinationcrm.com/Articles/CRM-News/Daily-News/Gartner-Outlines-
- www.combank.com

www.innovationpei.com/ebusiness.

- www.emeraldinsight.com/0265-2323.htm
- *WWW.managementstudy guide.com*

Appendix 1

Customers Questionnaire

ቅድስት ማርያም ዩኒቨርሲቲ የድህረ ምረቃ ትምህርት ቤት

የማርኬቲንግ ማኔጅመንት ትምህርት ክፍል

ውድ የጥናቱ ተሳታፊ ይህንን መጠይቅ ለመሙላት ፈቃደኛ ስለሆኑ ከልቤ አመሰግናለሁ:: ይህ መጠይቅ የተዘጋጀው የደንበኞች ግንኙነት አመራር ሁኔታን ለመገምገም ሲሆን ጥናቱ በባንክ ኢንዱስትሪው በተለይም በኢትዮጵያ ንግድ ባንክ ደንበኞች ላይ ያተኩራል::

በተጨማሪም በዚህ መጠይቅ የተሰበሰበው መረጃ ለትምህርታዊ አገልግሎት ብቻ እንድሚውል እየገለፅኩ ግላዊ መረጃዎችም በጥብቅ ለሚደረግ ምርምር ግብዓትነት ብቻ እንደሚውሉ ላረጋግጥልዎ እወዳለሁ::

ክፍል 1- የደንበኞች ግንኙነት አገልግሎትን በተመለከተ

ከዚህ በታች ለተዘረዘሩት መግለጫዎች የ√ ምልክት በማድረግ የሚመርጡትን ያመልከቱ::

መግለጫ	በጣም አልስማማም (1)	አልስማማም (2)	አስተያየት የለኝም (3)	እስማማለሁ (4)	በጣም እስማማለሁ (5)
1. ባንኩ ለተቀዳሚ ደንበኞቹ ከፍላጎታቸው ጋር የሚጣጣም አገልግሎት ይሰጣል:: 2. ባንኩ ተቀዳሚ ደንበኞቹን ለማርካት ሁልግዜ ይጥራል::					
3. ባንኩ በህዝባዊ በዓላት ለተቀዳሚ ደንበኞቹ የመልካም ምኞት መግለጫ ይሰጣል::					
4. ባንኩ ለሚሰጣቸው አገልግሎቶች					

ከደንበኛው ጋር ባለው የሥራ ግንኙነት መሠረት በስምምነት የተለያየ የአገልግሎት ዋጋ ያስቀምጣል።					
5. ባንኩ ለደንበኞች የላቀ አገልግሎት ለመስጠት ከሰ- ጥር ተቋማት ጋር በህብረት ይሰራል። 6. የባንኩ ሠራተኞች ደንበኞች የባንኩን የተለያዩ አገልግሎቶች እንዲጠቀሙ ያበረታታሉ።					
7. ባንኩ ለአገልግሎት መጃደል /መቁረጥ ዋስትና ይሰጣል። 8.ባንኩ የደንበኞቹን ቁጥር ለማሳደግ ደንበኞች ሌሎች ደንበኞችን እንዲያመጡ ተገቢውን ጥረት ያደርጋል።					
9.ባንኩ የደንበኞችን አስተያየት ተቀብሎ ተገቢውን ምላሽ ይሰጣል። 10.ባንኩ የደንበኞቹን አስተያየት እንደግብአት ተጠቅሞ የሚሰጠውን አገልግሎት ያሻሽላል፤ አዳዲስ አገልግሎቶችንም ያስተዋውቃል።					
11.የባንኩ አመራር ከደንበኞች ጋር መልካም ግንኙነት መገንባት አስፈላጊ እንደሆነ ያምናል፤ ለተግባራዊነቱም ይሰራል።					
12.ባንኩ ያለውን የገንዘብና የሰው ኃይል ተጠቅሞ ከደንበኞቹ ጋር መልካም ግንኙነትን ለመፍጠር ይጥራል። 13.የባንኩ አሰራር ቀልጣፋና ምቹ ነው። 14.ባንኩ ለደንበኞች ምቹ አገልግሎት ለመስጠት ተደራሽ የሆኑ ቅርጫፎች አሉት። 15.ባንኩ በሁሉም የባንክ አገልግሎት ዘርፎች አስተማማኝ አገልግሎት ይሰጣል።					
16.የባንኩ ሠራተኞች ደንበኛን ለማገልገል					

የስለጠኑና ብቁ ናቸው።					
17.የባንኩ ሠራተኞች ከተሰጣቸው ኃላፊነት በተጨማሪ በግል ተነሳሽነት ደንበኛውን የበለጠ ለማገልገል ይጥራሉ።					
18.ባንኩ የደንበኞቹን መረጃ በሚስጥር ይይዛል።					
19.ባንኩ ለትርፍማነቱ ከፍተኛ አስተዋፅዖ ላደረጉ ደንበኞች ሽልማት ይሰጣል።					
20.ባንኩ በዘመናዊ ቴክኖሎጂ የታገዘ አገልግሎት ይሰጣል።					
21.ባንኩ የደንበኞቹን መረጃ ሁሉን-ዓቀፍ በሆነ መልኩ ስለሚይዝ የደንበኞቹ ፍላጎት የበለጠ መረዳት ይችላል።					
22. ባንኩ ደንበኛነታቸውን ያቋረጡ ተቀዳሚ ደንበኞችን በማነጋገር ወደ ባንኩ እንዲመለሱ ጥረት ያደርጋል።					
23. የባንኩ የደንበኛ ግንኙነት ሠራተኞች ኃላፊነታቸውን በሚገባ ያውቃሉ።					
24. ባንኩ ለትረፋማነቱ በሚያበረክቱ አስተዋፆ መሰረት ደንበኞቹን በተለያዩ ክፍሎች በመመደብ አገልግሎት ይሰጣል።					

ክፍል 2 - መሠረታዊ መረጃዎች

የ√ ምልክት በማድረግ የሚመርጡትን ያመልከቱ።

1. *ያታ፤   ወንድ   ሴት*

2. የባንኩን አገልግሎት የሚጠቀሙ ት፤

      ለግል   ለንግድ ሥራ   ለሁለቱም

3. ከዚህ ባንክ ጋር በደንበኝነት ምን ያህል ዓመት ሥርተዋል?

   ≤3 ዓመት   4-10 ዓመት   ከ10 ዓመት በላይ

4. በባንኩ የሚጠቀሙ ት አገልግሎት፤ (ከአንድ በላይ ማመልከት ይችላሉ።

      የተቀማጭ ሂሳብ   ተንቀሳቃሽ ሂሳብ   የብድር አገልግሎት

      የሃዋላ አገልግሎት   ኤ.ቲ.ኤም   የክሬዲት ካርድ አገልግሎት

                      አመስግናለሁ!

Employee Questionnaire

Purpose of the questionnaire

The aim of the study is to investigate the employees of Commercial Bank of Ethiopia (CBE) to assess the Effect of Customer Relationship Management (CRM) on the Profitability of banking industry **-** for the partial-fulfilment of MA in Marketing Management from Saint Mary University graduate studies.

The responses are to kept confidential and will be used for academic purpose only. In addition, all personal data be treated collectively rather than on personal levels

Part A. General and Demographic Information

1. Please indicate your gender.

        Male   Female

2. Please indicate your highest level of education.

         Diploma   Degree

         MA   PhD

3. Please indicate your job title in the Bank.

        Branch Manager   Customer Service Manager

         Customer Relationship officer

        Customer Relationship Manager – Business and Corporate Customers

        Customer Relationship Manager – Commercial Customers

4. Please indicate your years of job experience in CBE.

1-3 years   11-20 years

4-10 years   >20 years

Part B. CRM Best Practices Scale

Please indicate the extent to which you agree/disagree with the following statements. Strongly Disagree carries the least weigh of 1 while Strongly Agree carries the highest weight of 5. Please put √ mark accordingly.

Key customer focus dimension		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
CF	1. My bank provides customized services and products to its key customers.					
CF	2. We strive to constantly surprise and delight our key customers.					
CF	3. We strengthen the emotional bonds with our key customers by wishing them on important occasions.					
CF	4. We use the concept of 'Relationship Pricing' in pricing our different products/ services.					
CF	5. We do Co-branding/Affinity partnering programs i.e. programs that associate the Bank with					

		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
	reputable organs to provide increased value to our customers					
CF	6. We leverage the power of word of mouth by using Referral Marketing programs i.e. marketing programs that make use of satisfied customers to promote the Bank for related others.					
CF	7. We do cross selling of products/ services to increase customer share. For example; instigate Current account customers to use the credit products of the bank and the like.					
CRM organization dimension		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
OD	1. Our top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the bank.					
OD	2. CBE commits time and resources in managing					

	customer relationships.				
OD	3. Our systems are designed to make it easy for customers to do business with us.				
OD	4. We provide increased customer convenience using a variety of distribution channels/branches.				
OD	5. We deliver a reliable customer experience across all customer contact points.				
OD	6. Customer-centric performance standards are established and monitored at all customer contact points.				
OD	7. CRM responsibilities of customer contact employees are clearly defined, assigned and understood.				
OD	8. Our employee training programs are designed to develop the skills required for acquiring and deepening customer relationships.				
OD	9. Our frontline employees are encouraged and empowered to positively exceed customer expectations.				

Knowledge Management Dimension	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
KM 1. We take customer feedback seriously and reply to them.					
KM 2. We have effective customer recovery strategies including guarantees for service failures.					
KM 3. Customer and employee feedback is taken using a variety of direct and indirect measures.					
KM 4. We broadcast to the employees the feedback given by our customers.					
KM 5. We use information from customers to design or improve our products or services.					
KM 6. We analyze the causes of customer defection through exit interviews and lost customer surveys with the aim to win back customers who have strong profit potential.					

		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
KM	7. We do customer classification using Customer Lifetime Value (CLV) / revenue contribution or other related metrics.					
KM	8. CBE has a process in place to check and obtain customers' permission to interact with them using various channels like telephone, internet etc.					
KM	9. We have a well-developed privacy policy to ensure confidentiality of data collected from customers.					
KM	10. We have a differential reward system that rewards customers based upon their profit/ revenue contribution.					
Technology-based CRM dimension		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
TEC	1. Our bank uses technology to automate marketing, sales, and service functions.					
TEC	2. Our information systems are designed to give comprehensive data about all aspects of our customers, so					

		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	
	that we can be responsive to them.					

Section C- Customer Relation and Profitability

Please indicate the extent to which you agree/disagree with the following statements. Strongly Disagree carries the least weigh of 1 while Strongly Agree carries the highest weight of 5. Please put √ mark accordingly.

Please tick (√) the appropriate response that applies to the questions below

		Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)
CRP	1.Customer relation is key to CBE				
CRP	2. CBE has procedures of handling customers" complaints within the shortest possible time				
CRP	3.Customer retention issues are discussed by staff at meetings and appropriate motivation given				
CRP	4. Satisfied customers of CBE are willing to sign on to other products.				
CRP	5. CBE is making profits				
CRP	6. Customers are treated with respect				

Thank you for your cooperation!