



**ST.MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MARKETING MANAGEMENT**

**ASSEESING ON THE APPLICATION OF CUSTOMER RELATIONSHIP
MANAGEMENT IN AWASH BANK**

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**THE APPLICATION OF CUSTOMER RELATIONSHIP MANAGEMENT IN
AWASH BANK**

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DECLARATION

I, **LEWNETU ZELEKE FULAS**, hereby declare that the thesis work entitled “ The Application of Customer Relationship Management In Awash Bank” submitted by me in partial fulfillment of the requirement for the degree of masters of art in Marketing Management, is the outcome of my own effort and all source of material used for study have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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JUNE, 2019

ENDORESEMENT

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

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LIST OF ABERVATION AND ACRONYMS

CRM = Customer Relationship Management

AB= Awash Bank

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ABSTRACT

CRM's successful implementation in an integrated and holistic manner have been found to have a positive impact in satisfaction and loyalty of customers, reduction of costs, and enhancement of competitive stand in the market. Based on this premises, it is fundamental to assess the application of CRM by way of identify the component of CRM that are well implemented and those in slack to leverage them in the future. The general objective of this study is to assess the practice of CRM in Awash Bank judged from the employee and customer point of view. In This research, the CRM instrument developed by das, e al., (2009) has been adapted and applied in designing the questionnaire by using four dimensions of CRM i.e. key customer focus, Organizational CRM, knowledge management, Technology based CRM. Accordingly , purposive sampling technique used to selected and distribute questionnaire to 384 customers and 48 employees of the Bank in the selected 4 area branches. The survey aimed to determine the level of customer perception towards CRM practice in the Bank and the data collected are analyzed using a simple descriptive statistics tool such as frequency distribution, mean and standard deviation are used to present as required. The result revealed that AB performance in the extent to which it applies the four dimension of the CRM is nearly at average level as observed by its customers. However, it is also slightly above the average level by its employee. The technology based CRM practice like in a move to automate the marketing and sales transaction with latest Banking technological product, usability and accessibility of the product through the technology are among the major one as perceived by the customer and employee found to be low. Thus, the integration and adoption of CRM Technology based dimension in particular is recommended and so as to sustain its CRM practice AB has to give its management and customer contact employee with the essential practical knowledge of Customer relationship management.

Keywords: *Customer Relationship management, Dimensions of CRM, Awash Bank*

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the 1970`s, Customer relationship management (CRM) originated as a marketing concept from the relationship marketing literatures. Its aim is to maximize customer value in the long term, by focusing business processes, marketing and customer service on client relationship maintenance, through the coordinating agency of an information technology system (Chang.H.H, 2007).

Several business sectors have benefited from the deployment of CRM. However, pertaining to its nature the service sector, particularly the financial and telecommunication sub-sector, deemed to benefit a lot from the implementation of the CRM as a business strategy. For instance, many studies have reported that banks which develop a customer-centric strategy get higher profits (Formant, 2000; Lamparello, 2000; Melnick et al., 2000) this is due to the fact that financial service are characterized by the large number of customers and the private, fast and personal needs of them, such that the way a firm delivers them is relevant to its expansion and competitive advantage (Seybold & Marshak, 1998: 193-213). Moreover, Onut*et.al*, also ascertain that CRM is a sound business strategy for banks to identify the most profitable customers and prospects, and devote time and attention to expanding account relationships with those customers through individualized marketing, re-pricing, discretionary decision making, and customized service.

The extent of CRM deployment in the financial services especially in banks has been assessed from four dimensions in the financial service literatures of European, Indian and Egyptian banking sectors. These four dimensions are key customer focus, knowledge management, CRM organization and technology-based CRM. So far, the studies reveal that successful application of all CRM dimensions in banks helps the banks to expand their customer bases, enhance their competitive position and able to retain the customers at increased satisfaction rate. Thus, the integrated application of the CRM has been found essential for reaping full benefits of CRM such as internal efficiency, increased customer loyalty and satisfaction, identification of customers potential and the like.

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. This hinders the development of the private sector and its possible impact on the competitiveness arena in the banking industry that would have benefited the customers and the banks there in.

Since then the banking sector has undergone various improvements; the private sector being allowed to involve in the business instigated the need to be competitive to stay in the market just like other business set ups.

As January 2019, there are more than 18 banks in Ethiopia where two them are state owned. Of the private owned banks Awash Bank is the leading bank in terms of market share, branch network, volume of asset and profitability (national bank, 2019). It founded as the very first private commercial bank in1995, Awash Bank was established by 486 founding shareholders with a paid- up capital of birr 24.2 million and started banking operation on Feb. 13, 1995. As June of 2018 the number of shareholders and its paid-up capital increased to over 3700 and birr 2.9 billion respectively. Likewise, as of end June 2018 ,the bank`s total assets reached birr 55.3 billion with over 393 branches across the country, awash bank continues to be the leading private commercial bank in Ethiopia in terms of branch network. Hence, taking into account, this research is sought to assess the CRM practice from the four dimensions namely key customer focus, knowledge management, CRM organization and technology-based CRM.

1.2 Statement of the Problem

Though most of the CRM literatures are written in the context of the developed countries, CRM`s successful implementation in an integrated and holistic manner have been found to have a positive impact in satisfaction and loyalty of customers , reduction of costs and enhancement of competitive stand in the market. Despite 22 years of experience in the business and being able to lead among the private Banks, the market position of the Bank has been in shake mainly due to the aggressive move by Commercial Bank of Ethiopia and other private peer Banks that changed

the competitive playing ground by which these Banks deploy aggressive customer shifting at corporate and retail customer ship. Thus, to cope up with this market turmoil Awash Bank had shifted its focus to customer's attraction and retention. In order to do so the bank established an organ called Customer relationship management team at the Head office and Branch level in the middle of 2013. As an output of this team the bank adopted customer-centric business concepts by ensuring customer contact by approaching the customers in a way that enhance relationship building at each branch customer contact points, major reform in organizational structure and emphasis in provisioning technologically advanced services and the overall corporate resource mobilization activity. This move eventually achieves improvements in performance, such as operational efficiency and service quality improvement. It is apparent from literatures that those banks that are able to implement all dimensions of the CRM are more beneficial than those that implemented it in a fragmented manner as noted by Das (2009).

Hence, as it is six years since Awash Bank adopted CRM, determining to what extent Awash Bank 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. Assessing the level of CRM practice across four dimensions i.e. 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. Though the bank has been implementing CRM project the activities are not in ground as noted by the Annual report of the bank for financial year ended 30 June 2018. Based on this premises, it is fundamental to assess the application of CRM by way of identify the components of CRM that are well implemented and those in slack to leverage them in the future.

Accordingly, the purpose of this study is to look into to what extent CRM is being applied in Awash Bank across four dimensions i.e. key customer focus, Knowledge management, CRM organization and technology- based CRM.

1.3 Research Questions

1.3.1 General Research Questions

- To what extent is Awash Bank practicing CRM in its business endeavors?

1.3.2 Specific Research Questions

The study was conducted with the aim of providing answers to the following basic research question;

1. To what extent is Awash Bank key customer focused?
2. To what extent is Awash Bank organized around CRM?
3. To what extent is Awash Bank practicing knowledge management aspects of CRM?
4. To what extent is Awash Bank practicing technology-based CRM?

1.4 Research Objectives

1.4.1. General Objective

- To assess the level of CRM application in Awash Bank.

1.4.2. Specific Objectives

- To determine the extent of key customer focus dimension application in Awash Bank.
- To determine the extent of CRM organization dimension application in Awash Bank.
- To determine the extent of knowledge management dimension application in Awash Bank.
- To determine to what extent technology-based CRM dimension is applied in Awash Bank.

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 application in the Ethiopian banking sector. More specifically, the study has the following potential contribution for Awash Bank;

- It serves as a background material to assess its level of CRM application in the past three years.
- It enables the Bank to identify the dimensions that needs further enhancements so as to benefit from CRM`s application to the fullest.
- In addition, it add contribution to existing knowledge and can be used as milestone for further research, in the area of CRM in Awash international Bank about which there is little experience on it.

1.6 Definition of Terms

Customer Relationship Management (CRM) – is a cross-functional, customer-driven and technology-integrated business process 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.

Business Process Reengineering (BPR) – is the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed (Hammer & Champy, 1993)

Core banking system- is a banking service provided by a group of networked branches where customers may access their bank account and perform basic transactions from any of the member branch of the member branch offices (www.google.com)

Higher Grade branch – a branch of Awash Bank that is grade I as per the bank`s branch rating scheme (www.awashbank.com)

Credit customers – customers of Awash Bank that uses credit products like over draft, Term loan, Pre-shipment, Letter of Credit and etc (www.awashbank.com)

1.7 Limitation of the Study

The researcher believes that, it is necessary to conduct a research in all the Bank service operation area i.e. the City and Outlying Branches. However, because of its broadness, limit of time and budget, the scope of this study was limited only to Branches of Awash Bank that are found only in Addis Ababa. In addition, the study assess CRM's application only from four dimensions that are derived from the reviewed CRM related literatures.

1.8 Scope of the Study

1.8.1 Geographical Scope

The study assessed branches of awash bank that are found only in Addis Ababa having higher grade (Grade I) per the Bank`s branch rating scheme. This limits the realm of the study by discriminating those branches of Awash Bank found in outlying areas and those in Addis Ababa but with lower grades.

1.8.2 Conceptual Scope

The study has also assessed the level of CRM`s application in the Awash bank only from four dimensions that are derived from the reviewed CRM related literatures. Namely these dimensions are key customer focus, Knowledge management, CRM organization and technology- based CRM.

1.8.3 Methological Scope

The study used quantitative in course of researching both primary and secondary data was used. With regard to the secondary sources various publications, books and journals' regarding the subject matter was addressed and population of the study Awash Bank in Addis Ababa branches and to Achieve the objective of the study well design structured questionnaire were distributed among the study respondents selected on purposive sampling basis.

1.9 Organization of the Study

The study is comprised of five chapters. The first chapter presents introduction of the study whereby background of the study and the organization, statement of the problem, research questions, objectives of the study, scope of the study, significance of the study, limitations of the study, definition of terms are include. The second chapter is devoted to reviewing related literatures followed by the third chapter that discusses the methodology that has used to undertake the study. In chapter four data presentation & analysis are addressed. Chapter five discussions of results and conclusions & recommendations are presented sequentially. Finally, reference and copy of the questionnaires are annexed.

CHAPTER TWO

REVIEW OF RELATED LITERATURES

2.1 Theoretical review

2.1.1 Meaning of CRM

CRM is born from relationship marketing and is simply the practical application of long standing relationship marketing principles which have existed since the dawn of business itself (Gummesson, 2004). It builds on the philosophy of relationship marketing in that it aims to create, develop and enhance relationships with carefully targeted customers to maximize customer value, corporate profitability and thus shareholders value (Frow and Payne, 2005).

Similarly, Langerak and Verhoef, (2003) underline that the essence of CRM thinking originates from three concepts in marketing management, customer orientation, relationship marketing, and database marketing.

The growing body of literature on CRM is somewhat inconsistent and highly fragmented (Bellenger *et al.*2004). This is because of the fact that a common conceptualization of the phenomenon is lacking (Bull, 2003). The ambiguity surrounding the nature of CRM has permeated the academic literature and due to that the generated research streams addresses CRM from seemingly incongruent perspective. (Bellenger *et al.*2004).

Many believes that through CRM, firms are able to understand customers from strategic perspective and as a result the CRM ultimately focuses on effectively turning customer information into intelligence to more efficiently manage customer relationship. Accordingly Kumar and Reinartz, (2006) and Galbreath &Rogers,(1999) refer to CRM as “the strategic process of selecting the customers a firm can most profitably serve and shaping the interactions between that company and these customers with the goal of optimizing the current and future value of the customers for the company”.Parvatiyar and Sheth(2000: P.6) also sustains that Customer Relationship Management is a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company and the customer."

Another perspective is technologically oriented whereby the advances in database technologies such as data warehousing and data mining are crucial to the functionality and effectiveness of CRM system (Sandoe *et al.* 2001). By the same token, Chou et al., 2002 defined CRM as an information industry term for methodologies, software and usually internet capabilities that help an enterprise manage customer relationships in an organized way.

CRM, from the marketing perspective, is defined as a combination of business process and technology that seeks to understand a company's customers from the perspective of who they are, what they do, and what they are like (Couldwell, 1998). This theme is also reflected by Kotler in 1997 by acknowledging customer relationship management as principally revolving around marketing and begins with a deep analysis of consumer behavior. Furthermore, Bose, 2002 & McKenzie, 2001 define CRM within the same perspective as an integration of technologies and business processes used to satisfy the needs of a customer during any given interaction and a combination of strategy and information systems, that aims at focusing attention on customers in order to serve them better, respectively.

Overall, the core theme of all CRM and relationship marketing perspectives is its focus on a cooperative and collaborative relationship between the firm and its customers, and/or other marketing actors (Parvatiyar & Sheth 2001, 2002). Dwyer, Schurr, and Oh (1987) have characterized such cooperative relationships as being interdependent and long-term orientated rather than being concerned with short-term discrete transactions. The long-term orientation is often emphasized because it is believed that marketing actors will not engage in opportunistic behavior if they have a long-term orientation and that such relationships will be anchored in mutual gains and cooperation (Ganesan, 1994).

Another important facet of CRM is "customer selectivity." As several research studies have shown, not all customers are equally profitable for an individual company (Storbacka, 2000). The company therefore must be selective in tailoring its program and marketing efforts by segmenting and selecting appropriate customers for individual marketing programs.

From the literatures it is evident that CRM involves cross-functional integration i.e. 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.

Consequently, for the purpose of this study the following definition is adopted;

CRM is a cross-functional, customer-driven and technology-integrated business process 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.

2.1.2 HISTORICAL GROWTH OF CRM CONCEPT

Customer Relationship Management (CRM) is one of those magnificent concepts that swept the business world in the 1990's with the promise of forever changing the way businesses small and large interacted with their customer bases. In the short term, however, it proved to be an unwieldy process that was better in theory than in practice for a variety of reasons. It was simply so difficult and expensive to track and keep the high volume of records needed accurately and constantly update them. In the last several years, however, newer software systems and advanced tracking features have vastly improved CRM capabilities and the real promise of CRM is becoming a reality. As the price of newer, more customizable Internet solutions have hit the marketplace; competition has driven the prices down so that even relatively small businesses are reaping the benefits of some custom CRM programs as noted by. James R. Rosen field (2002)

2.1.2.1 in the Beginning

The 1980's saw the emergence of database marketing, which was simply a catch phrase to define the practice of setting up customer service groups to speak individually to all of a company's customers. In the case of larger, key clients it was a valuable tool for keeping the lines of communication open and tailoring service to the client's needs. In the case of smaller clients, however, it tended to provide repetitive, survey-like information that cluttered databases and didn't provide much insight. As companies began tracking database information, they realized that the bare bones were all that was needed in most cases: what they buy regularly, what they spend, what they do. (Ibid)

2.1.2.2. Advances in the 1990's

In the 1990's companies began to improve on Customer Relationship Management by making it more of a two-way street. Instead of simply gathering data for their own use, they began giving back to their customers not only in terms of the obvious goal of improved customer service, but in incentives, gifts and other perks for customer loyalty. This was the beginning of the now familiar frequent flyer programs, bonus points on credit cards and a host of other resources that are based on CRM tracking of customer activity and spending patterns. CRM was now being used as a way to increase sales/Services passively as well as through active improvement of customer service. (Ibid)

2.1.2.3 True CRM comes of age

Real Customer Relationship Management as its thought of today really began in earnest in the early years of this century. As software companies began releasing newer, more advanced solutions that were customizable across industries, it became feasible to really use the information in a dynamic way. Instead of feeding information into a static database for future reference, CRM became a way to continuously update understanding of customer needs and behavior. Branching of information, sub-folders, and custom tailored features enabled companies to break down information into smaller subsets so that they could evaluate not only concrete statistics, but information on the motivation and reactions of customers. The Internet provided a huge benefit to the development of these huge databases by enabling offsite information storage. Where before companies had difficulty supporting the enormous amounts of information, the Internet provided new possibilities and CRM took off as providers began moving toward Internet solutions.(Ibid)

With the increased variability of these programs came a less rigid relationship between sales, customer service and marketing. CRM enabled the development of new strategies for more cooperative work between these different divisions through shared information and understanding, leading to increased customer satisfaction from order to end product. Today, CRM is still utilized most frequently by companies that rely heavily on two distinct features: customer service or technology. The three sectors of business that rely most heavily on CRM -

and use it to great advantage -- are financial services, a variety of high tech corporations and the telecommunications industry. (Ibid)

The financial services industry in particular tracks the level of client satisfaction and what customers are looking for in terms of changes and personalized features. They also track changes in investment habits and spending patterns as the economy shifts. Software specific to the industry can give financial service providers truly impressive feedback in these areas.

2.1.3. DIMENSIONS OF CRM

According to many literatures (Sadek *et al.*, 2011, sheth *et al.*, 2000, Sin *et al.*, 2005) CRM was theorized as a multi- dimensional construct consisting of four broad behavioral dimensions: Key customer focus, CRM organization, Knowledge management, and technology-based CRM.

2.1.3.1 Key customer focus

As noted by Sheth *et al.* (2000) a customer-focused structure, culture, policy, and reward system should permeate any organization that strives to implement CRM successfully. This involves an overall customer-centric focus and continuously delivering superior value to selected key customers through personalized/ customized offerings .Key elements of this dimension consist of customer-centric marketing, key customer lifetime value identification, personalization and interactive co-creation marketing.

Accordingly, Sheth *et al.*, (2000) 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. He also indicates 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.

2.1.3.2 CRM organization

CRM means essential changes in the way that firms are organized and business processes are conducted. Therefore, firms should take into consideration the organizational challenges inherent in any CRM initiative as argued by Agarwal *et al.*, (2004). The key considerations in order to successfully organize the whole company around CRM are as follows: organizational structure, organization-wide commitment of resources, and human resources management as noted by Sadek *et al.*, (2011)

Agarwal *et al.*, (2004) observed that with a strong focus on key customers deeply embedded throughout its system, the entire company should be organized around cultivating these valuable relationships. The organizational structure needs to be flexible and, if necessary, reconstructed to generate customer-centric values and improve coordination of customer-focused, cross-functional teams. Furthermore, there must also be an organization-wide commitment of resources, with concerted efforts by all organizational functions to continuously provide a stream of value-rich actions and customer outcomes.

2.1.3.3 Knowledge management

According to the knowledge-based view of the organization, the creation, the transfer, and the application of knowledge is the primary rationale for a firm's existence. From a CRM perspective, knowledge can be learned from experience or empirical study of consumer data. Successful CRM is predicated on effectively transforming customer information to customer knowledge. Specifically, to enhance customer profitability, information about customers should be gathered through interactions or touch points across all functions or areas of the firm, so that all rounded customer view is established, maintained, and continually updated. Customer knowledge thereby generated needs to be shared and disseminated throughout the organization to address customers' current and anticipated needs as noted by Sadek *et al.*, (2011).

2.1.3.4 Knowledge management

Accurate customer data is necessary to successful CRM performance. Consequently, the technology has an important role in CRM in adding to firm intelligence described CRM technology as one of the organizational resources that serves as an input into the CRM process

and is intended to enhance firms' ability to productively build and maintain a profit-maximizing portfolio of customer relationships as argued by Abbott *et al.*, (2001). In reality, the advancement in Information Technology has the capability to collect, analyze, and share customer information which will lead to a customer satisfaction and thus retaining customers. The CRM calls for "information-intensive strategies" which utilize computer technologies in building relationships such as: computer-aided design/ manufacturing, data warehouses, data mining and CRM software systems that enable the firms to provide greater customization with better quality at lower cost. In addition, it helps the staff at all contact points to serve the customers in a better way. Therefore, many customer-centric activities would be impossible without the use of an appropriate technology as noted by Abbott, 2001).

2.1.4 Benefits of CRM

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.

Though other studies have not presented the benefits of CRM in such a way, most importantly the results coincided with the core benefits identified by Reinartz and his friends in 2004.

According to Arnett and Badrinarayananm 2005; Buttle, 2004; Croteau and Li, 2003; Iacovou, Bendasat, and Dexter, 1995, the benefits of CRM were grouped into two main paradigms; operational and strategic benefits. Operational benefits refer to the operational savings of an

organization resulting from its improved internal efficiency (Iacovou, Bendasat, and Dexter, 1995). CRM enables a company to redesign its processes to improve its operational efficiency, such as marketing and customer support, front-office efficiency, and productivity in sales, which in turn decrease customer-related costs (Reichheld, 1996).

Strategic benefits consist of the tactical, opportunistic, and competitive advantages derived from the impact of electronic data interchange on a business processes and relationships (Iacovou, Bendasat, and Dexter, 1995).

CRM enables an organization to gain better information on customers' values, behaviors, needs and preferences and helps it gain a competitive edge over its competitors. It makes it possible to identify customers' potentials, uncover the profiles of key customers, anticipate their needs, predict their behavior, win back lost customers, create personalized marketing plans for each segment, develop new products and services, design communication tools and distribution channels, or identify new market opportunities based on customers' preferences and history (Homburg, Hoyer, and Stock, 2007; Tokman, Davis, and Lemon, 2007; Thomas, Blattberg, and Fox, 2004; Peppers, Rogers, and Dorf, 1999; Day, 2000).

Repeat business also minimizes a variety of recruitment costs. These costs include the costs of setting up new accounts, explaining business procedures to new clients, advertising costs to entice new customers, personal selling pitches to new prospects, and the costs of inefficient dealings during a customer's learning process (Peppers and Rogers, 1993).

Moreover, according to Rigby, Reichheld, and Schefter (2002), CRM enables companies to gather customer data swiftly, identify the most valuable customers over time, and increase customer loyalty by providing customized products and services.

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 has been 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.

2.1.5 CRM and 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).

On the contrary, the de-intermediation process and consequent prevalence of CRM is also due to the growth of the service economy. Since services are typically produced and delivered at the same institution, it minimizes the role of middlemen. Between the service provider and the service user an emotional bond also develops creating the need for maintaining and enhancing the relationship. It is therefore not difficult to see that CRM is important for scholars and practitioners of services marketing (Berry & Parsuraman, 1991; Bitner, 1995; Crosby & Stephens, 1987; Crosby, Evans, & Cowles, 1990; Gronroos, 1994). Also, customer expectations have been changing rapidly over the last two decades. Fueled by new technology and the growing availability of advanced product features and services, customer expectations are changing almost on a daily basis. Consumers are less willing to make compromises or trade-offs in product

and service quality. In a world of ever changing customer expectations, building cooperative and collaborative relationships with customers seems to be the most prudent way to keep track of their changing expectations and appropriately influencing them (Sheth & Sisodia, 1995).

2.1.6 CRM in the Banking Industry

Bank is merely an organization that accepts deposits and lends money to the needy persons, but banking is the process associated with the activities of banks. It includes issuance of cheque and cards, monthly statements, timely announcement of new services, helping the customers to avail online and mobile banking etc. Huge growth of customer relationship management is predicted in the banking sector over the next few years. It is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, pricing, discretionary decision making.

In banking sector, relationship management could be defined as having and acting upon deeper knowledge about the customer, ensure that the customer such as how to fund the customer, get to know the customer, keep in touch with the customer, ensure that the customer gets what he wishes from service provider and understand when they are not satisfied and might leave the service provider and act accordingly.

According to Das, *et al.* (2009), CRM in the banking industry is entirely different from other sectors, because banking industry is purely related to financial services, which needs to create trust among the people. Establishing customer care support during on and off official hours, making timely information about interest payments, maturity of time deposit, issuing credit and debit ATM card, creating awareness regarding online and e-banking, adopting mobile request etc are required to keep regular relationship with customers.

The present day CRM includes developing customer base. Accordingly, the bank has to pay adequate attention to increase customer base by all means, it is possible if the performance is at satisfactory level, the existing clients can recommend others to have banking connection with the bank he/she is operating. Hence asking reference from the existing customers can develop their client base. If the base increased, the profitability is also increase. Hence the bank has to

implement lot of innovative CRM to capture and retain the customers (Saeed, *et al.*, 2011). There is a shift from bank centric activities to customer centric activities.

CRM in banking sector is still in evolutionary stage, it is the time for taking ideas from customers to enrich its service. The use of CRM in banking has gained importance with the aggressive strategies for customer acquisition and retention being employed by the bank in today's competitive scene. This has resulted in the adoption of various CRM initiatives by various banks.

2.1.7 Banking industry in Ethiopia

Evolution of modern institutionalized financial system in Ethiopia started in 1905 following the establishment of the first bank by historically reminiscent name of Bank of Abyssinia (Gidey, 1987). This Bank introduced for the first time in Ethiopian financial systems history banking services and instruments such as deposit accounts and export financing.

In pre 1974 Ethiopia, the financial system operated in a free market economic environment. However, in 1980s, the financial system was restructured and reorganized to serve centrally planned economic system which was created following the change of government in 1974. During this period, the Government nationalized all financial institutions in the country and created three specialized banks (excluding the central bank) and one insurance company. Private ownership of financial institutions was prohibited. Following the principles of mono-banking, the three State -owned banks and the insurance company were administered by the central bank – the National Bank of Ethiopia (NBE). Indeed, the NBE used to run those state-owned financial institutions like its own cost centered functional units. Among the specialized banks, the then Agricultural and Industrial Development Bank (the current Development Bank) was responsible for financing agricultural and industrial projects with medium and long gestation period, while the then Housing and Savings Bank (the current Construction and Business Bank) used to lend for construction of residential and commercial buildings. The third bank, Commercial Bank of Ethiopia, was the only bank engaged in trade and other short term financing activities.

In 1990s, as a result of the shift from socialist to market economic system, Ethiopia reformed its financial services industry. The reform measures included comprehensive restructuring of government owned financial institutions and opening the sector for local private equity

participation. The three stated-owned banks and one insurance company inherited from socialist regime were made autonomies in terms of managing their business and recapitalized. While there was no change in the role of Commercial Bank of Ethiopia (as short term financier), Development Bank of Ethiopia (as provider of medium and long term development finance) and Ethiopian Insurance Corporation (as provider of both general and life insurance services).

Construction and Business Bank has been allowed to engage in short-term financing activities. Opening of the financial services industry for local private equity participation resulted in establishment of nineteen banks, seventeen insurance companies and 38 microfinance institutions (NBE, Dec 2019).

Following this major change in the financial system of the country, the banking industry has become comparatively competitive where by the need to enhance customer relationships to retain existing customers while enhancing customer base become the rule of the day. Nevertheless, the adoption of CRM as a business strategy is new phenomenon to the Ethiopian banking industry.

Among private banks operating in the country, Awash Bank has been undergoing an encouraging improvement in enhancing its offerings to maintain its leading role and competitive position. Through these efforts, the bank has adopted the CRM in 2013.

Accordingly, Awash Bank has devised a customer-centric strategic document that position the customer at the center of all banking activities whereby customer relationship building based on “Know your customer” (KYC) principle emanated. Consequently, the Bank has redesigned its sub-processes in such a way one-point customer contact remain intact to enable customer relationship building and maintenance.

Hence, in retail branches the Customer Relationship Officer is responsible for advising, consulting and providing adequate information to customers on the credit process while the Branch Manager is responsible for recruiting potential customers, promote the Bank in general and the Branch in particular and lead and monitor the Branch`s overall CRM practices.

In the Head office organ, Customer Relationship Managers are categorized and assigned into two teams; Business and Corporate Customers Relationship Management Team and Commercial Customers Relationship Management Team.

The Customer classification, as per the Credit Process Procedure of the Bank, is defined as an internal segmentation for the Bank that allows it to identify those customers who delivers high value to the Bank and deserves best treatment. The Bank classifies its customers to ensure flexible and tailor made service delivery, i.e. to address their needs and preferences accordingly. Moreover, segmentation is sought to help the Bank build and maintain long-term relationships with high valued customers and mitigate its risk.

2.2 EMPIRICAL REVIEW

2.2.1 The Practice of CRM in Commercial Banks of Ethiopia

Webalem (2012) investigates the practical application of CRM in one of the leading state owned commercial bank in Ethiopia, CBE. She had assessed CRM application effectiveness from the four behavioral dimension of CRM which are Customer focus, Organizational dimension; Technology based dimension, and Knowledge management. Thus the finding show that CBE has been doing well in the CRM organizational dimension as compared to other dimension by recording the lowest performance in technology based CRM

2.2.2 The Impact of CRM on Customer Retention and Development

Peter C. Verhoef et al (2003) investigates the Effect of Customer Relationship Management Efforts on Customer Retention and Customer Share Development in the financial and data support of a Dutch financial services company, he have questioned the effectiveness of several customer relationship management strategies. The author investigates the differential effects of customer relationship perceptions and relationship marketing instruments on customer retention.

The results show that effective commitment and loyalty programs that provide economic incentives positively affect both customer retention and customer share development, whereas direct mailings influence customer share development and customer share development over time.

2.2.3 The Impact of CRM, On Customer Satisfaction and Loyalty

Khaligh *et al.* (2012) investigate the impact of CRM on customer loyalty and retention in the telecom industry Iran. The data are collected from 200 Iranian telecom services users. Finding

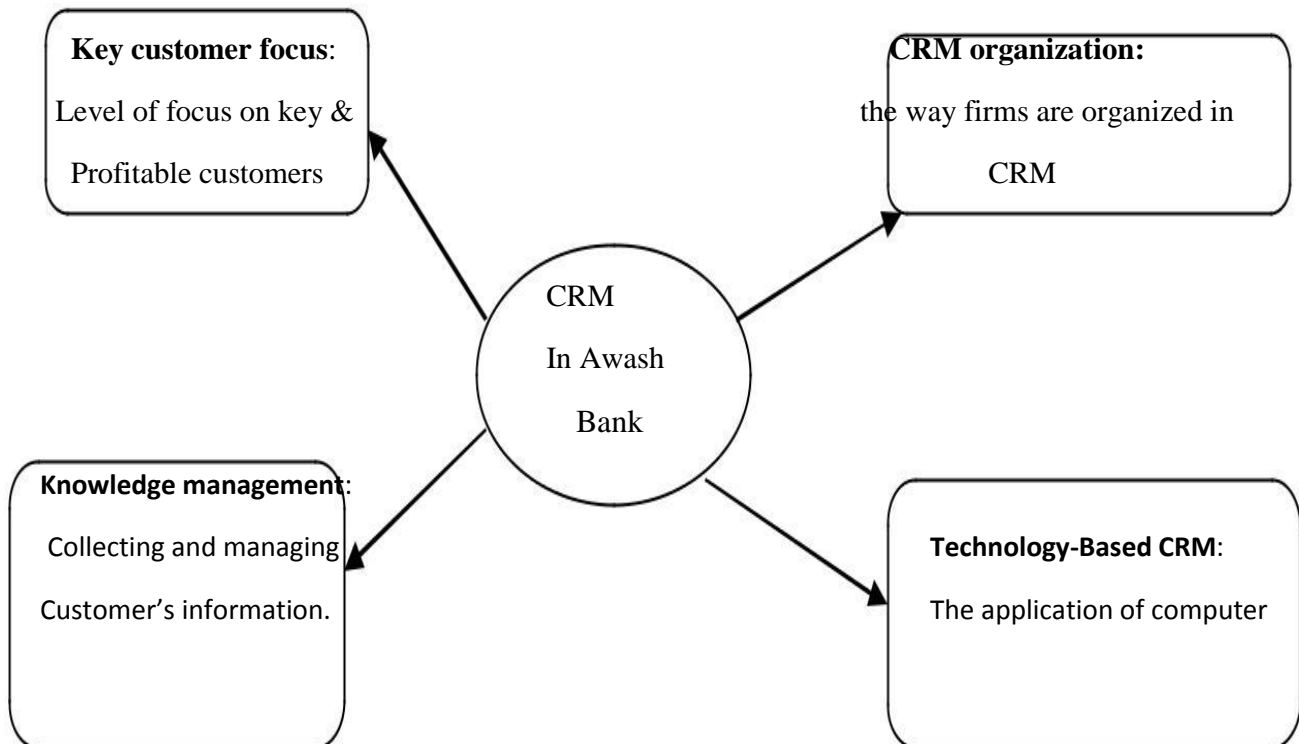
shows that commitment and vision of the management system is highly required for a successful CRM implementation. The structure of the strategy should be based on flexibility and explicitly of the policies especially pricing policies. These factors are very important to increase customer loyalty and benefit of the firm.

Hence, this research is sought to assess the level of CRM practice in Awash Bank from the four dimensions namely key customer focus, knowledge management, CRM organization and technology-based CRM.

2.3. Conceptual Framework

As indicated on the review of related literature many researchers have indicated a positive impact of CRM dimension i.e. key customer focus, organizational dimension, knowledge management and technology on Customer Relationship Management.

A conceptual model or logically developed, described and elaborated network of association among variable that have been identified through such processes as interviews observations and literature survey upon which an entire research project is based (Sweeney, 1988). Framework can be used like a travel map. In this study a conceptual framework will be designed which derived from customers satisfaction whereas this conceptual framework shows a relationship that existing between variables used in the present study.



CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

The study used descriptive research design in gathering information, procedure adopted in conducting the research, the techniques uses in analysis as well as presentation of data collected, because it tries to describe and explain the data for the purpose of describing the nature of existing conditions finally to describe facts in the field. Descriptive study is concerned with determining the frequency with which something occurs or the relationship between variables (Churchill, 1991). According to cooper (1996), a descriptive study finds out who, what, where, and how of a phenomenon as it exist in situation. To accurately get the information, questionnaires were employed and quantitative approaches are used. More specifically, a survey data on the four dimensions of the CRM was collected both from the customers and employees of AIB to assess the practice of CRM.

3.2 Sampling Design

3.2.1 Target Population

To achieve the research objectives customers and employees of Awash Bank in Addis Ababa are the target population of the study. As it is impractical to asses all branches of Awash Bank found in Addis Ababa, a purposeful sampling is found to be the most appropriate for this study, because ‘information- rich’ targets can be selected so as to learn much about the issues that are important to the study.

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

Since the use of higher-grade branches is presumed to enable access to multiple portfolios of customers and employees of the Bank, the researcher has taken the sample from customers of grade I branches. Accordingly, among the Grade I branches only four of them (Merkato ,Finfine,

Legahar and Bole branches) were included in this study so as to enable undertaking a focused inquiry within the scheduled time.

The selected customers have been taken from saving, current, and Time deposit and credit account holders.

The population sizes of the selected branches are presented here under:-

Name of Branch	Current Account Customers	Saving Account Customers	Time deposit customers	Credit Service Customers	Total
Merkato	2711	33,341	148	517	36,717.-
Finfine	1229	27,010	-	81	28,320.-
Legahar	1157	22,638	1	391	24,187.-
Bole	1617	13,846	-	65	15,528.-
Grand Total					104,752.-

Source: From the CORE banking system of Awash Bank as of Dec 31, 2018.

3.2.2. Sampling Technique and Sample size determination

As it is impractical to assess all branches the bank found in Addis Ababa, a purposive sampling procedure 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 calculate sample size Israel (2003) as cited in Yeamdao Narangajavana (2007) summarized that there were four strategies to decide sample size including (1) census for small populations, (2) imitating a sample size of similar studies, (3) applying formulas to calculate a sample size, and (4) using published tables. The first strategy ‘census’ was appropriate for the population of 200 or less. It allowed collecting data from all subjects, thus eliminating sampling error that occurred because only a part of the population was directly contacted. This strategy, however, was impossible when conducting research on a larger population and when cost was a factor. Secondly, imitating a sample size of similar studies saved time for the current research.

Nonetheless the major drawback was the risk of repeating errors that were made in determining the sample size for another study; however, if the procedure were convincing, they were included. Thirdly, applying the calculation methods for determining a sample size allowed the researcher to achieve the necessary sample size for a different combination of levels of precision, confidence, and variability of a particular study. Fourthly, using published tables saved time for the researcher because calculating a number of sample sizes for different given set of criteria was made available.

Considering existing time constraint; the researcher has followed the fourth strategies of using published tables. According to sample size table taken from the website, <http://research-advisors.com> , at 95% confidence interval with 5% error margin, the sample size for the total population of between 100,001 and 300,000,000 is 384. The monthly report as of December 31, 2019 revealed that the four branches of Awash Bank have a total of **104,752** customers. Therefore, the researcher has selected 384 samples from four branches. The below table shows the selected customers across the four branches.

No.	Branches	Sample
1	Merkato	96
2	Finfine	96
3	Legahar	96
4	Bole	96
	Total	384

Source: Constructed by researcher 2019

Overall, all the 48 employees that work in the customer relationship management areas(Branch managers, Customer service supervisors, Customer Relationship officers, Marketing officers and Business development managers) of the selected four branches and head office and 384 customers of Awash Bank having a business relationship with one of the branches were included in the sample.

Among the distributed questionnaire **230** accurate questionnaires were collected and employed for the analysis purpose. In other word a response rate of **60 percent and 95.8** was achieved for customers and employee respondents respectively.

3.3 SOURCE OF DATA

Primary and secondary data was used for the study:

3.3.1. Primary Data

Questionnaires were distributed to customers and employees of the bank believed to spend their time genuinely fill the questionnaire.

3.3.2. Secondary Data

Secondary data are data obtained from literature sources or data collected by other people for some other purposes. Secondary data was obtained from document review; the use of Internet was of great help in obtaining some information. However, a number of other sources were received including past research papers, published reports, journals and textbook. This helped to see what others say about the subject matter, what are their findings and recommendations.

3.4 Data Collection Instruments

The questionnaire developed by Das, *et al.*, (2009) will be 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 will compose of two sections. The first section will contains questionnaire items on five point Liket Scale to assess the CRM practices of Awash Bank while the second section collected data on the profile of respondents.

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

3.5 Data Collection Procedures

Data has collected mainly from survey through questionnaires. The 'employee questionnaire' has been given to the concerned Branch Managers accompanied by the inter-departmental memo requesting cooperation from the branches concerned. Consequently, the Branch Managers will further distribute 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, 48 employee questionnaires and 384 customer questionnaires were given to the respective Branch Managers or customer relationship managers/officers of the four branches and head office.

3.6 Methods of Data Analysis

The study is designed to solicit to what degree CRM has been practiced by Awash Bank in applying the dimensions of the CRM. The data were analyzed using the Statistical Package for Social Science (SPSS) version 25.0 software using tables and other descriptive statistics (Mean, Standard deviation) as found appropriate. This software has been widely used by researchers as a data analysis technique. Specially incase of likert scale psychometric analysis.

Data analysis was conducted using quantitative approach. Descriptive data analysis is a systematic process involving working with data, organizing and dividing them into small manageable portions. Analysis was done based on the research objectives which are being presented according to the research objectives.

Analysis of data in this research is done using statistical tools like frequency and mean. In order to support the analysis tables and percentages from survey result are also incorporated.

The analysis to address the research questions is done by first calculating the mean score for each dimension in the respective respondent groups. Based on the results of this score the achievement of AB in each dimension is ranked for the respective employee and customer respondent groups.

Lastly, the overall mean score of CRM as perceived by employees is compared with that of customer's perception mean score of CRM.

3.7 Validity and Reliability

3.7.1 Validity

The validation was done by gathering opinions from my supervisors, from those who directly working in respective departments, who supervise the operations and customers. The researcher used standardized questionnaire so the instrument is already valid and tested.

3.7.2 Reliability

Reliability refers to whether a measurement instrument is able to yield consistent results each time it is applied (Saunders et al., 2000). It is the property of a measurement device that causes it to yield similar outcome or results for similar inputs. This implies that responses to a reliable survey will vary because respondents have different opinions, not because the questionnaire items are confusing or ambiguous. The researcher started the data analysis by examining the reliability of the sample data. Cronbach's alpha reliability coefficient normally ranges between 0 and 1. However, there is actually no lower limit to the coefficient. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale. George and Mallery (2003) provide the following rules of thumb: “ $\alpha > .9$ – Excellent, $\alpha > .8$ – Good, $\alpha > .7$ – Acceptable, $\alpha > .6$ – Questionable, $\alpha > .5$ – Poor and $\alpha < .5$ – Unacceptable” (p. 231).

Table 3.7 Reliability Statistics

Cronbach's Alpha	No of Items
.881	27

3.8 Ethical Consideration

There are a number of principles that should be taken into account when performing a research. The core of these principles are (a) do good (known as beneficence) (b) do no harm (known as non-maleficence). Accordingly the researcher has done his best to obtain informed consent from potential research respondents; minimize the risk of harm to participants; protect their anonymity and confidentiality; avoid using deceptive practices; and give participants the right to withdraw from the research.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 BACKGROUND OF THE RESPONDENTS

Table 4.1.1 Background Characteristics of the ‘Employee questionnaire’ respondents

Variable	Categories	Frequency	Percent
Gender	Male	34	73.9
	Female	12	26.1
	Total	46	100
Educational level	Diploma	0	0
	Degree	37	80.4
	Masters	9	19.6
	PhD	0	0
	Total	46	100
Job Title	Branch manager	4	8.7
	Customer service supervisor	4	8.7
	Customer Relationship Officer	21	45.7
	Marketing officer	13	28.3
	Business Development manager	4	8.7
	Total	46	100
Job Experience	1-5 Years	6	13
	6-10 Years	13	28.3
	11-20 Years	23	50
	More than 20 years	4	8.7
	Total	46	100

Source: survey result, 2019

4.1.1 Employee Respondents

Table 4.1.1 presents the summarized characteristics of respondents of the 'Employee questionnaire' that are mainly involved in customer relationship management activities of Awash Bank.

The male respondents constitute the largest share of the gender composition representing 73.9 % of the respondents while 26.1% were female employees. In terms of educational level 80.4% of the respondents were degree holders while 19.6% of the respondents were also found to be MBA holders

An equal percentage of branch managers, customer service supervisor officers and Business Development managers were involved in the study (8.7%) while the customer relationship officers of commercial credit customers constitute the largest share (45.7%) followed by the marketing managers business and corporate customers relationship managers that represent 28.3 % .

Finally, the respondent distribution shows that 50% of the respondents were highly experienced in the banking sector being in the industry between 11-20 years respectively. Accordingly, the employees with job experience of less than 11 years but greater than 6 years takes 28.3% while those who have over 20 years of experience in the business arena constitute 8.7% of the respondents.

4.1.2 Customer Respondents

The summarized profile of customer respondents is shown in table 4.1.2 below. As observed from the table the gender composition of the respondents is dominated by male respondents, which constituted 73% of the respondents while the rest is attributed to female respondents.

Concerning the purpose for which the customers use the services rendered by Awash Bank, majority of the respondents were found to be using the services for both personal consumption and business purposes. This shows that the respondent profile is pervasive enough to explore

Awash Bank`s level of CRM practices as customer`s perception represent assessments made from both angles. Moreover, customers that use the Bank`s services for personal consumption

Constituting 51.7% and those that use it for business purposes representing 8.7% of the respondents were also included in the study.

As to the services that are used in Awash Bank, current account/ Cheque account/ users take the lion share followed by saving account users comprising 75.6% and 38.3% of the respondents, respectively. Other service users constitute 6.7%, 31.7%, and 4.3.% of the respondents profile for credit service, Automatic Teller Machine and foreign currency customers, respectively.

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 Awash Bank`s services for years that range from 4-10 but those with the least number of years relationship with the Bank represent only 19.1 % 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 Awash Bank`s service endeavors since they have experience the Bank both before and after the adoption of the CRM practices.

Table 4.1.2 Background Characteristics of the ‘customer questionnaire’ respondents

Variable	Categories	Frequency	Percent
Gender	Male	168	73.0
	Female	62	27.0
	Total	230	100
Purpose used	Private	119	51.7
	Commercial	19	8.3
	Both	92	40
	Total	230	100
Service used*	saving account	147	75.6
	Current account	88	38.3
	Loan	14	6.7
	ATM	73	31.7
	Foreign currency exchange	10	4.3
Length of relationship with CBE	< 3 Years	44	19.1
	4-10 Years	138	60
	> 10 years	48	20.9
	Total	230	100

Source: survey result, 2019

*Service used by the customer may be more than one

4.2 Level of Components of CRM in Awash Bank

The main objective of the study is to determine to what extent Awash Bank practice CRM as measured by the four behavioral dimensions. To do so, both employees and customers of Awash Bank were asked to rate the level of CRM practices on a Likert scale of 1 through 5. The questionnaires were 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 Awash Bank`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 Perception

The data was collected to solicit the perception of employees that work under the title of Branch managers, customer service supervisors, customer relationship officers, marketing officers and business Development manager as to Awash Bank`s level of CRM practice measured using the four behavioral dimensions therein.

Accordingly, the resultant output is shown in table 4.2.1.1 where the extent of CRM application in Awash Bank is 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	Std.Dev.	Ranking (Mean)
Key customer Focus	46	3.453	0.624	2
CRM organization	46	3.554	0.891	1
Knowledge Management	46	3.032	0.873	3
Technology Based CRM	46	2.798	1.020	4
CRM	46	3.209	0.852	-

Source: SPSS data analysis output, 2019

As clearly seen from the table above, the CRM organization dimension has got the highest mean score as compared to the other three dimensions standing first in the group followed by the key customer focus dimension and Knowledge management dimensions of CRM. On the contrary, the technology-based CRM dimension achieved the least mean score, which evidently puts it in the fourth order rank among the group. Hence, its employees perceive Awash Bank as a company that is highly organized around CRM while its performance is perceived to be unsatisfactory

regarding the application of technology- based CRM as compared to the other dimensions used to assess the application of CRM as a whole.

4.2.1.1 Key Customer Focus

The collected data is used to assess the extent to which the employees, working in Customer relationship management areas, perceive Awash Bank as focused on key customers. The manifestations of key customer focus dimension of the CRM are included in the items that are used to measure the same. Among these, the provision of customized services, determination to constantly delight those customers and strengthening the emotional bonds with them were the major ones.

A one-sample statistics that shows the mean and standard deviation for the responses given in a five point Likert Scale was calculated using SPSS. The highest mean figures represent the high level of agreement with the item under consideration while the lowest signify high level of disagreement with the scale item.

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

Table 4.2.1.2 one -sample statistics –key customer focus

	N	Mean	Std. Deviation
My Bank provides customized services & products to its key customers	46	3.20	.193
we strive to constantly surprise & delight our key customers	46	3.35	.150
We strength the emotional bond with our key customers by wishing them on important occasions	46	3.87	.101
We use the relationship pricing concept in pricing our different products/services	46	3.35	.153
We do Co-branding/Affinity partnering programs	46	3.48	.183
We leverage the power of word of mouth by using Referral Marketing programs	46	3.13	.150
We do cross selling of products/services to increase customer share.	46	3.80	.193
Overall		3.454	1.123

Source: SPSS data analysis output, 2019

As shown in the table above, the highest level of agreement with mean value of 3.87 is recorded for the Bank's emotional bond with key customers while to use the power of word of mouth by using referral marketing programs 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. Moreover, even among those items that are above the simple average of the scale four of them are still below the overall average mean score. Hence, it is confident to say that Awash Bank is a bank that does cross selling , striving to strength the emotional bond by wishing them on important occasions and doing co-branding programs as well. Yet, its performance as to use the power of word of mouth by using referral marketing programs is at slack in this particular dimension of CRM.

Table – 4.2.1.3 T-test on key customer focus

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
My Bank provides customized services & products to its key customers	16.543	45	.000	3.196	2.81	3.58
we strive to constantly surprise & delight our key customers	22.353	45	.000	3.348	3.05	3.65
We strength the emotional bond with our key customers by wishing them on important occasions	38.221	45	.000	3.870	3.67	4.07
We use the relationship pricing concept in pricing our different products/services	21.886	45	.000	3.348	3.04	3.66
We do Co-branding/Affinity partnering programs	18.986	45	.000	3.478	3.11	3.85
We leverage the power of word of mouth by using Referral Marketing programs	17.913	45	.000	3.130	2.78	3.48
We do cross selling of products/services to increase customer share.	19.695	45	.000	3.804	3.42	4.19

Source: SPSS data analysis output, 2019

Accordingly, the above t-test results confirm the sample statistics results whereby the highest mean score registered for the Bank's emotional bond with the key customers by wishing them on important occasions is matched with the highest t-score of 38.221 and the same is applicable for all of the other items under consideration. Then, one can say that the one statistics result is compatible with the t-test result output.

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 eight 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 4.2.1.4 below. The table shows leadership of top level management in building and maintains customer relationship, 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 eight items, half of them have a mean score that is greater than the overall mean showing a relatively significant achievement in this particular dimension. Thus, it is secure to say that except for the poor practice in establishing and monitoring customer centric performance standards across all customer contact points, Awash Bank`s application of the CRM organization dimension as perceived by its employees is encouraging especially the top level management leadership in building and maintains customer relationship.

Table 4.2.1.4 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.	46	3.98	.160
Our Bank commits time and resources in managing customer relationships.	46	3.43	.191
Our Bank systems are designed to make it easy for customers to do business with us	46	3.57	.169
We Bank provides increased customer convenience using a variety of distribution channels/branches	46	3.39	.193
Our Bank delivers a reliable customer experience across all customer contact points	46	3.52	.164
Customer –centric performance standards are established and monitored at all customer contact points	46	3.24	.190
The Bank CRM responsibilities of customer contact employees are clearly defined, assigned and understood.	46	3.59	.210
Our Bank frontline employees are encouraged and empowered to positively exceed customer expectations.	46	3.63	.200
Overall		3.543	.184

Source: SPSS data analysis output, 2019

A t-test that confirm the above sample statistics was also conducted where the highest mean score for the leadership of top level management in building and maintain customer relationship is confirmed by the highest t-test score of 24.867 and also the lowest t-test score confirm the lowest mean figure of 3.24. Thus, it is confident to say that the above sample statistics result is the true representation of Awash Bank`s extent of CRM organization application as perceived by its employees working in the domain.

Table 4.2.1.5 T-test on CRM Organization

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Our top management accepts and provides leadership for building & maintaining customer relationship as a major goal of the bank.	24.867	45	.000	3.978	3.66	4.30
Our Bank commits time and resources in managing customer relationships.	18.008	45	.000	3.435	3.05	3.82
Our Bank systems are designed to make it easy for customers to do business with us	21.063	45	.000	3.565	3.22	3.91
We Bank provides increased customer convenience using a variety of distribution channels/branches	17.589	45	.000	3.391	3.00	3.78
Our Bank delivers a reliable customer experience across all customer contact points	21.512	45	.000	3.522	3.19	3.85
Customer –centric performance standards are established and monitored at all customer contact points	17.089	45	.000	3.239	2.86	3.62
The Bank CRM responsibilities of customer contact employees are clearly defined, assigned and understood.	17.093	45	.000	3.587	3.16	4.01
Our Bank frontline employees are encouraged and empowered to positively exceed customer expectations.	18.161	45	.000	3.630	3.23	4.03

Source: SPSS data analysis output, 2019

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 Awash Bank`s CRM endeavors, eight 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 is 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. Table 4.2.1.6 shows the output of the sample statistics.

Table 4.2.1.6 sample statistics – knowledge Management

Item	N	Mean	Std. Deviation
Our Bank takes customer feedback seriously and reply to them	46	3.41	.979
Our Bank has effective customer recovery strategies including guarantees for service failure	46	3.37	1.339
Our Bank customer and employee feedback is taken using a variety of direct and indirect measures	46	3.17	1.180
Our Bank shares to employees the feedback given by our customers	46	3.11	1.286
Our Bank uses information from customers to design or improve our products products/services	46	2.78	1.191
Our Bank analyzes the causes of customer defection through exit interviews and lost customer surveys	46	2.83	1.270
Our Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers	46	2.61	1.125
Our Bank has differential reward system that rewards customers based upon their profit/revenue contribution	46	2.98	1.406
Overall		3.032	1.222

Source: SPSS data analysis output, 2019

As one can observe from the above table, the practice of Awash Bank in taking customer’s feedback seriously and replying to them secured the highest mean figure while the deficiency in developing effective privacy policy resulting in the minimum mean score among the tested items. Overall, Awash Bank’s extent of applying the knowledge management dimension of CRM is satisfactory except for the three items where the mean is found to be below the simple scale average.

To confirm the above sample statistics a t-test was 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 23.639 for the highest mean score and the lowest t-test score of 14.365 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 practicality levels in Awash Bank.

Table 4.2.1.7 T-test on knowledge management

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Our Bank takes customer feedback seriously and reply to them	23.639	45	.000	3.413	3.12	3.70
Our Bank has effective customer recovery strategies including guarantees for service failure	17.064	4	.000	3.370	2.97	3.77
Our Bank customer and employee feedback is taken using a variety of direct and indirect measures	18.250	45	.000	3.174	2.73	3.52
Our Bank shares to employees the feedback given by our customers	16.391	45	.000	3.109	2.43	3.49
Our Bank uses information from customers to design or improve our products products/services	15.847	45	.000	2.783	2.45	3.14
Our Bank analyzes the causes of customer defection through exit interviews and lost customer surveys	15.090	45	.000	2.826	2.43	3.20
Our Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers	14.385	45	.000	2.609	2.27	2.94
Our Bank has differential reward system that rewards customers based upon their profit/revenue contribution	15.727	45	.000	2.978	2.56	3.40

Source: SPSS data analysis output, 2019

4.2.1.4 Technology-based CRM

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

In soliciting the employees perception of the extent of technology-based CRM practices of Awash Bank, four items are used to be responded 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 items ‘our Bank Technology products have created convenience to the customers’ and ‘having a technology that is easy to be used by customers’ scored a mean that is even below the total mean indicating Awash Bank`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 application of the technology-based CRM in Awash Bank as perceived by its employees is at the infant stage.

Table 4.2.1.8 one-sample statistics- Technology-based CRM

Item	N	Mean	Std. Deviation
Our bank uses technology to automate marketing, sales and service functions	46	2.83	1.270
Our Bank information systems are designed to give comprehensive data about all aspects of our customers, so that we can be responsive to them	46	2.98	1.406
Our Bank Technology is easy to be used by customers	46	2.78	1.191
Our Bank Technology products have created convenience to the customers	46	2.61	1.125
Overall		2.8	1.248

Source: SPSS data analysis output, 2019

To confirm the above sample statistics result a t-test is also conducted as shown in table 4.2.1.9 below. Clearly, the t-test confirm the above results where it is confident to appraise Awash Bank`s extent of technology-based CRM using the one sample statistics results calculated above.

Table 4.2.1.9 T-test on technology-based CRM

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Our bank uses technology to automate marketing, sales and service functions	15.090	45	.000	2.826	2.45	3.20
Our Bank information systems are designed to give comprehensive data about all aspects of our customers, so that we can be responsive to them	14.365	45	.000	2.978	2.56	3.40
Our Bank Technology is easy to be used by customers	15.847	45	.000	2.783	2.43	3.14
Our Bank Technology products have created convenience to the customers	15.727	45	.000	2.609	2.27	2.94

Source: SPSS data analysis output, 2019

4.2.2 Level of CRM Practices – Customer`s Perception

Data was analyzed to assess the level of CRM practices in Awash Bank across the four behavioral dimensions using descriptive measures that were used in most of the CRM researches that deals with the deployment of CRM in the service industry; like those undertaken by Saeed *et al.* (2011) and Das *et al.* (2009).

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	Std.Dev.	Ranking (Mean)
Key customer Focus	230	3.53	.8671	1
CRM organization	230	3.47	.5908	2
Knowledge Management	230	3.03	.8657	3
Technology Based CRM	230	2.79	1.011	4
CRM	230	3.205	0.8561	-

Source: Survey result, 2019

As it can be seen from table 4.2.2.1 above Awash Bank has been doing well in the key customer focus dimension as compared to the other dimensions with the mean score of 3.53 while it is of at the lowest performance level in the technology based CRM deployment aspects.

4.2.2.1 Key Customer Focus

This assessment is done to appraise to what extent customers perceive Awash Bank as a bank that endeavor to meet the needs of its most valuable customers by providing customized products that are in agreement with their prevailing requirements.

Key customer focus is all about developing a strong customer focus and continuously delivering superior value to selected key customers to achieve a deep customer relationship that enable an organization to become a necessary partner to its most profitable customers (Vandermerwe, 2004; Das, 2004; Sheth *et al.*, 2000; Parvatiyar and Sheth,2001). The most important components of the key customer focus are customer selection and offering of customized or personalized services to those high value customer segments.

A one-sample test was conducted on the seven items which were responded on a five item scale with the highest being strongly agree and the lowest- strongly disagree. The result of the sample statistics depict to what extent customers perceive Awash Bank as a bank that focus on its key

customers. The highest mean figure shows high level of agreement with the scale item while the lowest indicate high level of disagreement with the particular item being tested.

As can be seen from the table below, the output of the sample statistics reveal that the highest mean was recorded for Awash Bank`s effort to provide customize service to its customers while leveraging the power of word of mouth by using referral marketing has been found to be underdeveloped with the least mean score of 3.24. Overall, key customer focus dimension aggregate mean score ranked first in the fourth dimension.

Table 4.2.2.2 One-Sample Statistics - Key customer focus

Key Customer Focus Dimension items	N	Mean	Std. Deviation
The Bank provides customized services & products to its key customers	230	3.98	1.076
The Bank strives to constantly surprise & delight its key customers	230	3.43	1.282
The Bank strengthens its emotional bond with its key customers by wishing them on important occasions	230	3.57	1.138
The Bank uses the concept of 'Relationship Pricing' in pricing our different products/ services	230	3.39	1.296
The Bank does Co-branding/Affinity partnering programs i.e. programs that associate the Bank with reputable organs to provide increased value to our customers	230	3.52	1.101
The Bank 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	230	3.24	1.274
The Bank does cross selling of products/ services to increase customer share. For example; instigate saving customers to use the credit products of the bank and the like.	230	3.59	1.411
Overall		3.53	0.2254

Source: SPSS data analysis output, 2019

Tables 4.2.2.3 show the level of agreement and disagreement for each item in detail. The tables are headed by the shortened name for the respective items included in the dimension and they indicate the frequency and percentage of responses along with the valid percent and cumulative percent.

Table 4.2.2.3 Key Customer-Focus

N	statement	strongly		disagree		Neutral		Agree		Strongly		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	The bank customized service & product	9	3.9	26	11.3	-	-	119	51.7	76	33.0	230	100
2	The bank strives to Constantly surprise customers	31	13	29	12.6	23	10	110	47.8	37	16.1	230	100
3	The bank strengthens emotional bond with customers	10	4.3	31	13.5	70	30	59	25.7	60	26.1	230	100
4	The bank uses Relationship pricing	29	12.6	31	13.5	36	15.7	89	38.7	45	19.6	230	100
5	The bank does co-branding	11	4.8	36	15.7	54	23.5	85	37.0	44	19.1	230	100
6	the bank leverage the power of word of mouth	35	13.0	34	14.8	10	4.3	82	35.7	74	32.2	230	100
7	The bank does cross selling	35	15.2	30	13.0	39	17.0	96	41.7	30	13.0	230	100

4.2.2.2 CRM organization

CRM organization dimension implies organizing around CRM which leads to considerations like the availability of sales and marketing experts, trained employees on customer relations, evaluation and rewarding of customer performance in customer relations and CRM oriented organizational structure (Sin *et al.*, 2004). According to Yim *et al.* (2004) this calls for an organizational structure that is flexible and, if necessary, reconstructed to generate customer centric value.

To assess the Awash Banks`s level of organization around CRM from customers perspective a five point Likert scale with eight items to represent the dimension were used. The table below shows the level of agreement depending on the size of the mean figure. The higher the mean figure recorded, the higher the level of agreement; and the lower the mean figure the higher the disagreement with the particular item being tested.

Hence, the below mean scores can be interpreted that Awash Bank's has a systems that are designed to make business easier and a clearly defined assignment of customer contact employee can be seen as having the strongest agreement with 3.87 and 3.80 mean score respectively While the Bank commitment to establish a customer-centric performance standards is at marginal slack as compared to the other organizational dimension variable. Overall, organizational dimension aggregate mean score ranked second in the fourth dimension.

Table 4.2.2.13- sample statistics – CRM Organization

Item	N	Mean	Std. Deviation
The Bank top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the bank	230	3.20	.971
The Bank commits time and resources in managing customer relationship	230	3.35	1.328
The Bank systems are designed to make it easy for customers to do business with us.	230	3.87	1.169
The bank provides increased customer convenience using a variety of distribution channels/branches.	230	3.35	1.275
The Bank delivers a reliable customer experience across all customer contact points.	230	3.48	1.181
The Bank Customer-centric performance standards are established and monitored at all customer contact points.	230	3.13	1.259
The Bank CRM responsibilities of customer contact employees are clearly defined, assigned and understood.	230	3.80	1.115
The Bank frontline employees are encouraged and empowered to positively exceed customer expectations.	230	3.63	1.394
Overall		3.4762	1.1022

Source: SPSS data analysis output, 2019

The tables below show the level of agreement and disagreement for each item in detail. The tables are headed by the shortened name for the respective items included in the dimension and they indicate the frequency and percentage of responses along with the valid percent and cumulative percent.

Table 4.2.2.4 CRM Organization

N	Statement	Strongly		Disagree		Neutral		Agree		Strongly		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	The bank top level management accepts and provides leadership	-	-	5	2.6	57	19.5	143	70.0	25	7.9	230	100
2	The bank commits time & resource in managing customer	-	-	27	8.9	97	45.8	64	28.4	42	16.8	230	100
3	The bank systems are designed to make it easy for customers	13	1.6	31	11.1	74	33.7	69	31.1	43	22.6	230	100
4	The bank provides increased customer connivance by variety of distribution	-	-	16	3.2	43	17.4	88	41.1	83	38.4	230	100
5	The bank delivers a reliable customer experience across all customer contact point	1	0.5	37	14.2	20	5.3	110	52.6	62	27.4	230	100
6	The bank's customer-centric performance standards are established	-	-	12	1.1	81	37.4	95	44.7	42	16.8	230	100
7	The bank CRM responsibilities of customer contact employees are clearly defined	1	0.5	18	4.2	12	1.1	143	70.0	56	24.2	230	100
8	The bank's frontline employees are encouraged	1	0.5	8	4.2	12	1.1	133	70.0	46	24.2	230	100
8	The bank has deferral reward system that rewards customers	-	-	3	1.6	51	21.6	93	43.7	73	33.2	230	100

4.2.2.3 Knowledge Management

The assessment to evaluate to what extent Awash Bank practice the knowledge management dimension of CRM is done using a five-point scale that measures the level of agreement or disagreement with the respective statements to be measured. The items that are included in this dimension represent practical aspects of knowledge management which is mainly manifested by uncovering customer needs through the analysis of customer information. This involves tactful customer information management that is used as a knowledge power to align the products and service of the firm to the dynamic needs of the customers.

Customer's perception of to what extent Awash Bank has been deploying the knowledge management aspects of CRM is shown in the one-sample statistic output of table 4.2.2.13 where the mean and standard deviation results are used in a way that analyze the higher level of

agreement to have high mean score while the low score representing high level of disagreement with the particular statement to be tested.

Table 4.2.2.13- sample statistics – Knowledge Management

Item	N	Mean	Std. Deviation
The Bank takes customer feedback seriously and replies it.	230	3.41	.971
The Bank has effective customer recovery strategies including guarantees for service failure	230	3.37	1.328
The Bank customer feedback is taken using a variety of direct and indirect measures	230	3.17	1.169
The Bank shares to employee the feedback given by the customers	230	3.11	1.275
The Bank use information from customers to design or improve its products or services	230	2.78	1.181
The Bank analyzes the causes of customer defection through exist interviews and lost customer surveys with the aim to win back customers who have strong profit potential.	230	2.83	1.259
The Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers	230	2.61	1.115
The Bank has differential reward system that rewards customers based upon their profit/revenue contribution.	230	2.98	1.394
Overall		3.0325	1.2115

Source: SPSS data analysis output, 2019

As observed from the above table the highest mean figure 3.41 is recorded for taking customer feedback seriously while its practice of developing a privacy policy to ensure confidentiality the least mean figure of 2.61. Moreover, almost half of scale items have a mean score below the simple average of the scale and the overall mean of 3.0325.

Thus, it is possible to say that customers perceive Awash Bank as a bank that takes customer feedback seriously and replies accordingly. On the other hand, the practice of developing privacy policy to ensure confidentiality is in a considerable manner.

The tables below show the detail distribution of scale point responses for each statement tested to assess Awash Bank`s level of knowledge management practices. The distribution of responses is shown using frequency tables generated by SPSS program along with their respective percentage.

The tables below show the level of agreement and disagreement for each item in detail. The tables are headed by the shortened name for the respective items included in the dimension and they indicate the frequency and percentage of responses along with the valid percent and cumulative percent.

Table 4.2.2.5 Knowledge Management

N	Statement	Strongly		Disagree		Neutral		Agree		Strongly		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	The bank takes customer feedback seriously and reply it	-	-	21	5.8	23	6.8	135	65.8	51	21.6	230	100
2	The bank has effective customer recovery strategy	-	-	17	3.7	60	26.3	110	52.6	43	17.4	230	100
3	The bank customer feedback is taken using direct & indirect measures	31	11.1	33	12.1	29	10	91	47.9	46	18.9	230	100
4	The bank shares to employees the feedback given by customers	-	-	14	2.1	-	-	123	59.5	93	38.4	230	100
5	The bank use info from customers to design or improve product and services	1	0.5	28	9.5	25	7.9	129	62.6	47	19.5	230	100
6	The bank analyzes the cause of customer defection	-	-	17	3.7	102	48.4	68	30.5	43	17.4	230	100
7	The bank has a well-developed privacy policy to protect customer info	-	-	13	1.6	41	16.3	145	71.1	31	11.1	230	100
8	The bank has deferral reward system that rewards customers	-	-	3	1.6	51	21.6	93	43.7	73	33.2	230	100

4.2.2.4 Technology-Based CRM

Technology based CRM, as the name indicates, refers to the usage of the latest technology in CRM deployment as an enabler of greater customization and better service at lower cost (Sin *et al.*,2005). Currently there are various applications that are specifically designed for CRM with the aim of identifying customers trend of buying behavior to enhance customer satisfaction while incrementing customer retention potentials at the same time. In the sample statistics shown below, the aim is to solicit customers perception as to Awash Bank`s deployment of technology based CRM practices in their dealings with the Bank. To do so, a five point Liket scale was used the highest being strongly disagree and the lowest representing strongly disagrees. Accordingly, the two items were tested using the mean and standard deviation sample statistics.

The resultant mean scores were below the simple average of the scale i.e. 2.61 & 2.78 for having an automated marketing technology and a designed system for providing comprehensive data, respectively. Likewise, the overall mean figure shows the same fact with the score of 2.145 where Awash Bank`s performance in this dimension is perceived to be very weak.

Table 4.2.2.22 - sample statistics – Technology-based CRM

	N	Mean	Std. Deviation
The Bank uses technology to automate marketing, sales, and service functions	230	2.61	.074
The Bank information systems are designed to give comprehensive data about all aspects of our customers, so that we can be responsive to them	230	2.78	.078
The Bank Technology is easy to be used by customers	230	2.98	.092
The Bank Technology products have created convenience to the customers	230	2.83	.083
Overall		2.8	.8746

Source: SPSS data analysis output, 2019

Overall, it is evident from the scores that AIB`s extent of application of technology-based CRM is very low as measured by the resultant Descriptive statistics of the tested items in the Likert scale.

The tables below show the level of agreement and disagreement for each item in detail. The tables are headed by the shortened name for the respective items included in the dimension and they indicate the frequency and percentage of responses along with the valid percent and cumulative percent.

Table 4.2.2.6 Technology-Based CRM

N	Statement	strongly		disagree		Neutral		Agree		Strongly		Total	
		F	%	F	%	F	%	F	%	F	%	F	%
1	The bank uses technology to automate marketing & sales	1	0.5	72	32.6	22	6.3	120	57.9	15	2.6	230	100
2	The bank systems are designed to give comprehensive data customers	-	-	71	32.1	72	32.6	62	27.4	25	7.9	230	100
3	The bank technology is easy to be used by customers	3	1.6	84	33.7	13	1.6	130	63.2	-	-	230	100
4	The bank technology products have created convenience to the customers.	-	-	53	2.6	66	29.5	89	41.6	22	6.3	230	100

4.3 CRM Practice in terms of customer & Employee Perception

The previous two sections presented in detail the extent of CRM dimensions application in Awash Bank as perceived by the employees and customers of the sampled branches. In this section, the finding from the two groups of respondents is presented in a summarized and informative manner.

When considering key customer focus performance of the bank as perceived by the customer it took the highest mean score as compared to the rest behavioral dimension. Whereas the employee perception toward key customer focus dimension is found to be at the second stage as compared to the other variable dimensions.

According to CRM Organizational dimension the perception of customers towards this perspective is found to be at the second stage as compared to the other dimensional variables. On the other hand employee perception of CRM organization dimension took the first stage. However, the mean score for the two group reveal that no significant difference.

With respect to knowledge management dimension performance for both customer and employee preference, it took a position below key customer focus and organizational dimension. The mean score value of the two respondent groups are almost the same.

Employee and customer perception of Awash Bank level of Technology based CRM application is found to be significantly low within their respective group with mean score value of 2.798 and 2.793 respectively.

Finally the four behavioral dimensions were used to assess the extent to which CRM practice in Awash Bank on cumulative mean score is calculated for each group of respondents result in 3.209 and 3.205 for employee and customer respondent respectively.

Therefore, it is evident that both customer and employee perception to Awash Bank's level of CRM practice has almost the same figure and the same holds true when we compare the average score of each dimension for both customer respondents.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

Introduction

Based on the findings presented in the previous chapter, this chapter provides the conclusions reached as to Awash Bank`s extent of CRM application and forward prospective measures that are aimed at moderating the prevailing deficiencies and further promote CRM practices of the Bank.

5.1 Summary of the Major Findings

In the previous chapter the most important findings were presented and analyzed based on the information gathered from research participants. The results obtained from both questionnaire and interview in accordance with each of the four research questions are provided in this chapter.

With regard to employee respondent profile, the male respondents constitute the largest share of the gender composition representing 73.9% of the respondents while 26.1% were female employees. On the other hand, With respect to customer profile the gender composition of the respondents is dominated by male respondents, which constituted 73% of the respondents while the rest is attributed to female respondents.

In terms of educational level 80.4% of the respondents were first degree holders while 19.6% of the respondents were also found to be second degree holders. An equal percentage of Branch managers, customer relationship supervisor and business development manager were involved in the study (8.7%) while the marketing and customer relationship officers constitute 28.3% and 45.7% of the respondent respectively. As to the customer respondents , saving account users take the lion share followed by current account users comprising 75.6% and 38.3% of the respondents, respectively. Of the cheque account users 6.7% of them uses the credit service of the bank as well.

5.1.1 CRM Practice in terms of customer & Employee Perception

When considering key customer focus performance of the bank as perceived by the customer it took the highest mean score as compared to the rest behavioral dimension. Whereas the employee perception toward key customer focus dimension is found to be at the second stage as compared to the other variable dimensions.

According to CRM Organizational dimension the perception of customers towards this perspective is found to be at the second stage as compared to the other dimensional variables. On the other hand employee perception of CRM organization dimension took the first stage. However, the mean score for the two group reveal that no significant difference.

With respect to knowledge management dimension performance of both customer and employee preference took a position far below key customer focus and organizational dimension. Similarly, The mean score value of the two group reveal that no significant difference.

Employee and customer perception of Awash Bank level of Technology based CRM application is found to be significantly low within their respective group.

Finally the four behavioral dimensions were used to assess the extent to which CRM practice in Awash Bank on cumulative mean score is calculated for each group of respondents result in 3.209 and 3.205 for employee and customer respondent respectively.

Therefore, it is evident that both the customer and employee perception as to Awash Bank's level of CRM practice is more or less the same and the same holds true for the statistics result of each dimension.

5.2 CONCLUSION

Based on the findings presented in the previous chapter, this chapter provides the conclusions reached as to Awash Bank's extent of CRM application and forward prospective measures that are aimed at moderating the prevailing problem and further promote CRM practices of the Bank.

According to literatures, CRM involves cross-functional integration i.e. the integration of marketing, sales, customer service, IT and supply –chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value. To do so, organizing around

CRM, focusing on key customers, utilizing customer data to build knowledge about them and enhancing technological capability as an enable is essential and imperative.

Based on this premises, the CRM practices of Awash Bank has been assessed from four behavioral dimensions where both employees and customers of the selected sample grade I branches are included.

In banking industry CRM technological systems should be seen as a key component in implementing successful CRM strategy. CRM software systems enable firms to offer a customized service with a higher quality but a lower cost, so many customer -centric activities would be impossible without the right technology. Though, customers and employees of Awash Bank perceived that the technology-based CRM performance as observed from the level of automation in the service and other functions is low.

A customer orientation implies having a sufficient understanding of the customers to be able to offer them greater benefit .likewise; customer orientation in banking industry implies unequivocally placing the customer at the center of all bank's activities in order to build gradually long-term relationship. Majority of customers and employees, however, perceived that Awash Bank provides customize service to its customers while leveraging the power of word of mouth by using referral marketing has been found to be underdeveloped.

Regarding knowledge management dimension, Awash Bank's performance as well developed privacy policy that keep customer data confidentiality and applying customer information to its services is low while the performance regarding analyzing the cause of customer defection is significant.

In banking industry, in order to implement CRM successfully the banks need to redesign their organization and orient their value chain to the demand of their customers. Concerning the aspects of organizing around CRM, Awash Bank's performance is significant in designing the banking system to make business easier and in applying a clearly defined assignment of customers contact employees. Whereas the establishment and monitoring of customer-centric performances suffers the lowest achievements as compared to other within the dimension.

Hence, the researcher concludes that Awash Bank's level of CRM application is at the average level; the extent of application of key customer focus and CRM organization dimensions are being the highest in achievement while the technology-based CRM practices are highly inadequate.

5.3 Recommendations

Based on the conclusion of the study, the following measures are recommended for Awash in order to exploit the benefits sought in adopting.

- Though the mean score achievement by the customer's and employee perception of Awash Bank's overall application of CRM in terms of key customer focus dimension found to be similar, and tops other CRM dimension ,Awash Bank`s level of service in terms providing customized service, constantly surprising and delighting key customers, strengthening the emotional bond, the effort of co-branding / affinity partnering program, leveraging the power of words of mouth, and finally the concept of cross selling and relationship pricing are all perceived to be low from employee point of view. This implies that, so far, Awash Bank's services have not been well promoted by the employees at hand. Thus, Awash has to enhance its marketing effort regarding all the issue in the key customer focus dimension.
- Concerning the CRM organization dimension, it ranked to be 1st from the customer point Concerning the aspects of organizing around CRM, Awash Bank`s performance is significant in designing systems to makes business easier and in applying a clearly defined assignment of customer contact employee. In this dimension, the establishment and monitoring of customer-centric performance standards at all customer contact points suffers the lowest performance achievement as compared to other within the dimension. Of view, while perceived to be 2rd from the employee point of view. However , the mean score value for most of variable statement by the customer found to be low as compared to employee perception score, this implies that Awash Bank's Organizational dimension is looks to be unreliable and not smooth to do business with the Bank. Therefore, Awash Bank has to enhance it leadership commitment, system design, time and resource

commitment etc via using flexible and compliant working procedures that can accommodate the ever-changing needs of customers. Furthermore, developing organizational capability in technological as well as administrative aspects is alleged to result in the provision of reliable services the Bank claims to be its distinctiveness.

- As to the Knowledge Management aspects, Awash Bank has to establish a service failure guarantee mechanism by installing proper compliance handling mechanism and insure recovery from failure in service at desired service quality. On the other hand the bank privacy policy should be designed in way that keeps the confidentiality of customer's data.
- In the technology-based CRM practices, Awash Bank's performance is at the lowest level. This calls for the adoption and integration of CRM-based technology in the Bank as an enabler of CRM in general and its dimensions in particular.

Concurrently, to sustain its CRM practices Awash Bank has to give its management and front line employees with the essential theoretical and practical knowledge of customer relationship management aspects through experience sharing and training sessions organized in collaboration with other local commercial Banks that implement the CRM that are operating in a similar competitive environment.

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Appendix 1

Employee Questionnaire

Purpose of the questionnaire

This questionnaire is prepared to solicit primary data from the employees of Awash Bank to assess **the level of Customer Relationship Management (CRM) application in the Awash Bank** - for the partial-fulfillment of MA in Marketing Management from St. Mary University.

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

Part A. 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.

Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Key customer focus dimension					
1. The Bank provides customized services & products to its key customers					
2. We strive to constantly surprise and delight our key customers.					
3. We strengthen the emotional bonds with our key customers by wishing them on important occasions.					
4. We use the concept of ‘Relationship Pricing’ in pricing our different products/ services.					
5. We do Co-branding/Affinity partnering programs i.e. programs that associate the Bank with reputable organs to provide increased value to our customers					
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. /					
7. We do cross selling of products/ services to increase customer share. For example; instigate saving customers to use the credit products of the bank and the like.					
CRM organization dimension					

1. Our top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the bank.					
2. our Bank commits time and resources in managing customer relationships.					
3. Our systems are designed to make it easy for customers to do business with us.					
4. We provide increased customer convenience using a variety of distribution channels/branches.					
5. We deliver a reliable customer experience across all customer contact points.					
6. Customer-centric performance standards are established and monitored at all customer contact points.					
7. CRM responsibilities of customer contact employees are clearly defined, assigned and understood.					
8. Our employee training programs are designed to develop the skills required for acquiring and deepening customer relationships.					
	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Knowledge Management Dimension					
1. We take customer feedback seriously and reply to them.					
2. We have effective customer recovery strategies including guarantees for service failures.					
3. Customer and employee feedback is taken using a variety of direct and indirect measures.					
4. Our Bank shares to employees the feedback given by our customers					
5. Our Bank uses information from customers to design or improve our products products/services.					
6. Our Bank analyzes the causes of customer defection through exit interviews and lost customer surveys.					
7. Our Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers.					
8. Our Bank has differential reward system that rewards customers based upon their profit/revenue contribution.					
Technology-based CRM dimension					
1. Our bank uses technology to automate marketing, sales, and service functions.					
2. Our information systems are designed to give comprehensive data about all aspects of our customers, so that we can be responsive to them.					

Part B. 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

Thank you for your cooperation.

Customer Questionnaire

Purpose of the questionnaire

This questionnaire is prepared to solicit primary data from the customers of Awash Bank to assess **the level of Customer Relationship Management (CRM) application in the Awash Bank** - for the partial-fulfillment of MA in Marketing Management from St. Mary University.

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

Part A. 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 \surd mark accordingly.

Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Key customer focus dimension					
1. The Bank provides customized services & products to its key customers					
2. The Bank strive to constantly surprise and delight our key customers.					
3. The Bank strengthen the emotional bonds with our key customers by wishing them on important occasions.					
4. The Bank use the concept of 'Relationship Pricing' in pricing our different products/ services.					
5. The Bank do Co-branding/Affinity partnering programs i.e. programs that associate the Bank with reputable organs to provide increased value to our customers					
6. The Bank 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. /					
7. We does cross selling of products/ services to increase customer share. For example; instigate saving customers to use the credit products of the bank and the like.					
CRM organization dimension					

1. The Bank top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the bank.					
2. The Bank commits time and resources in managing customer relationships.					
3. The Bank systems are designed to make it easy for customers to do business with us.					
4. The Bank provides increased customer convenience using a variety of distribution channels/branches.					
5. The Bank delivers a reliable customer experience across all customer contact points.					
6. Customer-centric performance standards are established and monitored at all customer contact points.					
7. CRM responsibilities of customer contact employees are clearly defined, assigned and understood.					
8. The Bank employee training programs are designed to develop the skills required for acquiring and deepening customer relationships.					
	Strongly disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
Knowledge Management Dimension					
1. The Bank takes customer feedback seriously and reply to them.					
2. The Bank has effective customer recovery strategies including guarantees for service failures.					
3. Customers and employee feedback is taken using a variety of direct and indirect measures.					
4. The Bank shares to employees the feedback given by our customers					
5. The Bank uses information from customers to design or improve our products products/services.					
6. The Bank analyzes the causes of customer defection through exit interviews and lost customer surveys.					
7. The Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers.					
8. The Bank has differential reward system that rewards customers based upon their profit/revenue contribution.					
Technology-based CRM dimension					
1. The bank uses technology to automate marketing, sales, and service functions.					
2.The Bank information systems are designed to give comprehensive data about all aspects of our customers, so that we can be responsive to them.					

Part B. General and Demographic Information

Part One: General Information

Direction: please select the following information by encircling the appropriate number

1. Please indicate your gender?

1. Male

2. Female

2. Please indicate your highest level of education.

Diploma

Degree

MA

PhD

3. Age.

20-29

30-39

40-49

>50

4. Purpose Used.

Private

Commercial

Both

5. Service Used

Saving Account

Current Account

Loan

Money transfer

ATM

Foreign exchange

6. Business experience With Awash Bank

< 3 years

4-10 years

>10 years

Thank you for your cooperation.