



ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**CUSTOMER RELATIONSHIP MANAGEMENT PRACTICE AND ITS EFFECT
ON CUSTOMER SATISFACTION: THE CASE OF NIB INTERNATIONAL BANK**

BY

KALKIDAN FANTU

AUGUST, 2020

ADDIS ABABA, ETHIOPIA

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**A THESIS SUBMITTED TO ST. MARY'S UNIVERSITY, SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE DEGREE OF MASTERS OF BUSINESS ADMINISTRATION**

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APPROVED BY BOARD OF EXAMINERS

Dean, Graduate Studies

Signature

Advisor

Signature

External Examiner

Signature

Internal Examiner

Signature

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Dr. Yibeltal Nigussie. All Sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full in any other higher learning institution for the purpose of earning any degree.

Name

St Mary's University, Addis Ababa

Signature

August, 2020

ENDORSEMENT

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

Advisor

St, Mary's University, Addis Ababa

Signature

August, 2020

ACKNOWLEDGMENT

First and foremost I would like to thank God for his grace and for giving me strength to finish this work. I offer my profound gratitude to my advisor Dr. Yibeltal Nigussie, for his sustained enthusiasm, suggestions and guidance throughout the course of my MBA research. I also express my gratitude to the faculty members of St. Mary's University.

My Special thank you goes to my family, for all their love and support. I couldn't have done it without them. I would also like to thank the management and staff of Eagle Travel Agency P.L.C and my best friend Tsion Yilma for their support and encouragement.

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ACRONYMS

| | |
|-----------------|--|
| ATM | Automated Teller Machine |
| CRM | Customer Relationship Management |
| SERVQUAL | Service Quality Model |
| SPSS | Statistical Software for Social Sciences |
| VIF | Variance Inflation Factor |
| CS | Customer Satisfaction |

DEFINITION OF TERMS

Key Customer Focus

Key Customer focus is a corporate concept that positions the customer at the forefront of all company planning and management decisions. It is a marketing approach too, that involves products and services to be developed around key consumer's preferences.

Organizing Around CRM

Organizing around CRM is the way entire company should be structured around the creation of important partnerships with a strong focus on key customers deeply embedded throughout its CRM structure to guarantee satisfaction.

Knowledge Management

Knowledge Management is the process of creating, exchanging, using and maintaining the knowledge and information of customers in an organization.

Technology Based CRM

Technology Based CRM is a technology for handling all the partnerships and interactions between the business and customers and potential customers.

Customer Satisfaction

Customer Satisfaction is a measurement that determines how happy customers are with a company's products, services, and capabilities.

Service Quality

Service Quality refers to a customer's comparison of quality requirements in relation to the performance of a company.

ABSTRACT

Customer Relationship Management (CRM) is a mix of people, processes, and technology that seeks to understand customers of a company. It is an integrated approach to relationship management through the focus on customer retention and relationship development. The banking sector has become highly competitive in Ethiopia. By using Customer Relationship Management, the banks are making greater efforts to acquire and retain customers. CRM helps companies improve customer satisfaction as it helps to identify customers and prospects and then engage them. Despite banks introducing CRM initiatives to improve account holders' satisfaction, consumers remain unhappy with banking services. The aim of this study was to determine the effect of CRM on the satisfaction of account holders in Nib International Bank. The research employed mixed research approach to analyze the data. The target population was 27,692 account holders from selected Nib International Bank branches. A sample of 394 respondents was selected using Simple random sampling. Primary data was gathered using a closed-ended questionnaire guided by the researcher on a 5-point likert scale. The reliability of the research tool was determined by a pilot test that resulted in Cronbach Alpha coefficient > 0.7. Interview was used as a tool to gather qualitative data. Quantitative data was analyzed using both descriptive and regression analyses with the aid of SPSS and qualitative data was analyzed through content analysis. To describe the characteristics of the variables, descriptive statistics such as mean, frequency distribution, and standard deviation were used. To ensure multiple linear regression assumptions, diagnostic tests were performed for normality, linearity, multicollinearity and homoscedasticity of variance. The Result suggests that CRM has a significant and statistically relevant effect on satisfaction among Nib International Bank account holders'. Knowledge management was found to be the weakest in the bank. It is recommended that the bank carry on its CRM practice by continually enhancing its technology and relationship with its customers.

KeyWords: Customer Relationship Management, Key Customer Focus, Knowledge Management, CRM Organization and Technology Based CRM, Service Quality

CHAPTER ONE

INTRODUCTION

1.1. Background of The Study

In this competitive world where there are rapid technological advances, it is necessary for organizations to retain their existing customers and to look for new ones (Pan, 2005). For this to happen creating mutually beneficial and valuable long term relationship with customers is necessary (Ravald & Grönroos, 1996). One of the industries we see a lot of competition is the banking industry. To cope up with this increased competition and to stay competitive, companies device a lot of strategies. One of these strategies is a concept called Customer Relationship Management. Customer Relationship Management (CRM) is a framework for controlling relationships between a company and its consumers, customers and sales prospects. Using technology, this means planning, automating and synchronizing business processes. To implement CRM, many companies use set of tools, software, and processes to improve the customer relationship to boost sales (Long, Khalafinezhad, Wan Ismail, & Rasid, 2013).

Maintaining customer relationships and offering them absolute customer satisfaction seems to be the foremost industry agenda these days. Customer Relationship Management (CRM) offers the approach and solution that is much needed to keep customers happy, pleased and interacting with the company throughout their lifetime. CRM has multiple features and implications for organizations that always seem eager to go that extra mile so they can retain their customer base, prevent competitors from consuming their business and keep their loyal customers coming back to them for more (Khedkar, 2015).

The banking sector needs advanced technological requirements to meet the needs and expectations of all its customers. New technology advances open up more options for customers and thus increasing their bargaining power. These growing pressures and opportunities create more demanding and powerful customers (Abu-Shanab & Anagreh , 2015). Tools for Customer Relationship Management enable organizational learning about

customers by allowing companies to evaluate customer behavior through transactions across various channels and consumer touch points (Mithas, Krishnan, & Fornell, 2005).

In business marketing of a digital world, one of the challenges of banks is meeting customer expectations. As with most customers, they can't just have a perfect checking account or conditions to lend. They've got to offer good financial advice. This means taking custom made approach to each service and having in-depth knowledge of each customer's character and delivering the service faster than before (Salesforce, 2020). It is difficult to ignore the importance of customer satisfaction because happy customers are like free advertising for a business. The customer must always be put at the center of an organization's plans, activities and processes (Long, Khalafinezhad, Wan Ismail, & Rasid, 2013). CRM allows companies to utilize information from their systems to improve customer retention and to cross-sell existing customers with new products and services.

Organizations adopting CRM are making better relationships with their clients, gaining loyal customers and a good payback, higher revenue and lower cost. The convenience of location, size, advice from others and ads are not essential selection criteria for banks according to a study conducted in the banking sector. From the point of view of consumers, important criteria are: consistency and carefulness of account and transaction, reliability in correcting errors and friendliness and staff helpfulness (Blery & Michalakopoulos, 2006).

1.1.1. The Banking Industry in Ethiopia

The banking industry is one of the industries that have shown rapid growth in Ethiopia. The banking background in Ethiopia actually goes back to Emperor Menelek II's reign. The Emperor wanted to create a bank in the country, then called Abyssinia, as a second step after the establishment of a national monetary system, at that time (Mauri, 1997). In their study titled "The Birth and development of Banking Services in Ethiopia" (FASIL & MERHATBEB, 2012) looked at how the banking industry developed in Ethiopia. A summary of their study is stated as follows. Bank of Abyssinia opened branches in Harar, Dire Dawa, Gore and Dembi- Dolo as well as an agency office in Gambela and a transit office in Djibouti, which began service a year, after its establishment agreement was

signed. It could not draw deposits from Ethiopian nationals who were not familiar with banking services, apart from serving foreigners living in Ethiopia and keeping government accounts. Under Emperor Haile Sellassie, the Ethiopian Government closed the Bank of Abyssinia, paid compensation to its creditors, and set up the Bank of Ethiopia, which was wholly owned by Ethiopians, with a pound capital of 750,000 Sterling. In 1932 the Bank began service. The Bank of Ethiopia's largest shareholders were the then Emperor and political leaders. The Bank was allowed to combine central banking (issue of currency notes and coins) and commercial banking functions. The bank of Ethiopia has opened branches in Dire Dawa, Gore, Dessie, Debre Tabor, and Harrar. The Bank of Ethiopia's activity came to a halt with the Italian occupation (1936-1941), but a number of Italian financial institutions had been operating in the region. Those were Banco Di Roma, Banco Di Napoli and Lavora National Bank. It should also be noted that during the years 1942-43 Barclays Bank opened a branch and operated in Ethiopia.

With the departure of the Italians and the establishment of the government of Emperor Haile Selassie, a charter published as General Notice No. 18/1993 (E.C.) established the State Bank of Ethiopia in 1943, with a capital of 1 million Maria Theresa Dollars. The Bank, like its predecessor, merged central banking functions with commercial banking functions opened 21 branches, including one in Khartoum (Sudan) and a Djibouti transit office. In 1963 the Ethiopian State Bank separated into the National Bank of Ethiopia and the Ethiopian Commercial Bank S.C. to distinguish central banking activities from those of commercial banking. In 1964 the new banks began service. Addis Ababa Bank S.C., founded in 1964, was the first privately owned company in banking industry. Ethiopian shareholders owned 51 percent of the bank's shares, foreigners living in Ethiopia 9 percent, and National and Grind lays Bank of London 40 percent.

After the 1974 Revolution, all private banks and 13 insurance companies were nationalized on 1 January 1975 and placed under the management, supervision, and control of the National Bank of Ethiopia, along with state-owned banks. Between 1975 and 1994, there were four state-owned banks and one state-owned insurance company, the National Bank of Ethiopia (the Central Bank), the Ethiopian Commercial Bank, the Housing and Savings

Bank, the Ethiopian Development Bank and the Ethiopian Insurance Corporation. Following the EPRDF's overthrow of the Dergue government, Ethiopia's Transitional Government was established and a New Economic Policy was provided for the transition period. This new economic strategy replaced a centrally controlled economic structure with a market-oriented economy, and added the private sector to it. During the early 1990s many private enterprises were created, one of which is Oda S.C. It conceived the idea of setting up a private bank and private insurance corporation in anticipation of legislation that would open up the financial sector to private investors.

According to a post on Addis Fortune, the trend of banking in Ethiopia is changing. The fact that there is now strong competition in the sector and that technological advances are integrated with the sector are some of the factors that enable banks to develop future strategies. The sector has been known for providing minimal financial products over the past two decades, costly branch extensions, low rates of technology utilization, large dependence on manual labor and concentration on urban areas. Private Banks cannot continue to do business in this very competitive industry, using such traditional business models (Dawit E. , 2015). To be successful, banks must always provide superior value when it comes to quality, price and services, better than competitors. The marketing combination of management activities should consider the best way to meet the needs of consumers and pursue new organizational changes.

1.1.2. Background of the Organization

According to a post on their website, Nib International Bank was established on May 26, 1999 under the license no. LBB/007/99 in accordance with the Commercial Code of Ethiopia and the proclamation for Licensing and Supervision of Banking Business Proclamation no. 84/1994 with paid up capital of birr 27.6 million and authorized capital of birr 150 million by 717 Shareholders. The bank implemented Mobile and Internet Banking through which it issues Nib Cards and ATM machines are places at various locations throughout the country. This makes the bank convenient and helps it give diversified services. In addition, the Bank has formed a strategic alliance with MasterCard, VISA and Union Pay branded cards to enhance the application of modern banking technology and

provide competitive service across a wide range of card banking services, which is one of the breakthroughs in providing international payment services. In order to implement new types of products, other than Gojo-Guzo Foreign Exchange (FX) previous creative products and services linked to deposit and loan products, credit products have been created for employment agencies and employees working abroad to improve FX generation and Murabaha interest-free finance products.

The 3rd Strategic Plan is now being developed and is in the implementation phase and a new structure is being put in place which formulates policy manuals and cascades the various goals of the Strategic Plan into the implementation units.

Nib International Bank Organizational Structure

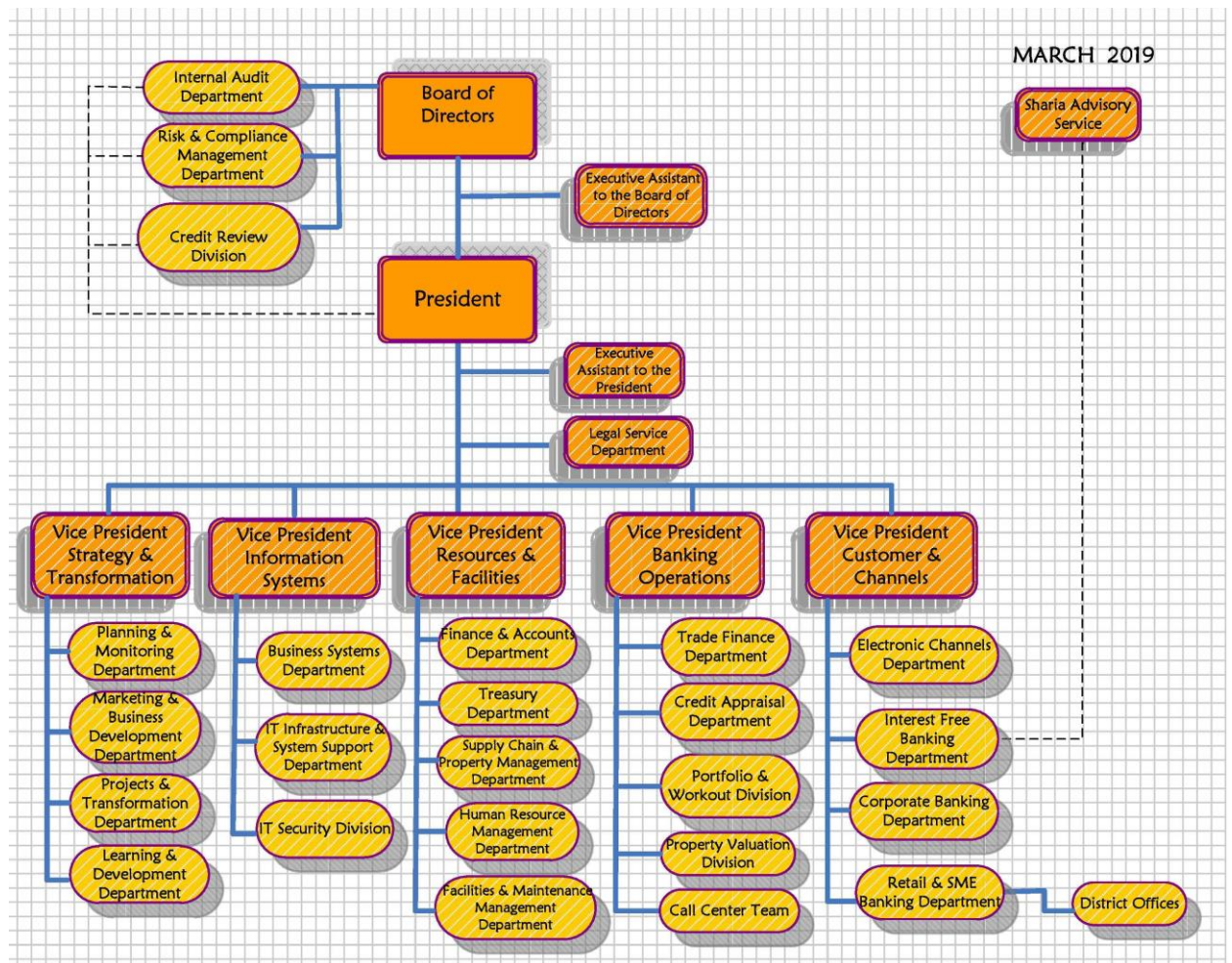


Figure 1-1: Nib International Bank Organizational Structure

Source: Nib International Bank Website/ <https://www.nibbanksc.com/organizational-structure/>

Corporate Banking Department is the leading department of customer relationship Management and is led by Ato Menkir Hailu who is the department director. The Department of Customer Relationship Management is led by the Vice President of Operations, and it is responsible for ensuring that customer-oriented, reliable and productive banking services are provided to customers before, during and after the delivery of banking services through the Bank's service policy, procedures and standards to ensure strong bondage between the bank and its customers for mutual and lasting business relationship. This proactively recognizes and recruits corporate customers and ensures the quality and integration of the banking services to their satisfaction. This helps operating departments retain their quality levels.

1.2. Statement of the Problem

To speed up the economic growth process, Ethiopia's current government has embarked on a range of reforms to boost banking sector productivity and competitiveness. The Government's reform efforts to date include opening up the banking sector to private domestic investment (Bezabeh & Desta, 2014). In less monetized countries, such as Ethiopia, while banking industry dominates the financial sector, effective and efficient functioning has a significant role to play in accelerating economic growth. Competition is a significant driving force to improve the role of banks in the country's economy. Without competition, bringing about productivity and promoting the growth of the financial sector is impossible (Eshete, Teshome, & Abebe, 2013).

Today, many organizations including banks understand the significance of CRM and its ability to help them attract new customers, maintain current customers and increase their lifetime value. CRM allows for a shift from a transaction-based model to a relationship-based model that focuses on obtaining, maintaining and sustaining productive customer connections. Advances in information and telecommunication systems allow for two-way communication with customers (Roberts-Lombard, 2011). Banks cannot be confident that once the partnership is formed their customers will continue to transact with them. With

many financial institutions now providing multi-channel access, it is becoming more difficult to manage customer relationships. Banks should be highly focused on the relevant elements of their CRM strategy to produce customer satisfaction and loyalty. That will only be possible with the help of effective and efficient customer communication. The banks are facing stiff competition in the present time, and they are struggling to find a place in industry. They should collect information about existing customer satisfaction levels and their critical determinants. This will allow them to narrow down their customer service efforts and do more (Gülmez, 2016).

To stay competitive and to insure that the service given is customer centered, Nib International Bank has Customer Relationship Management department in place. The department has been working to help the bank to have long lasting relationship with its customers. Loyal customers have a lower cost of service, spend more time with the business, and provide a strong source of new business. Customer dissatisfaction reduces the foundation the company has built, causes the business to rely on a more unpredictable mix of customers and erodes the credibility of the business (Levesque & McDougall, 1996). This research is very important for the bank to understand its customers, to have their complete data and information, to organize their information and to evaluate and improve customer information.

The motivation for this research came from observation of the service industries in Ethiopia. Services are amongst Ethiopia's most troublesome yet promising industries. Growth in the services sector is due to increasing public and private spending on education and health, expansion of financial services, and growth in distributive services such as transportation and domestic trade (Alemu, 2018). The quality of service provided by an organization has become a requirement which increases its significance by raising the needs, wishes and expectations of the customers and by the ability of the organization to meet these needs, wishes and expectations. Service Quality and Customer Satisfaction need a strong dedication to meeting customers' ongoing and long-term rising needs and wishes. Organizational administrators and staff employed in the company are responsible for this.

Despite the banks launching CRM initiatives to increase the satisfaction of account holders, customers remain dissatisfied with banking services. Banking service failures tend to have

a negative effect on service efficiency, and subsequently on customer satisfaction. Nib International Bank may not be flawless in implementing CRM, or there is some doubt about the efficacy of CRM and its contribution to long-term development, as the company's perception of using the technology as a competitive advantage has increased. Nonetheless, they still need to be fully aware of CRM and how to use this tool in the right way, and how it could be a solution for managing their processes and preserving their relationships with their clients. So, the aim of this research is to examine the effect of Customer Relationship Management (CRM) on Customer Satisfaction in the context of Nib International Bank. The current study intended to analyze CRM's impact on Customer Satisfaction through its four dimensions -Key Customer Focus, Knowledge Management, CRM Organization and Technology -based CRM.

1.3. Research Questions

A thesis research set out to address a research question. Such questions are important as they are the subject of a research; answering the questions is the main objective of an analysis or thesis and "anything else arises from them" (Feldt, 2010). The research questions this research is based upon are the following.

1. What is the effect of focusing on key customers on customer satisfaction?
2. What is the effect of knowledge management on customer satisfaction?
3. What is the effect of customer centered organization configuration on customer satisfaction?
4. What is the effect of Technology Based CRM on customer satisfaction?

1.4. Objective of the Study

1.4.1. General Objective

The general objective of this study is to establish the effect of Customer Relationship Management on Customer Satisfaction in Nib International bank.

1.4.2. Specific Objectives

- To examine the effect of Key Customer Focus on Customer Satisfaction in Nib International Bank.

- To determine the effect of Customer Centered Organization Configuration on Customer Satisfaction in Nib International Bank.
- To examine the effect of Knowledge Management on Customer Satisfaction in Nib International Bank.
- To examine the effect of Technology Based CRM on Customer Satisfaction in Nib International Bank.

1.5. Significance of the Study

Nib International Bank from the day it was established, has strived to become an icon of service excellence and a leading commercial bank in Ethiopia as stated in the vision statement. To achieve this rank, it is no question that the bank needs high customer satisfaction rate. Since customer satisfaction has significant implication for the economic performance of firms, customer relationship has an impact in helping firms satisfy their customers. This study helps the bank to improve its Customer Relationship Management to get satisfied customers. It can help the bank in the following ways.

- It will help improve the current Customer Relationship Management already in place in the bank.
- It will help identify the needs of the bank's customers so it can give quality service to satisfy its customers.
- It will help customers get more personalized service from the bank.
- The result will also help the bank to strengthen their relation with their customers to widen their customer base.

1.6. Scope of the Study

The research scope refers to the conditions under which the research will operate, what the research addresses and is closely associated to the problem's framing. The problem that the study aims to solve must fit in with those parameters (Simon & Goes, 2013).

The scope of this research has three parts. Theoretical Scope, Methodological Scope and Geographical Scope.

1.6.1. Theoretical Scope

Banking is a highly competitive business with the ultimate aim of achieving customer satisfaction and loyalty. In order to obtain a strategic advantage and withstand the ever-increasing competitive banking world of today, bank management needs to recognize and strengthen factors that can reduce customer faults and provide both the drive and the resources to move closer to their valued customers by introducing CRM (Al-Refaie, AL Tahat, & Bata, 2014). The study is about the practice and effect of Customer Relationship Management (CRM) on Customer Satisfaction in Nib International Bank. It focused on the role of dimensions of CRM (Key Customer Focus, Organizing around CRM, Knowledge Management and Technology Based CRM) on Customer Satisfaction.

1.6.2. Methodological Scope

The Study used Descriptive research design to study effect of the four dimensions of CRM on Customer Satisfaction. These four dimensions have been selected because they are the typical activities in the implementation of CRM. The primary data for the research was extracted from both the Customers and Employees of the Bank. The information gathered from the employees helped the research to understand the practice of CRM in the bank and the information gathered from the Customers helped the research to examine their satisfaction level.

1.6.3. Geographical Scope

Currently Nib International Bank has more than 812,627 Customers and about 4,797 employees in about 154 branches in Addis Ababa. The study targets CRM department and selected branches of Nib International Bank. The Geographical scope of this study is the selected branches of Nib International Bank located in Addis Ababa. Because of convenience the geographical scope was restricted to Addis Ababa.

1.7. Limitation of the Study

Every research does have drawbacks, no matter how well it is performed and built. Limitations are matters and events that arise in a study which are out of the researcher's control. They limit the extensity to which a study can go, and sometimes affect the end result and conclusions that can be drawn (Simon & Goes, Scope, Limitations, and Delimitations, 2013).

The researcher for this study used a questionnaire to collect quantitative data. This method may be subject to bias and dishonest answers by the respondents. The respondent rate may not be as expected because of confidentiality issues by the bank customers and employees.

1.8. Organization of the Thesis

The thesis is organized in five chapters. Chapter one presents the background of the study, history of banking in Ethiopian and background of Nib International Bank. It also consists of the statement of the problem, research questions, objectives and hypothesis, scope, significance and limitations of the study. Chapter two presents the review of related literature. The literature consists theoretical, empirical and conceptual literature related to the study variables. The chapter further discusses the relationship between the study variables, Key Customer Focus, Organizing around CRM, Knowledge Management and Customer Satisfaction.

Chapter three discusses the research methodology which consists of the research approach, research design, data collection and measurement of variables. The study also presents methods used for analysis and ethical considerations. Chapter four presents data interpretation, analysis and discussion of the study. Normality tests, Descriptive analysis, Correlation analysis and Multiple Regression analysis are presenter in this chapter. The last chapter, chapter five gives the summary conclusion and recommendation

CHAPTER TWO

REVIEW OF RELATED LITRATURE

2.1. Introduction

This chapter presents a review of literature on Customer Relationship Management. It has three parts. Theoretical Literature Review, Empirical Literature Review and Conceptual Framework.

2.2. Theoretical Literature Review

2.2.1. CRM an Overview

For several companies, CRM has developed into the most effective corporate strategy. It is concerned with creating, maintaining and enriching individualized customer relationships with customers being carefully targeted. CRM is the strategy described and produced with the advancement of information technology and communication. It is an effective commercial approach and a return to personal marketing (Mugunthan & Kalaiarasi, 2017).

In the mid-1990s, the term "Customer Relationship Management" originated in the vendor culture of IT suppliers and practitioners. It is often used to identify consumer solutions based on technology, such as automation by the sales force (Payne & Frow, 2005). Because of its relative innovation and increasing growth, CRM has recently become an attractive field for academics study. Due to the development of CRM's innovation capabilities and competitive advantage, it not only attracts industry professionals but also motivates academics as a research area (Debnath, Datta, & Mukhopadhyay, 2016).

Historically, companies have used knowledge assets to make decisions that will maximize profitability, performance, and effectiveness. Those information assets were extracted from the outcomes of the internal (e.g., inventory management) and external (e.g., sales) activities of a company and were used to support unstructured and semi-structured decisions. As when the ability to collect, archive and transmit such data developed and the number of data sources grew, companies started to create an information system that would

provide a holistic view of their business operations, partners and customers (Wells & Hess, 2002).

Many factors have led to the rapid development and advancement of CRM in recent years. These include the growing process of disintermediation in many industries due to the advent of sophisticated computer and telecommunications technologies which enable producers to interact directly with end-customers. For example, the de-intermediation process is increasingly changing the nature of marketing in many industries such as the airline, banking, insurance, computer software, or household appliances industries and even consumables, making relationship marketing more common as a result (Parvatiyar & Sheth, 2001).

Tracking customer behavior to gain insight into customer preference and evolving needs is one of the key motivations for a company to implement CRM applications. Tools for customer relationship management help companies collect and apply customer information through two mechanisms. First, CRM tools allow employees in contact with customers to document relevant information about each customer transaction. Then, the information collected using information-processing principles and organizational procedures, can be interpreted and translated into consumer awareness so that customer information acquired through service interactions can be made available for all future transactions, allowing employees to respond in context to any customer request (Krishnan & Fornell, 2005).

According to (Pahwa, 2018), CRM has the following building blocks. The first one is A CRM portal to collect client information. The second one is analyzing the information using technological intelligence. The third one consists of a strategy for capitalizing on all customer needs and points of contact to identify potential customers. The final is data collection to ensure an effective strategy.

According to a research by (Kokemuller, 2019) and (Ekhlassi, Maghsoodi, & Mehrmanesh, 2012) CRM development can be divided into three phases: Customer Acquisition, Customer Retention and Customer Development. They explained each phase and it is presented in this study as follows.

Customer Acquisition: CRM focal point is mostly on Customer Retention, but to be effective CA is also important. However, because businesses lose around 20-40% of their customers per year, Customer Acquisition is crucial. New customer acquisition deals with gaining income and growth in the short term and concentrating on the general public. Customer Acquisition is a must to replace consumers who no longer need goods or services from the company. New companies and new products will rely on CA acquired from Integrated Marketing Communications and advertisements across mass media to create awareness of the brand. With CRM, advanced software databases are used at the point of first contact to capture the key customer data. Data on the profile includes the name, address, phone number, email address and sometimes social media accounts of a prospect. Entering this data into a computer allows for future, continuing access to communication.

Customer Retention: The real purpose of collecting data on the customers acquired is to boost retention rates. By the early 1980s marketing efforts were mainly focused on Customer Acquisition in making a better product mix relative to rivals. But as a result of IT developments and the ability to gather customer information and acquire history, Customer Retention strategies are becoming a priority. Good data analysis, frequent and consistent contact follow-up communication and well-serviced accounts help lower the churn rate in a business. Data analysis helps to recognize the characteristics of prospects and clients that also deliver the best earning potential for a lifetime, allowing greater focus to be put on maintaining core customers. Companies use direct marketing to address consumer needs and requirements and try to maintain current customers through customer loyalty programs and improve customer satisfaction with high-quality services and products, manage complaints and customized orders.

Customer Development: CRM's customer development phase includes activities aimed at drawing the length of typical customer relationships, allowing for higher revenue. In this phase companies boost their sells or services to their current customers. Companies recognize and understand customer incentives and predict their behavior by collecting information and CRM, to improve the purchase of new or current products and services. A simple perspective is that there is an increased likelihood of a follow-up visit by a customer when satisfying him/her during the first buying/service experience is achieved. Over time,

delivering quality solutions, fulfilling commitments and addressing issues transform a one-time customer into a loyal client.

The idea that it is difficult to have a successful relationship with all consumers and the practice of approaching clients with a specific product or service is already common in many financial services, such as banking, insurance, credit cards etc. One form of customer community recognition is the notion of distinguishing between transaction and relationship Customers. Transaction Customers are highly volatile and have little loyalty, other than that associated with getting the best price. Relationship consumers have far greater loyalty potential, as they are often willing to pay a premium price for a variety of quality goods or services (Bull, 2003).

More recently, businesses have invested in an integrated set of tools and functionalities provided to collect and store consumer information from leading software vendors. Organizations with higher implementation of CRM systems are better able to leverage their stock of accumulated knowledge and experience into processes of customer support. Furthermore, companies with a greater deployment of CRM applications are likely to become more familiar with the data management issues involved in initiating, maintaining and terminating a customer relationship. This familiarity gives companies a competitive advantage in leveraging their customer data gathering to customize offers and respond to customer requirements (Mithas, Krishnan, & Fornell, 2005).

2.2.2. CRM Definition

Writers diverged in formulating a precise definition to CRM. This divergence can be owed to a difference in these writers ' scientific background (Soliman, 2011). While the concepts vary slightly, they all suggest that CRM's central concept and marketing relationship insights revolve around its focus on individual buyer-seller relationships, that these relationships are relational in nature, and that both parties benefit from the established relationship (Sin, Tse, & Yim, 2005). (Rababah, Mohd, & Ibrahim, 2011, p. 223) Studied different definitions of CRM from different perspectives and claimed that most definitions see CRM from Philosophy, Strategy and technology viewpoints. Based on their study they proposed the following definition.

“CRM is the building of a customer-oriented culture by which a strategy is created for acquiring, enhancing the profitability of, and retaining customers, that is enabled by an IT application; for achieving mutual benefits for both the organization and the customers”.

The proposed concept states that in order to incorporate and execute CRM effectively, Companies must:-

- Create the cultural orientation and convey the needs of being a customer-centric organization.
- Develop a strategy that defines the CRM objectives, draws up plans to achieve those objectives and imposes a commitment to be a customer-centered organization.
- Acquire appropriate technology to allow and accomplish this strategy

For this research the definition of the book Marketing Management by (Kotler & Keller, 2012, p. 135) will be used. Their definition of CRM is stated as follows.

“Customer Relationship Management (CRM) is the process of carefully managing detailed information about individual customers and all customer “touch points” to maximize customer loyalty.”

According to them, CRM allows businesses to provide excellent customer service in real time by making efficient use of individual account information. The businesses will tailor market deals, services, systems, communications and media based on what they know about each valued customer.

2.2.3. CRM for Banks

Today the consumer is provided with competition in the banking and financial services sector. Brand loyalty is uncommon and usually associated with a mortgage, loan, or other contractual obligation. Maintaining financial services relationships with more than one bank or financial service provider is popular to many clients (Newsignature, 2014). The aim of CRM is to help businesses making use of technology and human resources gain insight into customer behavior and the interest of those customers. If it works as planned, a

company can: provide better customer service, make call centers more effective, cross-sell products more effectively, allow sales staff to close deals more quickly, improve marketing and sales processes, discover new customers and increase customer revenue.

A financial institution's conventional operation in the 20th century was heavily based on personal interactions between consultants / agents and customers, mainly in the physical channels such as branches. For decades, banking has traditionally functioned in a fairly stable setting. Today, however, the industry is facing strong competition and banks may lose a substantial proportion of their business to competition. CRM is a sound business practice to recognize the bank's most valuable clients and opportunities, and devotes time and attention to expanding account relationships with those customers through: individual marketing, reprising, strategic decision-making, and personalized service, all provided through the various sales channels the bank uses (Hussain, Hussain, Hussain, & Sajid, 2009).

2.2.4. CRM Process

A framework proposed by (Parvatiyar & Sheth, 2001) comprises of four sub-processes. They are a customer relationship formation process; a relationship management and governance process; a relational performance evaluation process, and a CRM evolution or enhancement process. The framework they developed is illustrated in the figure below.

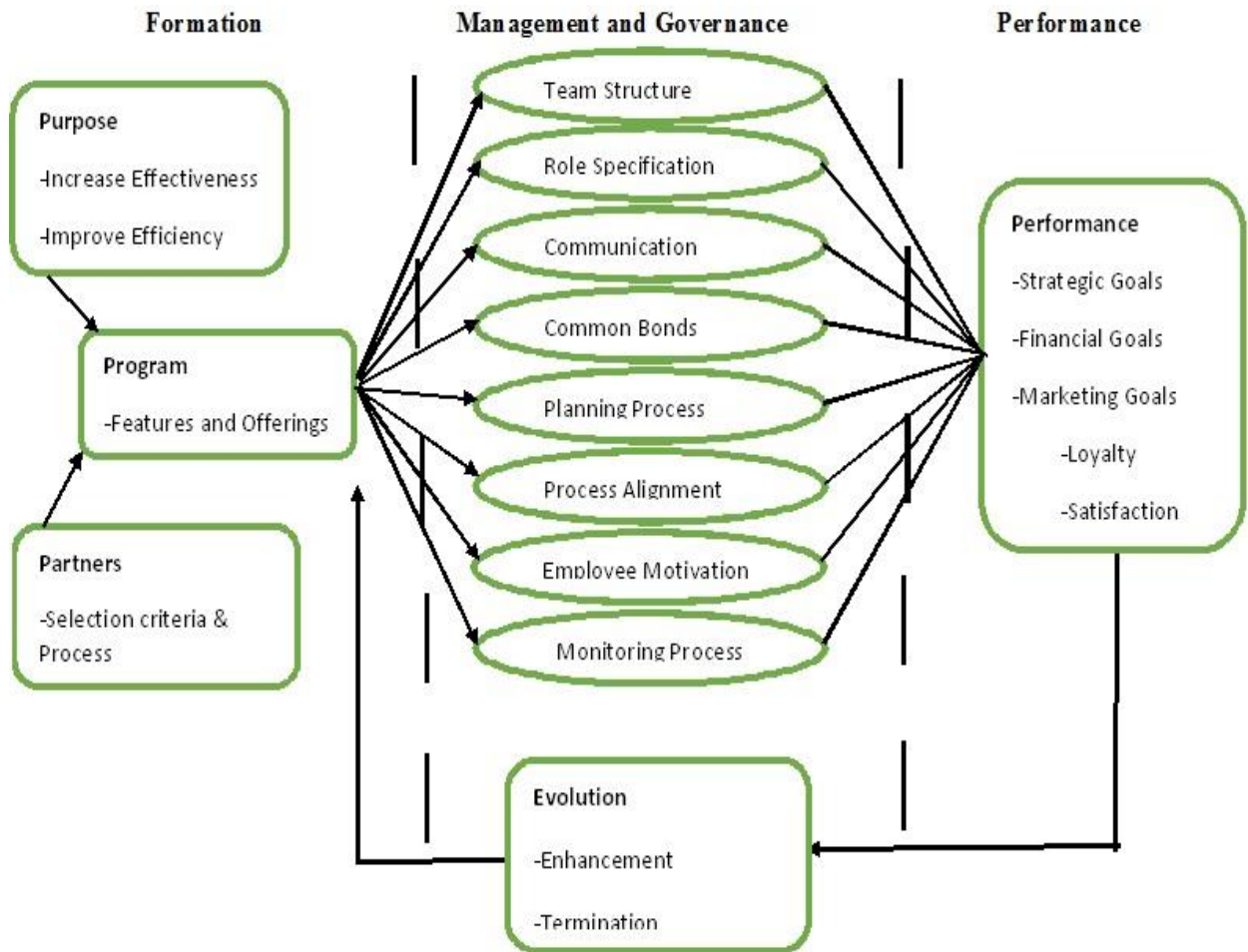


Figure 2-1: CRM Process Framework

Source: (Parvatiyar & Sheth, 2001)

CRM's Formation Process:-Refers to decisions concerning the initiation of a company's relational activities in relation to a specific group of customers or to an individual customer with whom the company wishes to engage in a cooperative or collaborative relationship.

CRM Governance Process: - Once a CRM program has been created and carried out, it is important to control and regulate the system as well as the individual connections. The

extent to which symmetry or asymmetry exists in the primary responsibility for whether the customer or the program sponsoring company will manage the relationship varies with the size of the market for mass-market customers. However, the management of the relationship would require the involvement of both parties for programs directed at distributors and business clients.

CRM Performance Matrix: Periodic assessment of CRM results is required to determine whether the systems meet expectations and whether they are sustainable in the long run. Performance evaluation also helps to take corrective action in connection management or alteration of marketing partnership goals and system features.

CRM Evolution Process: Individual customer relations and CRM services will likely change as they mature. Many forms of evolution may be pre-planned while others spontaneously evolve. In any case, the partners involved must make several decisions regarding the evolution of the CRM programs. These include decisions concerning the continuation, termination, expansion, and alteration of the relationship engagement.

2.2.5. Service Quality

Among the good drivers of the CRM concept are the competitive market dynamics which have driven many companies to concentrate on how best to optimize customer engagement in order to improve the quality of service, customer loyalty and operating costs (Aliyu, Mokhtar, & Yusoff, 2010). Because customer satisfaction has been known to be focused on the customer's experience on a specific service encounter, it is in line with the fact that service quality is a determinant of customer satisfaction, as service quality comes from outcome of the services from service providers in organizations (Wantara, 2015). Service quality will bring customer desire to use the service again. It will bring consumer loyalty to the company. Loyalty of customers is an important result of the relationship between quality of service and satisfaction of the customers (Ismail & Mohd Yunan, 2016).

According to (Berry, Parasuraman, & Zeithaml, 1988) as cited by (El Saghier, 2015, p. 57) "Service Quality is "The Judgment of customers about the overall superiority of a product

or service”. Service quality is more difficult to evaluate because the customer uses several measurable signs when buying products to assess quality: shape, hardness, color label, texture, and packaging etc. There are less measurable hints when it comes to buying services. In the absence of tangible indication for evaluating quality, consumers must rely on other measures. SERVQUAL has been used to measure service quality. SERVQUAL is founded on the assumption that it is of utmost importance to the consumer to determine Service Quality. This assessment checks the variance between what the customer expects from a service provider through Service Quality and their assessment of the performance of a specific service provider (Buttle, 1996). These expectations and the resulting perception of performance can be analyzed along five dimensions: responsiveness, assurance, tangibles, empathy and reliability.

Table 2-1: Service Quality Dimensions

| | |
|-----------------------|---|
| Reliability | The ability to perform the promised service dependably and accurately |
| Assurance | The knowledge and courtesy of employees and their ability to convey trust and confidence. |
| Tangibles | The appearance of physical facilities, equipment, personnel and communication materials. |
| Empathy | The provision of caring, individualized attention to customers |
| Responsiveness | The willingness to help customers and to provide prompt service |

Source: (Buttle, 1996)

These five dimensions are part of the RATER model, which emerged from the quality system for SERVQUAL framework. Zethaml, Parasuraman, and Berry established the system in 1977. This was the most comprehensive attempt to create a structure to evaluate the quality of the service. The value of each dimension can depend on the specific services

being provided, as well as on the individual clients and their needs and expectations (Stejerean, 2016).

Business organizations establish CRM systems to help enhance their quality of service, to manage and analyze customer requests, engaging with customers and developing successful relationships with them. CRM is a customer driven approach aimed at generating and increasing customer satisfaction, customer loyalty and customer retention by providing individual customers with relevant, sensitive and unique services (Wali & Wright, 2016). CRM's philosophy allows companies make use of technology and human resources to gain insight into consumer actions and the interest of those customers. If CRM works well, a company can provide better customer service, make call centers more efficient, cross-sell goods more efficiently, help sales staff close deals faster, improve marketing and sales processes, find new customers and increase customer revenue (Saeed S, Sayaf Z, & Saeed A, 2015).

2.2.6. Customer Satisfaction

Recognizing and meeting the desires, preferences and behaviors of consumers is not easy, and understanding them is not a guarantee of market success, because consumer behavior is not rational. Most companies' presence in the market is determined by the number of satisfied customers they have (Biesok & Wyród-Wróbel, 2011). Nowadays it is common to believe that marketing constantly follows the needs of the customer as a basic assumption in designing an acceptable strategy to satisfy the customer. It should be taken into account that needs are a continuously evolving social concept and are rarely met. By setting an effective strategy based on qualitative knowledge, the marketers contribute to the creation of the category of a loyal customer that will lead to the realization of the company's overall strategy, sustainability and growth (Ilieska, 2013). One cannot ignore the value of customer satisfaction, because happy customers are like free advertising for the business. The organization's aim nowadays is not just to please customers but also to succeed in the market to achieve their goals. Customer satisfaction is defined as “The level of satisfaction where customer needs, wishes, and expectations are met during the product/service period, giving way to re-purchasing and customer loyalty” (Bin-Nashwan & Hassan, 2017).

The use of a CRM system is considered important because it can substantially reduce the gap between customers and the organization and thereby lead to organizational performance through customer satisfaction, superior service, improved gathering of knowledge and organizational learning (Santouridis & Veraki, 2017). Consumer relationship management is a consumer-oriented marketing initiative that accumulates and handles customer details to serve customers in the present and future. The management of customer relationships is the creation, growth, maintenance and optimization of mutually beneficial long-term relationships. It is the practice that is interested in the organization's key customers, in the productivity of an organization and in the management of customer information with the goal of enhancing the effectiveness of customer-related organizational decisions (Shaon, M., & Rahman, 2015).

CRM helps organizations to achieve Customer Satisfaction because it helps in identifying and then engaging with clients and prospects. Consumers typically judge companies by how these companies treat complaints and concerns from consumers. Problems and grievances can be easily resolved by CRM though. That is because the program will sort out issues and requests and, at the same time, forward them to the appropriate department. The best option in resolving complaints is to forward problems and questions accordingly, as each department has access to all relevant information that can resolve the issues (Borillo, 2014). CRM guarantees satisfaction by helping organizations to keep in touch with customers, to personalize their communications with customers, to create a consistent customer experience, to know more about customers, and to provide relevant information for customers whenever needed.

2.3. Empirical Literature Review

In addition to the theoretical contexts, multiple results of empirical work indicate that CRM has proven benefits in the real market environment.

2.3.1. Focusing on Key Customers and Customer Satisfaction

CRM is basically a consumer data intensive operation. At the heart of CRM is the capacity of the company to utilize consumer data to plan and execute consumer-focused approaches creatively, effectively and efficiently (Hansotia, 2002). Customer attention is the best thing

to do, and is probably the most important thing to do for an organization. Good efficiency, productivity and growth are essential to an organization and job security is important for employees of an organization. Both of these are highly dependent on the ability of organizations to completely meet every one of their consumer needs. There is a lot of research that ties customer satisfaction directly to improvements in productivity and revenue rates. On the other hand, customer satisfaction is found to significantly impact industry, corporate identity and through direct recommendations attract new customers (Zairi, 2000) .

In the research titled “The direct and indirect effects of customer focus on performance on public firms” (Yaacob, 2014) studied the association of Customer Focus and Customer Satisfaction. This paper explores the impact customer attention has on organizational efficiency, working on the assumption that customer satisfaction is an end product of other related performance metrics such as employee satisfaction, productivity and cost benefits. Data were obtained from 205 public service sector executives who were all actively involved in the customer focus process. The findings of this study showed that a major indicator of employee satisfaction, creativity, and consumer satisfaction is consumer orientation. This study was motivated by the following research question: What is the relationship between customer attention and organizational performance? This study used a path analysis to test the relationship between customer attention and organizational success (consisting of customer satisfaction, employee satisfaction, creativity, and cost benefits) in order to address this research question.

Another study by (Mohamad, Othman, Jabar, & Majid , 2014) stated that Marketing concept promotes putting customer interest at first and former scholars see customer focus as the most fundamental aspect of customer relationship. It is because the marketing principle enables industry to be looking ahead, a customer-centric company is likely to be more involved in long-term market success as unlike short-term gains.

The findings of the study indicate that key customer focus and relationship marketing are the critical factor in growing organizational success in organizations of the three dimensions of CRM activities – key customer emphasis, information management and relationship marketing. Therefore, for organizations planning to implement CRM

applications to enhance financial and marketing organizational performance it is advisable to concentrate on understanding and needs to focus on selected customers through customer-centered management and have a good long-term customer-focused partnership through the introduction of acceptable CRM systems and the acquisition of customer-focused process.

2.3.2. Organizing around CRM and Customer Satisfaction

Concentrating on creating positive consumer relationships isn't a new business strategy. The growing competition and declining customer loyalty have influenced the need to introduce new strategies to help companies compete in the marketplace and gain customer loyalty by providing more personalized goods and services (Almotairi, 2009). Implementing an effective customer relationship management approach involves the application of an organizational culture centered on the customer. Key activities for developing an effective CRM strategy include Recognition of each customer's specific characteristics within the targeted consumer segments; Simulation of each customer's existing and future value; Develop strategic approaches and operating plans, or business laws, to achieve the optimal customer experience, beginning with the highest value customers; and Redesign of the company, procedures, technologies and scheme of incentives to incorporate the strategies of relationships (Gurau, Ranchhod, & Hackney, 2003).

A study conducted by (Day, 2002) examined case studies and concluded that Superior output from organizations comes from orchestration of the three components of the client's ability to relate. These three components are; An organizational philosophy that prioritizes customer satisfaction and allows workers broad latitude to please customers as part of their overall ability to handle customers differently, Relationship knowledge, which represents the availability, consistency and scope of relevant customer data and the information sharing processes across the organization and Configuration which includes organizational structure, give personalization processes and relationship building incentives. The study affirms that a superior capacity is all about how a company develops and maintains its organization, and has nothing to do with CRM resources and technologies. This conclusion came from a survey collected from 299 businesses.

A study by (Yim, Anderson, & Swaminathan, 2004) stated that the entire organization should be structured around the creation of these important partnerships with a clear emphasis on key customers deeply embedded in its CRM structure. The result shows that "Organizing around CRM" has significant direct effects on consumer retention, as well as significant indirect effects of retention on sales growth. This finding reinforces the fact that organizational elements involved in the effective implementation of CRM will serve as enablers of active CRM systems and programs.

2.3.3. Knowledge Management and Customer Satisfaction

CRM is about customer information management in order to better understand and satisfy them. CRM is definitely related to KM, so the presence of sufficient and continuously updated customer information is essential to a successful CRM program. Identifying the high-value customer is a sophisticated function of expertise, as is the determination of the profile range among current clients. Technology can assist but KM makes effective use of the technology's information processing power (Garrido-Moreno & Padilla-Meléndez, 2011). Knowledge management achieves organizational objectives by encouraging and promoting the creation, enhancement and use of knowledge of workers ability to interpret data and information (using available sources of information, experience, expertise, culture, character, personality, feelings, etc.) through a process of giving meaning to these data and information (Garrido-Moreno, Padilla-Meléndez, & Águila-Obra, 2010).

A study conducted by (Stafyla, 2003) presents exploratory work on the basis of a mail survey to the 1,000 largest Greek organizations. The research aims were to investigate the degree to which Greek organizations use customer-and market-related knowledge management (KM) instruments and customer relationship management (CRM) systems and their relationship to demographic and organizational variables, investigating how businesses routinely perform customer service and complaint behavior research; and investigating the influence of the type of information system used and the attitudes of managers towards customer KM activities. This exploratory study is believed to have made a significant contribution by developing a stage creation model for CRM, defining the

degree to which Greek organizations employ customer-oriented KM instruments and use customer feedback data, i.e. customer satisfaction and complaint, and investigating the level of CRM employed and the attitudes of managers towards CRM problems. The survey results indicate that about half of the sample companies do not follow any CRM ideology. The remaining organizations use customer service instruments and other customer-related research. This suggests that companies need to establish, primarily, an organizational culture that is positively oriented towards the development, jobs and utilization of customer-oriented KM instruments.

The study by (Yim, Anderson, & Swaminathan, 2004) also suggested that strongly linked with knowledge management, good CRM is focused on turning customer information effectively into customer knowledge. Customer knowledge generated thereby needs to be shared and disseminated through the enterprise to meet current and expected needs of customers. Salespeople are then equipped with a wealth of valuable consumer information to change marketing packages carefully to match each customer's particular needs. "Information management" shows an important and direct effect on both customer satisfaction and retention. It also affects indirectly, through customer loyalty, customer retention and sales growth. These findings can be linked to the importance of information sensitivity in the context of customization, which acts as a vital driver of value in building customer relationships

2.3.4. Technology Based CRM and Customer Satisfaction

Among the many things that managers do, nothing affects a company's eventual success or failure more profoundly than the option of strategic direction and the ability to enforce whatever needs to be done to execute the strategy. If CRM systems are to be successful, businesses need a combination of human, technological and business capabilities (Coltman, 2006). CRM technology can be any technology focused on managing customer relationships. What CRM technology actually is and can be, if it lives up to its full potential, is a living and breathing machine that knows all that an organization wants to

learn about its customers, encourages customer service, builds around contact and puts people at the center of attention (Corthout, 2017).

A study by (Richard, Thirkell, & Huff, 2007) explores the connection between the adoption of CRM technology and the partnership between B2B. Adoption of CRM technology is considered a potential antecedent for the strength of relationships and the success of relationships. Ten marketing and sales managers from a number of New Zealand firms, and their respective clients, were interviewed. Their perspectives were collected and examined regarding the relationship between CRM technology and relationships. Furthermore, their perspectives were discussed on what elements of good relationships are and relationship success. Findings suggest that CRM technology does have a role to play in establishing and improving B2B relationships, but the most important factor could be customer interactions and people factor. Customers have CRM technology aspirations and are generally more positive that in terms of customer loyalty and support, CRM can deliver benefits for the customer. Respondents agreed that trust, dedication and interactions are essential aspects of relationships. Relationship success is typically measured by consumer satisfaction, customer engagement and/or retention.

2.3.5. CRM and Service Quality

Customer Relationship Management (CRM) has been developed to enhance the effectiveness and quality of service in managing organizational responses to customer inputs, monitoring their requests, managing grievances, establishing direct relationships with current and potential customers and retaining satisfaction and loyalty. The research by (Valmohammadi & Beladpas, 2014) aimed to study the effect of quality service as an independent variable on dependent variable CRM. This study was conducted in two phases. The first phase focused on qualitative research, and the second phase focused on a quantitative research approach. The focus group assisted the researchers in designing the questionnaire and from the point of view of bank Sepah of Maku provided the necessary information on CRM and quality of service. Multiple regression analysis was carried out to

determine the relation between the independent variable, i.e. CRM, and dependent variable, level of service.

2.3.6. CRM and Customer Satisfaction

CRM essentially begins with a comprehensive consumer behavior study. The company that wants to create personal interaction with the customer must collect all data related to the customer and use this data to achieve customer satisfaction (Mudimigh, Saleem, Ullah, & Al-Aboud, 2009). The aim of this research is to evaluate CRM's effect on customer loyalty and quality of service in improving customer satisfaction. The approach discussed in the paper, incorporates the techniques of CRM and Data Mining. The paper presented a Customer Relationship Management (CRM) model to describe a customer's association with the company and enhanced the model by using Data Mining Engine (DME) to evaluate a customer's or employee's query, customer understanding to support the Customer Relationship. The paper concluded that not only does the model proposed provide the client with economic support, but it also defines the long live relationships between the consumer and a business. Great customer interaction ensures that a business has plenty of room available to deal with more enthusiastically.

Another study by (Long, Khalafinezhad, Wan Ismail, & Rasid, 2013) looks at the effect of the elements of customer relationship management (CRM) on customer satisfaction and loyalty. The study was conducted at a Tehran department store, Iran. The study used quantitative methodology based on data of 300 respondents. To analyze the relationship of the variables, multiple regression analysis is used. The result indicates that employee attitude is meaningfully linked and leads to customer satisfaction and loyalty. The research concluded that organizations need to highlight two aspects to achieve customer Satisfaction. These are employee behavior and relationship growth. That can only be achieved through a sequence of employee training and development programs.

2.3.7. Summary of Literature Review and Gap

The literature reviewed indicates that CRM is not a phenomenon that is necessarily new but rather due to recent growth and developments in information and business software technology, it has assumed practical significance. CRM is a concept of how a company can retain its most valuable clients and get new ones while at the same time lowering costs, rising engagement levels, resulting in high profits. The CRM process includes the practices and techniques that businesses use to monitor their relationships with current and prospective clients. Customer Relationship Management (CRM) includes all mechanisms for establishing and sustaining a relationship with customers. Other processes include monitoring consumer records, evaluating information and producing reports for knowledge acquisition. Modern-age banks need a new way of communicating with clients, and this is what CRM (Customer Relationship Management) provides.

In today's highly competitive environment, however, one of the challenges is that companies fail to accomplish the task of responding to customers in the shortest time, with the best quality and the lowest cost. This research aims to assess the practice of CRM in Nib International Bank and help the bank realize the place it has when it comes to satisfying its customers.

2.4. Conceptual Framework of CRM

The conceptual framework of the study was based on the model presented in a previous study by (Ajmal & Rehman, 2019). It shows the relationship between CRM dimensions and Customer Satisfaction.

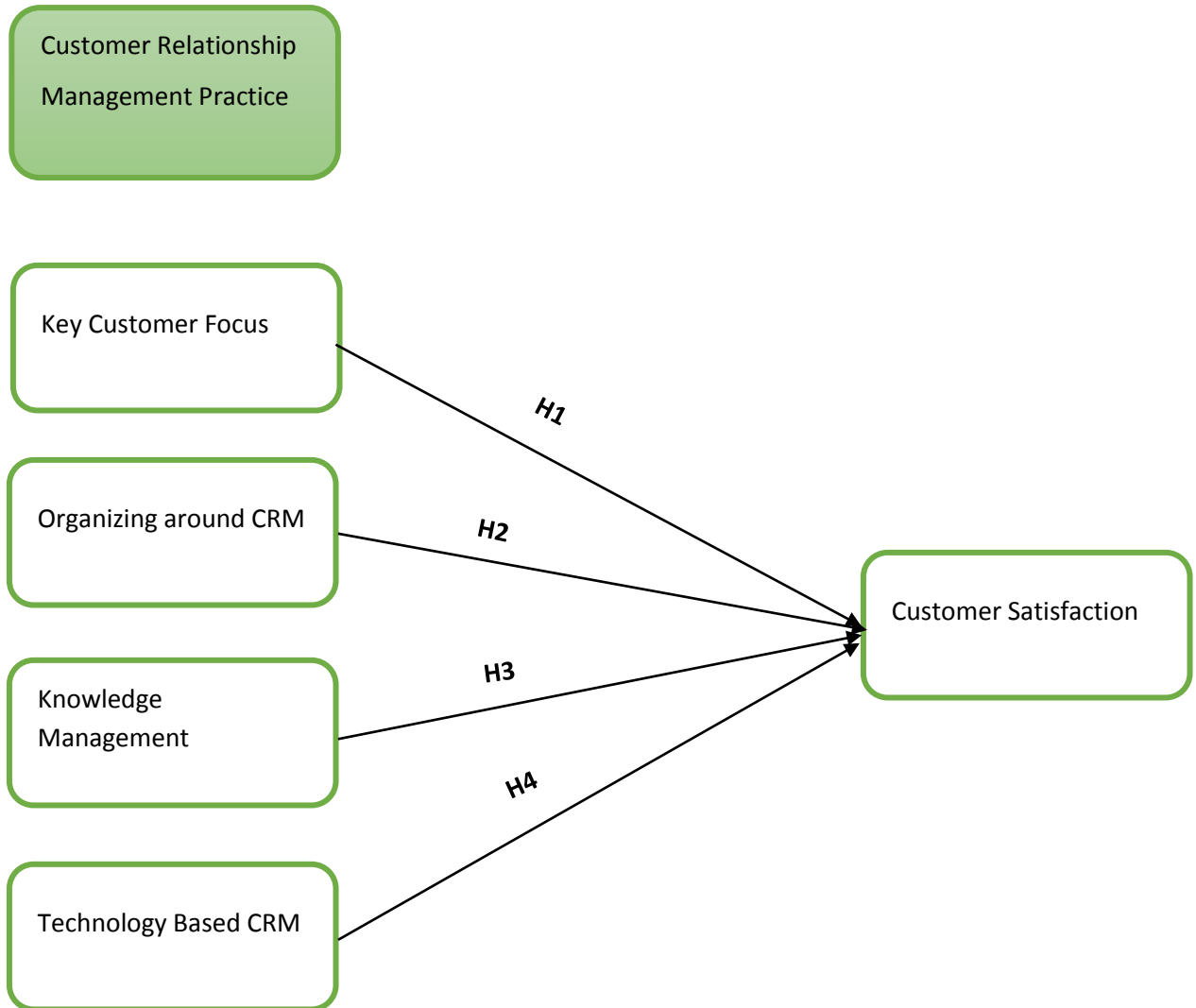


Figure 2-2: Conceptual Framework

Source: (Ajmal & Rehman, 2019)

2.5. Research Hypothesis

To assess the effect of CRM on customer satisfaction, the following hypothesis is proposed. A null hypothesis was formulated, stating a negative relationship exists. An alternative hypothesis was also formulated stating that a positive relationship exists.

H₀₁: Key Customer Focus has no effect on Customer Satisfaction.

H₁: Key Customer Focus has an effect on Customer Satisfaction.

H₀₂: Organizing around CRM has no effect on Customer Satisfaction.

H₂: Organizing around CRM has an effect on Customer Satisfaction.

H₀₃: Knowledge Management has no effect on Customer Satisfaction.

H₃: Knowledge Management has an effect on Customer Satisfaction.

H₀₄: Technology Based CRM has no effect on Customer Satisfaction.

H₄: Technology Based CRM has an effect on Customer Satisfaction.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Introduction

This chapter presents the research methodology used. This includes research methodology and design, data gathering source and methods, sampling method, study questionnaire design, and data analysis method.

3.2. Research Approach

Research is a systematic analysis of a problem approached by a consciously chosen strategy that begins with the selection of a blue print (design) approach that acts on it in terms of the design of research hypotheses, the selection of methods and techniques, the selection or creation of data collection instruments, data processing, interpretation and ends with the presentation of solution(s) to the problem. A research methodology has three basic components-conceptual world views, research design and research methods. When selecting a specific approach to study it often involves matching research design and methods. Philosophical view of the world originates from considerations of epistemology which decide a paradigm according to the philosophical orientation of a research approach (Grover, 2015).

These approaches can be divided into two different types: qualitative and quantitative. The first one relies on terms and observations to convey fact and attempts in natural settings to characterize individuals. The quantitative approach on the other hand stems from a strong academic tradition which places considerable trust in numbers representing opinions or concepts (Amaratunga, Baldry, Sarshar, & Newton, 2002).

A third method, called Mixed Method Analysis, uses both methods sequentially or at the same time to create a research outcome that is better than either method individually (Malina, Nørreklit, & Selto, 2010). This is research was conducted by using mixed

approach. The term "mixed methods" refers to an emerging research methodology that advances the systematic integration, or "mixing," of quantitative and qualitative data within a single research or ongoing inquiry research program (Gunasekare, 2013).

The fundamental principle of this methodology is that such integration allows data to be used more fully and synergistically than separate quantitative and qualitative data collection and analysis (Wisdom & Creswell, 2013).

Quantitative methods emphasize objective measurements and statistical, mathematical, or numerical analysis of data collected through polls, questionnaires, and surveys or by using computational techniques to manipulate pre-existing statistical data. Quantitative research focuses on the analysis and generalization of numerical data through groups of individuals, or on describing a specific phenomenon (Babbie, 2010) and (Muijs, 2010). The purpose in performing quantitative research studies is to establish the relationship between one aspect [an independent variable] and another [a dependent variable or outcome variable] within a population (Babbie, 2010).

On the other hand, qualitative analysis is exploratory research. It is used to get a sense of the underlying causes, opinions and motives. It provides insight into the problem or helps develop ideas or hypotheses for potential quantitative investigations. Qualitative research is also used to reveal trends in thinking and thoughts, and to dive deeper into an issue (DeFranzo, 2011).

3.3. Research Design

This study adopted descriptive and explanatory research design. Descriptive research design is a method of analysis that describes the characteristics of the population or phenomenon under study. It is an important research style which is very useful to conduct research aimed at identifying features, patterns, trends, associations and categories (Formplus Blog, 2020). It attempts to explain a situation, problem, trend, service, or program systematically, or provides information about, say, a community's living conditions, or describes attitudes toward an issue (Kumar, 2011).

Descriptive studies presenting data in a meaningful form thus help to understand the characteristics of a group in a given situation, to think systemically about aspects in a given situation, to offer ideas for further testing and research, and/or to help make decisions for organizations (Sekaran, 2003).

Explanatory research is in fact a kind of research design focused on describing the aspects of a research. Explanatory research is not used to provide us any definitive evidence but lets us more clearly understand the issue. The researcher should be able to adapt him / her to the latest data and the new knowledge while performing the study. The main aim of exploratory research is to define the limits of the environment in which the problems, opportunities or circumstances of interest are likely to exist and to identify the key factors or variables that may be identified there and are relevant to the research. (Yousaf, 2017).

3.4. Target Population

The target population is the category of people in which the intervention aims to perform research and draw conclusions (Banerjee & Chaudhury, 2010).

Nib International Bank currently has 154 branches in Addis Ababa including head office. When it comes to operation, all branches are not on the same level. For this research, five selected branches including the head office, in which the department responsible for CRM operation is located, were included. This was done in order to get relevant information related to the research.

3.5. Sample Size and Sampling Technique

The best approach in any research study is to analyze the issue within the whole population. Yet, technically, researching the whole population is not always possible. Alternatively, we analyze a "sample" which is big enough and is representative of the entire population. A sample is a population subset, chosen to represent the wider population (Acharya, Prakash, Saxena, & Nigam, 2013).

The sampling technique for customers in this research was Simple Random Sampling which is a sample selection approach consisting of n number of sampling units in the population with N number of sampling units such that each sampling unit has an equal chance of being selected (Shalabh, 1-23).

The estimated number of customers in the selected four banks is 27,692. The Sample size of customers for the research was determined by the following formula developed by Yamane.

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

Where n= required Sample Size

N= Population Size

e= Level of precision

Applying the above formula:

$$n = \frac{27,692}{1 + 27,692(0.05)^2} = 394.30 = 394$$

Hence, the sample size of customers of Nib International Bank is 394 to make it even.

3.6. Data Collection Instrument

Two classifications for the data collection are: primary and secondary. Primary data can be gathered by interviews, observations, and questionnaires. Secondary data, on the other

hand, is the information gathered from previous studies, and can be gathered from company archive, the Internet or libraries.

Primary data are data that are obtained for the particular research problem at hand using methods that suit the research problem best (Hox & Boeije, 2005).

This Study collected Primary Data from account holders of selected branches of Nib International Bank and from CRM department head. In this study a structured questionnaire is used to collect the primary data from customers. The questionnaire is adopted from (Ajmal & Rehman, 2019) and data was collected from customers of Nib International Bank. Questionnaire is used as a tool to collect data because they are structured to systematically collect and document information from several people, groups, or organizations.

The questionnaire that was used to gather data from customers has two sections. The first section helped to gather demographic information like age, education level, kind of service customers get for their bank, etc. The second section was used to get information about the customer's opinion about CRM practice in their bank and their level of satisfaction. It was organized in five categories to address all variables which are Key Customer Focus, Organizing around CRM, Knowledge Management, Technology Based CRM and Customer Satisfaction.

The questionnaire used five point Likert scale from strongly disagree with the value of 1 to strongly agree with the value of 5. Likert scales are commonly used in diverse fields such as research on behavioral sciences, health care, marketing, and usability. When responding to a Likert scale, participants indicate their agreement level for statements with usually five ordered levels of response (de Winter & Dodou , 2010). Likert-type scale "requires a person to respond to a series of statements indicating whether he or she strongly agrees (SA), agrees (A), is undecided (U), disagrees (D), or strongly disagrees (SD) (Croasmun & Ostrom, 2011).

The biggest benefit of Likert Scale questions is that they use a standardized data collection process, which means they're easy to understand. Operating with quantitative data, it is easy to draw conclusions from the answers, results, tests and graphs (Cleave, 2017).

Similarly, to investigate the practice of current CRM strategy in the bank, interview was conducted with bank employees working at CRM department.

Secondary data was obtained from Nib International Bank’s website and annual report.

3.7. Reliability of Data Collection Instrument

Survey data collection is the method used most often in social science research. To allow statistical analysis, interpretation, and assessment of results, data collected through surveys must be accurate and reliable (Hlebec, 2002). Coefficient alpha is the most common coefficient identified for supporting a scale’s reliability. Cronbach’s coefficient of alpha reliability usually ranges from 0 to 1 (Yang & Green, 2011). As cited by (Gliem & Gliem, 2003, p. 231), (George & Mallery, 2003) gave the following rules “ $\alpha > .9$ – Excellent, $\alpha > .8$ – Good, $\alpha > .7$ – Acceptable, $\alpha > .6$ – Questionable, $\alpha > .5$ – Poor, and $\alpha < .5$ – Unacceptable” (P231). For this research reliability test was performed with 25 respondents which were used for the purpose of the study and were not included in the research. Based on the results of the test which can be found in the below table, the research instrument was found to be reliable.

Table 3-1: Reliability Test Statistics

| Variable | Item | Cronbach Alpha |
|-----------------------|------|----------------|
| Key Customer Focus | 7 | 0.788 |
| Organizing Around CRM | 3 | 0.747 |
| Knowledge Management | 4 | 0.779 |
| Technology Based CRM | 5 | 0.810 |
| Customer Satisfaction | 5 | 0.823 |

Source: Researcher (2020)

3.8. Validity of Data Collection Instrument

To be considered suitable for a questionnaire, it must have a very important quality which is validity. This helps to measure to what degree the findings of the test are in harmony with the real world. There are different types of validity tests. They are face validity, content validity, criterion validity, and construct validity (Setia, 2017). Construct Validity was used for this research. Construct validity refers to how effectively an examination or assessment instrument touches on the different aspects of the particular concept in question. In other words, do the questions actually test the concept in question, or are the answers to the questions conditioned by other variables by the respondent? In order to obtain accurate results, the material of a system of evaluating, surveying or measuring must cover all applicable parts of the subject that it seeks to measure (Halek, Holle, & Bartholomeyczik, 2017). To evaluate the validity, Pearson correlation was used. As we can see from Table 4-9, the significance level of all variables is 0.000 which is <0.5 . This means the data collection instrument is valid.

3.9. Data Collection Procedure

The researcher obtained authorization from NIB International Bank to conduct the research and collect data from Employees and customers. The authorization was given from the learning department of Nib International Bank which is responsible for research and development. The data collection was administered by the researcher at the Head office and selected branches of the bank.

3.10. Variables of the Study

3.10.1. Dependent Variable

The dependent variable is the variable being tested and measured in an experiment, and is 'dependent' on the independent variable.

The dependent variable for this research is Customer Satisfaction.

3.10.2. Independent Variable

The independent variable is the variable the experimenter changes or controls and is assumed to have a direct effect on the dependent variable.

The independent variables for this research are - Key Customer Focus, Knowledge Management, CRM Organization and Technology -based CRM.

The table below shows the variables and how they are presented in the data collection instrument.

Table 3-2: Organization of the Study Variables

| Variables | Indicators | Measure | Question No. |
|---|---|--|------------------------|
| Demographics Characteristics | <ul style="list-style-type: none"> • Gender • Age • Educational Level • No of year Service Received | <ul style="list-style-type: none"> • Nominal • Ordinal • Ordinal • Scale | Part I Question 1-8 |
| Key Customer Focus (Independent Variable) | <ul style="list-style-type: none"> • Personalized Service • Customer Treatment | <ul style="list-style-type: none"> • Five point Likert's Scale | Part II Question 1-7 |
| Organizing Around CRM (Independent Variable) | <ul style="list-style-type: none"> • Structure of the bank • Complaint handling | <ul style="list-style-type: none"> • Five point Likert's Scale | Part II Question 8-10 |
| Knowledge Management (Independent Variable) | <ul style="list-style-type: none"> • Feedback • Use of Information | <ul style="list-style-type: none"> • Five point Likert's Scale | Part II Question 11-14 |

| | | | |
|---|---|---|------------------------|
| Technology Based CRM (Independent Variable) | <ul style="list-style-type: none"> • Software • Technical Personnel • Electronic Service | <ul style="list-style-type: none"> • Five point Likert's Scale | Part II Question 15-19 |
| Customer Satisfaction (Dependent Variable) | <ul style="list-style-type: none"> • Experience with staff • Service Variety • Access of bank Services | <ul style="list-style-type: none"> • Five point Likert's Scale | Part II Question 20-24 |

Source: Researcher (2020)

3.11. Data Analysis Methods

Data analysis is based on raw data collection methods and techniques, with a process of data collection, transformation, cleaning and modeling with the aim of discovering the information required. Data analysis approaches are numerous, primarily focused on two main areas which are qualitative and quantitative data analysis methods (Durcevic, 2020).

3.11.1. Quantitative Data Analysis

The data collected from the questionnaire was analyzed using descriptive, correlation and multiple regression analysis methods. The system used to analyze the quantitative data was Statistical Packages for Social Sciences (SPSS). Descriptive statistics included mean and standard deviation, calculated to provide profiles and variables for the study of the respondents. The correlation of Pearson's product moment (R²) was calculated to show the amount of variation in customer satisfaction (dependent variable) and the independent variables. In order to determine the effect of independent variables on the dependent variable, multiple linear regression analysis was conducted.

3.11.2. Qualitative Data Analysis

Qualitative research is an essential part of any successful study. A qualitative analysis, unlike quantitative data, adds color to the academic and business research. Interview questions are amongst the best available qualitative analytical resources (Canary, 2019).

The questions from the interview were analyzed based on each of the study variables. The study used content analysis to analyze the qualitative data. The aim of qualitative content analysis is to transform a large amount of text systematically into a highly organized and concise summary of key results. Analysis of the raw data from exact transcribed interviews into categories or topics is a process of further data abstraction at each stage of the analysis (Erlingsson & Brysiewicz, 2017).

3.12. Diagnostic Test

The study used multiple regression analysis to analyze the relationship between variables. To achieve this, major assumptions were made including P –Plot test, Multicollinearity, Multivariate normality and Homoscedasticity tests.

3.12.1. Normal Probability Plot Test

The P-P Plot of Normality Test, the cumulative residual probability plots (P-P plot) are used to determine whether the distribution of variables is consistent with a specific distribution. If the standard residuals are normally distributed, the scatters should fall on the normal distribution line or close to it (Matsaany, Adinda, Amora, & Fauzy, 2016).

3.12.2. Multivariate Normality Test

Normality is a significant assumption in multivariate analysis. To Test for normality we can use graphical and statistical tests. The graphical test involves a graphical analysis capturing the probability plot for normality. The statistical tests include Kolmogorov-Smirnov Wilk (SW) test to analyze the degree of normality

3.12.3. Linearity Test

The study tested the regression assumption of linearity of the relationship between independent and dependent variables. The coefficients show the strength and direction of the relationship where a positive value indicates a direct effect that causes an increase in the other variable. Negative values show an inverse relationship (Field,

2009). Analysis of variance test results reveal a linear relationship between variables when p- value of linearity is less than 0.05.

3.11.4 Multicollinearity Test

Multicollinearity is a state of very high inter-correlations or inter-associations among the independent variables. This correlation is a problem, since the variables should be independent of each other. If the degree of correlation between variables is high enough, it can cause problems when the model is fitted and the results interpreted (Frost, 2020). The study used Variance Inflation Factor (VIF) to test multicollinearity. If VIF of an independent variable is < 3 , it means there is no multicollinearity. But, if VIF of a variable is > 3 , it means multicollinearity exists.

3.11.5 Homoscedasticity Test

Homoscedasticity assumes that the error term in the relationship between independent and dependent variables is the same regardless of the values in the independent variable (Hair, Black, Babin, Anderson, & Tatham, 2006). For this test Leven's test of homogeneity was used.

3.12 Ethical Considerations

This thesis was adhered to appropriate research protocols, and as much as possible, all sources of information were acknowledged. Before the questionnaire was administered the consent of the respondents was obtained and granted. The respondents were informed of their right not to take part in the survey. Full confidentiality was maintained especially when dealing with the questionnaire and the identity of the respondents. It was secret. Personal information used is to be for the purposes of the study only.

CHAPTER FOUR
DATA INTERPRETATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the research study findings and discussion regarding the study's aims and hypotheses. It discusses the response rate, the demographic information of the respondents and the answers to the various sets of questions based on the study variables. The results of the diagnostic and hypothesis tests as well as a summary of the study findings are also discussed in this chapter. The chapter concludes with a description of the findings of the main analysis based on test findings of the hypotheses.

4.2 Response Rate

The study collected data from 394 holders of Nib bank accounts, 321 of which were found suitable for further analysis. This represented an 81.5 per cent response rate.

4.3 Respondents Demographic Characteristics

Age, gender, Educational level and the number of years respondents received services from the bank were the demographic characteristics of interest to this study. The table below shows the frequency distribution and the proportion of the demographic information of the respondents.

Table 4-1: Demographic Information

| Gender | Frequency | Percent |
|---------------|------------------|----------------|
| Male | 140 | 43.6 |
| Female | 181 | 56.4 |
| Total | 321 | 100 |
| Age | | |

| | | |
|--|------------|------------|
| 18-23 | 5 | 1.6 |
| 24-29 | 64 | 19.9 |
| 30-35 | 134 | 41.7 |
| 36-41 | 72 | 22.4 |
| 42-46 | 29 | 9.0 |
| 47-52 | 6 | 1.9 |
| 53-58 | 4 | 1.2 |
| 59-64 | 4 | 1.2 |
| Over 65 | 3 | 0.9 |
| Total | 321 | 100 |
| Educational Level | | |
| High School | 1 | 0.3 |
| Diploma | 19 | 5.9 |
| Degree | 267 | 83.2 |
| Master's | 32 | 10.0 |
| PHD | 1 | 0.3 |
| Total | 321 | 100 |
| Number of year service received | | |
| Less than one year | 22 | 6.9 |
| 1-3 years | 79 | 24.6 |

| | | |
|--------------|------------|------------|
| 4-5 years | 107 | 33.3 |
| Over 6 years | 113 | 35.2 |
| Total | 321 | 100 |

Source: Survey Data (2020)

As indicated on the table above the number of female respondents was greater than the number of male respondents. This means in comparison to their male counterparts, there were more female clients using banking services participated in the study. In terms of age, most respondents ranged from 30-35 to 36-41 years, while minorities were over 65 years, as shown in Table. This means that the study involved more youthful respondents, which indicates that those in the working age categories opened bank accounts rather than those in the retirement age categories. With regards to the education level of the respondents, 83.2 % of the respondents are Degree holders. Further, 35.2% of the respondents said they had received services for over 6 years, 33.3 % for 4-5 years, 24.6 % for 1-3 years and 6.9% for less than 1 year.

To predict the existence of a relationship between demographic characteristics (age, gender and year of service received) and customer satisfaction, Cross-tabulations were conducted regarding account holders' satisfaction with banking services.

Table 4-2 (a): Cross Tabulation, Age and Customer Satisfaction

| Customer Satisfaction | | | | | | |
|-----------------------|-------------------|----------|-----------|-------|----------------|-------|
| Age (Years) | Strongly Disagree | Disagree | Undecided | Agree | Strongly Agree | Total |
| 18-23 | 0.0% | 8.0% | 8.0% | 40.0% | 44.0% | 100% |
| 24-29 | 1.9% | 6.3% | 14.6% | 46.0% | 31.1% | 100% |
| 30-35 | 1.6% | 7.8% | 13.1% | 52.7% | 24.8% | 100% |
| 36-41 | 1.7% | 7.3% | 13.2% | 53.3% | 24.6% | 100% |
| 42-46 | 0.0% | 4.1% | 24.8% | 51.7% | 19.3% | 100% |
| 47-52 | 0.0% | 16.7% | 13.3% | 40.0% | 30.0% | 100% |
| 53-58 | 5.0% | 15.0% | 5.0% | 50.0% | 25.0% | 100% |
| 59-64 | 0.0% | 25.0% | 10.0% | 45.0% | 20.0% | 100% |
| Over 65 | 0.0% | 26.7% | 13.3% | 40.0% | 20.0% | 100% |

Source: Survey Data (2020)

Table 4-2 reveals that 5.0 % of the respondents of age 53-58 were highly dissatisfied with the services of the bank. This is recorded the highest dissatisfaction of all age groups. Another 25.0% respondents with the age of 59-64 were not satisfied with the bank services. The highest indecisive response was recorded by age groups from 42-46 which is 24.8%. However, respondents of all age groups were almost equally satisfied with banking services of Nib International Bank with the average percentage of 47.4%. Out of the respondents who were satisfied, it can be seen that 53.3% of the respondents are in the age category of 36-42. Those who were highly satisfied are account holders between the ages of 18-23 as can be seen in the above table with the percentage of 44%. This shows that the level of satisfaction is higher among young account holders. This is probably because they have the ability to use variety of services by the bank including e-banking, mobile banking,

ATMs etc. This makes the service they get from the bank fast and easily accessible. The level of satisfaction among older account holders is low probably because in terms of transaction, they may have more needs from the bank considering they are more experienced and have more responsibilities. These factors can affect their satisfaction and they may be more critical of bank services than their younger counterparts.

This result is different from that of a study done by (Mohapatra, Samantaray, & Dash, 2017) in which all age group seem to be satisfied to equal extent. The result also suggested that there was a small amount of dissatisfaction among the senior respondents. This result is the same as the result of this study. It can be concluded from the above analysis that age has a determinant effect on customer satisfaction.

Table 4-2 (b): Cross Tabulation, Gender and Customer Satisfaction

| Customer Satisfaction | | | | | | |
|------------------------------|-------------------|----------|-----------|-------|----------------|-------|
| Gender | Strongly Disagree | Disagree | Undecided | Agree | Strongly Agree | Total |
| Male | 1.7% | 11.5% | 13.4% | 49.6% | 23.8% | 100% |
| Female | 1.3% | 7.0% | 13.2% | 50.9% | 27.6% | 100% |

Source: Survey Data (2020)

The above table indicates that 49.6% male and 50.9% female respondents were satisfied with the banking services. The results further reveal that 23.8% males and 27.6% female respondents were satisfied to a great extent with banking services. Respondents who were not satisfied were 1.7% for males and 1.3% females. 1.7% males and 1.3% females were highly dissatisfied. This implies that men as bread winners in patriarchal backgrounds have more financial responsibilities and needs hence they find services at the bank less satisfactory especially with the changing economic environment. These findings imply that female account holders were more satisfied than the males. The findings are not in agreement with (Dawit & Adem, 2018) in which most satisfied with the bank services

under study were men. Like the study conducted by (Alber, Njanike, & Mukucha, 2011) suggests, customer satisfaction is affected by gender.

Table 4-2(C): Cross Tabulation No of Years' service received and Customer Satisfaction

| Customer Satisfaction | | | | | | |
|-------------------------------|-------------------|----------|-----------|-------|----------------|-------|
| No of Years' service received | Strongly Disagree | Disagree | Undecided | Agree | Strongly Agree | Total |
| Less than one year | 0.9% | 1.8% | 10.9% | 56.4% | 30.0% | 100% |
| One-Three years | 1.5% | 8.1% | 18.7% | 43.0% | 28.6% | 100% |
| Four-Five years | 1.1% | 9.0% | 18.3% | 46.5% | 25.0% | 100% |
| Over 6 Years | 1.9% | 6.9% | 11.3% | 57.9% | 21.9% | 100% |

Source: Survey Data (2020)

As indicated in the above Table, there is little effect on the level of satisfaction of respondents by the number of years they spent with the bank. However, we can see from the above table that respondents from one-five years' experience with the bank have less satisfaction level than that of respondents who recently joined the bank and who spend over six years with the bank. As we can see from the above table, 9.0% respondents with experience from four-five years said they were not satisfied with the banking services. The highest satisfaction was recorded with respondents who have more than 6 years' experience with the bank with percentage 57.9%. This can be because they are familiar with the services and staff and they are used to the service given. Treatment of staff will also be exceptional because they are longtime customers. Another fact we can see from Table 4-2 (C) is that, new customers with less than a year experience with the bank are also satisfied with a percentage of 56.4%. This shows that the bank is working to please new customers so that they become loyal customers in the future. Respondents with experience from one-five years said they were not sure if they were satisfied with the bank services which is

indicated by average 18%. This suggests that respondents in this category are evaluating the services of the bank. They can fall in any two extreme categories (highly satisfied or highly dissatisfied). So the bank should try to gain trust of these customers so they can be loyal customers.

4.4 Descriptive Analysis of Study Variables

This section discusses the analysis of respondents for Key Customer Focus, Organizing around CRM, Knowledge Management, Technology Based CRM and Customer Satisfaction.

4.4.1 Key Customer Focus

Respondents were asked to rate on five point Likert Scale the extent to which the bank focuses on key customers. The means, standard deviation and standard error are presented in the below table.

Table 4-3: Response on Key Customer Focus

| Description | Mean | Std Deviation | Std Error* |
|---|--------|---------------|------------|
| My bank provides customized service and products to its key customers | 2.7819 | 1.32138 | .07375 |
| My bank works constantly to delight its customers | 3.2648 | 1.27536 | .07118 |
| Staff in my bank treats key customers with much care | 3.8255 | 1.02505 | .05721 |
| My bank makes an effort to find out its key customers need | 3.3925 | 1.22798 | .06854 |
| My bank gets feedback from customers on delivery and quality | 3.2399 | 1.39478 | .07785 |

| | | | |
|---|----------|----------|---------|
| The bank systematically manages the expectations of high valued customers | 3.5452 | 1.20882 | .06747 |
| My bank focus on keeping close contact with its customers | 4.0654 | .85810 | .04789 |
| Aggregated Mean Score | 3.445029 | 1.187353 | 0.06627 |

Source: Survey Data (2020)

As shown on the above table the highest mean score is 4.0654 which suggests that respondents agree more that the bank wishes to maintain close contact with them. The next higher mean score is 3.8 which is that of the treatment of the staff towards the customers. This means that customers recognized the efforts of the staff to please them. However the extent to which the bank provides customized products and services registered the lowest mean score which is 2.78. This indicates that the bank needs to work on customizing the services they give according to the preference of its customers. The aggregated mean of Key Customer Focus is 3.445 and the standard deviation is 1.187 which means the bank values Key Customer Focus to a moderate level.

According to a study by (Sharabi, 2015), the expected results of a customer focus strategy are the creation of value for customers which leads to loyal customers which in turn leads to profitability for business. Therefore, the bank must value Customer Focus to a higher level.

4.4.2 Organizing Around CRM

Respondents were asked to rate on five point Likert Scale the extent to which the bank is organized around CRM. The means, standard deviation and standard error are presented in the below table.

Table 4-4: Response on Organizing around CRM

| Description | Mean | Std Deviation | Std Error* |
|--|--------|---------------|------------|
| My bank established Customer centric performance standards and are monitored at all customer touch | 3.8567 | .89339 | .04986 |

| | | | |
|--|--------|------------|---------|
| points | | | |
| The whole banking structure is focused on ensuring satisfaction for account holders with the services provided | 3.8629 | .84033 | .04690 |
| The bank has a proper complaint management system | 3.9408 | .99981 | .05580 |
| Aggregated Mean Score | 3.8868 | 0.91117667 | 0.15256 |

Source: Survey Data (2020)

Results in Table show that the bank's complaint management registered the highest score which is 3.94 and standard deviation 0.9998. This means that the bank did very well in addressing customer complaints and it was recognized by the customers. The lowest score was scored for the bank's customer centric performance measure which is 3.8567. Performance measurement is a regular measurement of results and outcomes, generating reliable data on program effectiveness and efficiency. To assess the effectiveness of CRM in the bank, performance measure must be performed regularly. The structure of the organization towards the satisfaction of customer scored the second highest which is 3.8629. The result shows that Customer-oriented organizations should develop suitable policies and processes to track and deliver value to their customers, reward loyal customers and concentrate on identifying and meeting customer needs and promises

4.4.3 Knowledge Management

The respondents rated the bank's Knowledge Management using five point Likert Scale. The means, standard deviation and standard error are presented in the below table.

Table 4-5: Response on Knowledge Management

| Description | Mean | Std Deviation | Std Error* |
|--|--------|---------------|------------|
| My bank replies customer feedback quickly | 3.8879 | .90478 | .05050 |
| My bank fully understands the needs of its key | 3.8598 | 1.04387 | .05826 |

| | | | |
|---|----------|----------|---------|
| customers through feedback | | | |
| My bank uses the information from customers to design or improve their services | 3.8349 | .79106 | .04415 |
| My bank has an effective customer recovery strategy including guarantees for service failures | 3.9533 | .86295 | .04817 |
| Aggregated Mean Score | 3.883975 | 0.900665 | 0.05027 |

Source: Survey Data (2020)

According to the above table, the highest mean score was recorded by the bank’s recovery strategy for service failures, which is 3.9533. This is an important aspect because service failure and have a catastrophic result in the future of an organization. But if the business is able to perform a great service recovery, it can be an opportunity in disguise. The word of mouth from customers can be an advertisement for the bank. The bank’s use of information from customers to improve its services received the lowest score of all which is 3.8349.

The study by (Lee, 2014), performance assessment has to be incorporated with good information management for a CRM practice to be successful. So the bank should work on its use of customer’s information so that services can be designed according to their preference. The bank’s ability to reply feedback received a mean score of 3.888. The aggregated mean score of Knowledge Management is 3.884. This implies that responders agreed with the banks’ Knowledge Management practice to a moderate level.

4.4.4 Technology Based CRM

The respondents rated the bank’s use of Technology Based CRM using five point Likert Scale. The means, standard deviation and standard error are presented in the below table.

Table 4-6: Response on Technology Based CRM

| Description | Mean | Std Deviation | Std Error* |
|--|---------|---------------|------------|
| My bank has the right software to serve its customers | 3.9533 | 1.01904 | .05688 |
| My bank has the right technical personnel to provide technical support for the utilization | 4.0125 | .99365 | .05546 |
| My bank makes Individual customer information available at every contact point | 3.8255 | .99094 | .05531 |
| My bank maintains comprehensive database of its customers | 3.9408 | .84016 | .04689 |
| My bank communicates with its customers through email, phone, fax and web | 3.7570 | .95041 | .05305 |
| Aggregated Mean Score | 3.89782 | 0.95884 | 0.05352 |

Source: Survey Data (2020)

According to the above table, the bank's acquisition of the right technical personnel got the highest score which is 4.0125. The bank's acquisition of the right software got the next higher score which is 3.9533. This shows that the bank has latest technology and qualified staff to serve its customers. The lowest score was recorded by the bank's ability to communicate with its customers through electronic media. The score is 3.757 as it can be seen from the above table. Proper banking communication creates satisfaction for the customers and promotes economic growth for the bank. In addition, the banking communication exchange of ideas and knowledge must be within and outside the bank. Good communication works effectively with employees, and improves their workplace efficiency. Therefore, the bank should work on its communication abilities to make use of the technology and human skill it acquired.

4.4.5 Customer Satisfaction

Customer Satisfaction was the dependent variable. The study addressed the level of satisfaction among the account holders of Nib International Bank. The questions used five point Likert Scale to measure satisfaction. The means, standard deviation and standard error are presented in the below table.

Table 4-7: Response on Customer Satisfaction

| Description | Mean | Std Deviation | Std Error* |
|---|---------|---------------|------------|
| I am very satisfied with the response of the staff | 3.9439 | .85329 | .04763 |
| Bank staff always understand and satisfy my financial needs | 4.0872 | .75324 | .04204 |
| I am satisfied with the variety of services offered by my bank | 3.8193 | .90056 | .05026 |
| I am satisfied with the location of the bank service systems (ATMs, branches) | 3.7414 | 1.00862 | .05630 |
| I believe my bank will satisfy my future financial needs | 3.9159 | .99173 | .05535 |
| Aggregated Mean Score | 3.90154 | 0.901488 | 0.050316 |

Source: Survey Data (2020)

As shown in the above table, customers believe the staffs understand their financial needs. This is concluded by the highest mean score respondent gave to the question. The score given is 4.0872 as it can be seen on the table. This supports the above conclusion which states that the bank acquired qualified personnel. The next higher score which is 3.9439 is also given to the response of the staff. The lowest score was recorded by the location of bank service systems which is 3.7414. This is common in the banking industry in Ethiopia. The ATM machines and other facilities in the financial sector are not sufficient. Although we are seeing a lot of progress, there is still a gap. When asked if they think they will get

services from the bank in the future, most respondents answered positively giving it a score of 3.9159.

As (Long, Khalafinezhad, Wan Ismail, & Rasid, 2013) stated, a company must focus on two things to achieve customer satisfaction. They are behavior of employees and relationship development. Employees are not only supposed to be respectful and courteous with their clients, but most importantly they must have the product awareness and communication skills that can build a customer relationship. If this can be achieved, having satisfied customers will be easy.

4.4.6 Summary of Aggregated Mean Scores

Table 4-8: Summary of Aggregate Mean Scores

| Independent Variables | Aggregated Mean Score | Standard Deviation |
|------------------------------|------------------------------|---------------------------|
| Key Customer Focus | 3.445 | 1.187 |
| Organizing Around CRM | 3.887 | 0.911 |
| Knowledge Management | 3.884 | 0.9 |
| Technology Based CRM | 3.898 | 0.959 |
| Average Mean | 3.785 | 0.989 |

Source: Survey Data (2020)

The results of the above table indicate that Technology Based CRM has the highest mean score which is 3.889. This indicates that Technology has the highest effect on Customer Satisfaction among the account holders of Nib International Bank. The variable with the lowest mean score is Key Customer Focus. This indicates that Key Customer focus was not implemented sufficiently in the bank.

4.5 Qualitative Data Analysis

In qualitative research interviewing is the most popular method of data collection. It includes asking open-ended questions to converse with respondents and gathering elicits details about the subject matter. For this research, a structured interview was used. It is also known as a standardized interview, and its approach is significantly closer to quantitative. Questions in this interview are pre-decided according to the information required. In survey study, standardized interviews are used extensively with the goal of ensuring uniformity in all interview sessions (Bhat, 2020).

To better understand the practice of CRM in Nib International Bank, Interview questions were prepared. Each variable was addressed by the interview questions. The research used interview questions to analyze the practice of CRM from the company's side.

4.5.1 Key Customer Focus

- What kind of customized products and services does your bank offer to your key customers?

“With two separate consumer groups, we have two different divisions, i.e. individual customers, and business customers. Our bank offers services according to each category they fall in. Individual customers may contact any staff and manager at any branch, while Company clients are appointed someone from CRM department which deals with their grievances and any other problems. There are a variety of services offered by our bank. The services include deposits, loans, interest free banking, local and international transfer, trade services, FOREX services etc. Using different electronic channels like ATMs, POS machines and Nib cards for variety of accounts we have. This will help us to deliver up-to-date and reliable services.”

From the above discussion we can conclude that the bank provides different kinds of services to facilitate customers. They have placed a strategy to address each category of customers. They give face to face as well as electronic services to their customers. The discussion also shows that the bank maintains relationship based on their value. The CRM system used in banks has several components for data analysis which help to define

customer-based segmentations like, income class, geographic area, profession, etc. These distinctions further assists banks in maintaining different relationships with each customer based on their choice.

4.5.2 Organizing Around CRM

- How is your bank structured to measure performance standards and to handle complaints from customers?

“CRM is the focal point of any department in our bank and it is the responsibility of every department to use it properly. The Customer Relationship Management Department is responsible for ensuring that customer-oriented, reliable and productive banking services are provided to customers before, during and after the banking services are delivered in compliance with the bank's service policy, procedures and standards to ensure good cooperation between the bank and its customers for reciprocal and enduring business ties. Our bank employees no longer see the use of the CRM system as a separate part of their work; use of the system is part of their job. This creates a facilitated environment for CRM practice in the bank. Customer questions are usually addressed face-to - face at the branch level during their first interaction with us.”

From the above discussion, we can see that every department in the bank is focused on practicing CRM. The discussion also shows that the bank management and employees work to deliver services an all level of customer interaction. Setting up multiple points to gather customer information helps banks to gather information easily and to use that information quickly. The fact that the whole structure of the banks works towards achieving customer relationships will help the bank get most out of its CRM practice.

4.5.3 Knowledge Management

- What kind of measures do you take to understand your customers and to improve your products and services based on their feedback?

“Branch offices are, of course, the key channel that communicates with the customers on a regular basis during their opening hours about their concerns and queries. In our central database, the information obtained from our customers during their contact with the bank (may be via, branch, internet banking, etc.) is stored. Any department of our bank can easily retrieve these details. Customer input from a customer care session will provide marketing personnel with knowledge about goods and services that could be of interest to the customers. Through evaluating customer feedback, we can easily evaluate how current technology solutions we sell are working, and what technologies can be implemented to improve customer service and sales.”

In CRM practice there is a series of steps to follow. Like mentioned in the literature review, the first step is to identify each customer as a prerequisite by the company, as each customer requires a different type of relationship. Therefore, it becomes imperative to acquire customer knowledge in order to start a relationship. The second consists of customer differentiation by value and by needs. In this step also the importance of knowledge management can be seen. In the below regression analysis, it can be seen that Knowledge Management was found to be insignificant in Nib International Bank. According to the above discussion Knowledge Management is practiced and they have a database to access customer information. But, what we can understand from the analysis is that, the respondents were not convinced by the Knowledge Management practice in the bank. The bank must try very hard to change the customer perspective and let customers know that this important element of CRM has a place in their CRM practice.

4.5.4 Technology Based CRM

- Do you have the right technology and personnel to delight customers and keep comprehensive database of customers.

“Nib International Bank is committed to operating under the growing Information technology platforms. Various software solutions were developed internally in this regard. Among which; it implements software that ensures a secure platform for intra-office communication. Signature Capture and Retrieval System and Inventory Management System are under implementation. In addition, an improvement of Queue Management is also being introduced for the foreign exchange application and the Approval and Report

system. Our ATM machines are cutting-edge technology. If someone attempts to make a wrong attempt using some fake card, the machine will shut down automatically. If a genuine card holder inserts a wrong pin number, his / her card will be retained after 3 attempts with the machine. So, the customer must collect his / her card from the branch by displaying his / her identification. The mobile and internet banking services provided by the Bank are growing from time to time and have continued to serve customers as a result of large numbers of customers subscribing to the mobile banking and Internet banking services provided by the Bank.”

CRM implementation depends on investment by banks in technology-based CRM that enables customers to access information and services. Technology has had tremendous implications for CRM, especially the technology allowed by the Internet. Technology has in many ways helped streamline many CRM procedures as well as cut the costs of CRM programs. The technology based CRM in Nib international Bank has been recognized by the customers. Hence it has the highest mean score of all the other variables. Like we can see from the above discussion, the bank uses latest technology in their services. The bank also provides various electronic services for customers. To conclude, the bank should make its ATM machines available in as many places as possible and continue to modernize its use of technology to ensure that its customers continue to enjoy satisfaction.

4.5.5 Customer Satisfaction

- How do you think CRM will help you to satisfy your customers?

“CRM helps us to satisfy our customers because it will help us understand our customer’s needs, it will help us deliver personalized services to our customers, and it will help us keep close contact with our customers. Since it will help make our communication with our customers to be effective, it will help us deliver services that are tailored according to their preference.”

From the above discussion we can conclude that the effect of CRM is quite substantial on customer satisfaction. Acquisition and retention of customers are two of the most significant CRM components for any bank. Based on these components, banks further

decide how they approach new customers, and on the other hand, how they retain their existing customers that are valuable to the bank. CRM makes this possible by facilitating relationship between the bank and its customers. From the quantitative analysis we can conclude that Nib International Bank's customers are satisfied to a moderate level. This can be strengthened with continuous improvements.

4.6 Correlation Analysis

Based on the results of the questionnaires filled by the customers of Nib International Bank, the following correlational analysis was performed between the dependent variable (Customer Satisfaction) and Independent Variables (Key Customer Focus, Organizing around CRM, Knowledge Management and Technology Based CRM)

Table 4-9: Result of Correlation Analysis

| Variables | 1 | 2 | 3 | 4 | 5 |
|-------------------------------|----------------|----------------|----------------|----------------|----------|
| Customer Satisfaction Sig. | 1 | | | | |
| Key Customer Focus Sig. | 0.464 0.000 | 1 | | | |
| Organizing Around CRM Sig. | 0.524 0.000 | 0.451 0.000 | 1 | | |
| Knowledge Management Sig. | 0.352 0.000 | 0.394 0.000 | 0.373 0.000 | 1 | |
| Technology Based CRM Sig. | 0.543 0.000 | 0.326 0.000 | 0.351 0.000 | 0.265 0.000 | 1 |

N= 321

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

Source: Survey Data (2020)

A correlation between variables means that the other variable tends to change in a particular direction as one variable changes its value. Understanding the relationship is useful since we can use one variable's value to estimate the other variable's value. Pearson's coefficient of correlation is a single number, which calculates the intensity and direction of the linear relationship between two continuous variables. Values differ between -1 and +1. If the value is near to ± 1 , then it is assumed to be a perfect correlation: as one variable increases, the other variable appears to increase or decrease (if negative) as well. If the value of the coefficient lies between ± 0.50 and ± 1 , then a strong correlation is said to exist. If the value lies between ± 0.30 and ± 0.49 , then a medium correlation exists. If the value is below $+ 0.29$, then it is said to be a small correlation. When the value is 0, then it means there is no correlation (Jim, 2020).

The result in the above table shows that the two independent variables, Organizing around CRM and Technology Based CRM are positively and strongly correlated with the dependent variable Customer Satisfaction. On the other hand the other two Independent variables which are Key Customer Focus and Knowledge Management are positively and moderately correlated to Customer Satisfaction. The result also shows that higher correlation is observed with the variable Technology based CRM with correlation coefficient 0.543. This suggests that Technology Based CRM is a major determinant of Customer Satisfaction among account holders in Nib International Bank.

4.7 Diagnostics Test

This section presents the normality tests performed for the study using regression analysis.

4.7.1 Normal Probability Plot Test

To access if the variables are normally distributed, a P-Plot test was performed. The result can be shown on the below figure. The figure below shows the distribution of the variables of the study. As it is shown on the figure, the points in the plot follow the well. The normal distribution appears to be a good fit for the data. So, we can conclude that the variables are normally distributed.

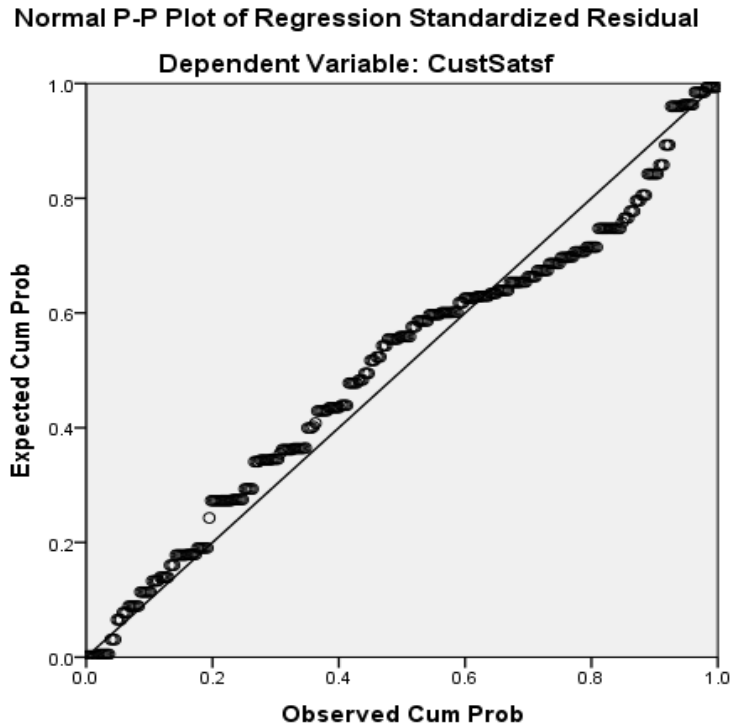


Figure 4-1: P-Plot of regression

Source: Survey Data (2020)

4.7.2 Multivariate Normality Test

The study used Kolmogorov-Smirnov test to test for normality. The result is shown in the below table.

Table 4-10: Normality Test

| | Kolmogorov-Smirnov ^a | | | Shapiro-Wilk | | |
|-----------------------|---------------------------------|-----|------|--------------|-----|------|
| | Statistic | df | Sig. | Statistic | df | Sig. |
| Customer Satisfaction | .125 | 321 | .000 | .950 | 321 | .000 |
| Key Customer Focus | .077 | 321 | .000 | .975 | 321 | .000 |
| Organizing around CRM | .171 | 321 | .000 | .937 | 321 | .000 |

| | | | | | | |
|----------------------|------|-----|------|------|-----|------|
| Knowledge Management | .211 | 321 | .000 | .570 | 321 | .000 |
| Technology Based CRM | .132 | 321 | .000 | .950 | 321 | .000 |

Source: Survey Data (2020)

The above table shows that the study variable are normally distributed since the P values are greater than 0.05. The result shows that Key Customer Focus has value of (0.077>0.05); Organizing around CRM has value of (0.171>0.05): Knowledge Management has a value of (0.211>0.05) and Technology Based CRM has a value of (0.132>0.05).

4.7.3 Linearity Test

The study tested the regression assumption of linearity of the relationship between independent and dependent variables. The below ANOVA table shows the result.

Table 4-11: Linearity Test Results

| Customer Satisfaction * Key Customer Focus | | | | | | |
|--|--------------------------|----------------|-----|-------------|---------|------|
| | | Sum of squares | df | Mean Square | F | Sig |
| | (Combined) | 98.367 | 21 | 4.684 | 25.465 | .000 |
| | Linearity | 32.282 | 1 | 32.282 | 175.493 | .000 |
| Between Groups | Deviation from Linearity | 66.086 | 20 | 3.304 | 17.963 | .000 |
| Within Groups | | 55.000 | 299 | .184 | | |
| Total | | 153.367 | 320 | | | |

| Customer Satisfaction * Organizing Around CRM | | | | | | |
|--|--------------------------|----------------|-----|-------------|---------|------|
| | | Sum of squares | df | Mean Square | F | Sig |
| | (Combined) | 51.546 | 9 | 5.727 | 17.493 | .000 |
| | Linearity | 42.033 | 1 | 42.033 | 128.384 | .000 |
| Between Groups | Deviation from Linearity | 9.513 | 8 | 1.189 | 3.632 | .000 |
| Within Groups | | 101.821 | 311 | .327 | | |
| Total | | 153.367 | 320 | | | |
| Customer Satisfaction * Knowledge Management | | | | | | |
| | | Sum of squares | df | Mean Square | F | Sig |
| | (Combined) | 74.176 | 12 | 6.181 | 24.041 | .000 |
| | Linearity | 18.893 | 1 | 18.893 | 73.481 | .000 |
| Between Groups | Deviation from Linearity | 55.282 | 11 | 5.026 | 19.546 | .000 |
| Within Groups | | 79.192 | 308 | .257 | | |
| Total | | 153.367 | 320 | | | |
| Customer Satisfaction * Technology Based CRM | | | | | | |
| | | Sum of squares | df | Mean Square | F | Sig |
| | (Combined) | 94.889 | 15 | 6.326 | 32.994 | .000 |

| | | | | | | |
|----------------|--------------------------|---------|-----|--------|---------|------|
| | Linearity | 74.324 | 1 | 74.324 | 387.646 | .000 |
| Between Groups | Deviation from Linearity | 20.565 | 14 | 1.469 | 7.661 | .000 |
| Within Groups | | 58.478 | 305 | .192 | | |
| Total | | 153.367 | 320 | | | |

Source: Survey Data (2020)

The test for Linearity has a significance value < 0.05 which is 0.000, indicating that there is a linear relationship between all the variables.

4.7.4 Multicollinearity Test

The study conducted a tolerance and Variance Inflation Factor (VIF) analysis to determine the presence of multicollinearity. The result is shown in the below table.

Table 4-12: Multicollinearity test results

| Collinearity Statistics | | | |
|-------------------------|-----------|-------|----------------------|
| | Tolerance | VIF | Remarks |
| Key Customer Focus | 0.723 | 1.383 | No Multicollinearity |
| Organizing around CRM | 0.677 | 1.477 | No Multicollinearity |
| Knowledge Management | 0.771 | 1.297 | No Multicollinearity |
| Technology Based CRM | 0.736 | 1.359 | No Multicollinearity |

Source: Survey Data (2020)

The above table shows that the tolerance for all the variables is less than 1 and the VIF is less than 3. From the result we can conclude that there is no multicollinearity since all the values are within the recommended level by (Field, 2009)

4.7.5 Homoscedasticity Test

The study used Levene's test to analyze the homogeneity of variance of independent variables. The table below shows the result of this test.

Customer Satisfaction

table 4-13: Homogeneity Test Result

| | Levene Statistic | df1 | df2 | Sig. |
|-----------------------|------------------|-----|-----|------|
| Key Customer Focus | 9.416 | 14 | 306 | .000 |
| Organizing around CRM | 8.894 | 14 | 306 | .000 |
| Knowledge Management | 2.179 | 14 | 306 | .009 |
| Technology Based CRM | 4.116 | 14 | 306 | .000 |

Source: Survey Data (2020)

The Levene test shows that all variance were significant at $P < 0.05$. We can conclude from the test that the study can be analyzed using multiple linear regression analysis.

4.8 Multiple Regression Analysis

Regression analysis is a way to figure out mathematically which of the variables in a study actually has an effect. The more common form of linear regression analysis is multiple linear regression. The multiple linear regression is used as a predictive analysis to describe the relation between one continuous dependent variable and two or more independent variables (Gallo, 2015).

For this study, Multiple Linear Regression was used to test the hypothesis. The table below shows the results.

Table 4-14 (a): Model Summary

| R | R² | Adjusted R² | Std. Error of the Estimate |
|--------------------|----------------------|-------------------------------|-----------------------------------|
| 0.749 ^a | 0.562 | 0.556 | 0.46131 |

Source: Survey Data (2020)

The results in Table indicate an adjusted R² of 55.6%. This means that 55.6% of variation in customer satisfaction is explained by Key Customer Focus, Organizing around CRM, Knowledge Management and technology based CRM in the model and that 44.4% of the variation is due to factors not considered in this model. The results also reveal that the combined effect of CRM on customer satisfaction of account holders is higher than the effect of the individual variables. This implies that CRM has a moderate explanatory power on customer satisfaction.

Table 4-14 (b): ANOVA

| | Sum of Squares | Df | Mean Square | F | Sig. |
|------------|-----------------------|-----------|--------------------|----------|-------------------|
| Regression | 86.121 | 4 | 21.530 | 101.173 | .000 ^b |
| Residual | 67.247 | 316 | .213 | | |
| Total | 153.367 | 320 | | | |

Source: Survey Data (2020)

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Technology Based CRM, Knowledge Management, Key Customer Focus, Organizing Around CRM

The results in show that the overall significance of the model was statistically significant at F=101.173 and P-value=0.000<0.05. This means that the model was statistically significant

at 95% confidence level. The findings also imply that there was a significant combined effect of CRM on satisfaction of Nib International Bank account holders. Consequently, the findings indicate that effective CRM programmers in the banking sector should incorporate the four variables so that the desired customer satisfaction levels can be achieved.

Table 4-14(c): 0-3 Regression Coefficients

| | Unstandardized Coefficients | | Standardized Coefficients | t | Sig |
|-----------------------|-----------------------------|------------|---------------------------|--------|------|
| | B | Std. Error | Beta | | |
| (Constant) | .644 | .168 | | 3.842 | .000 |
| Key Customer Focus | .148 | .038 | .170 | 3.889 | .000 |
| Organizing Around CRM | .178 | .042 | .192 | 4.237 | .000 |
| Knowledge Management | .012 | .025 | .021 | .485 | .628 |
| Technology Based CRM | .515 | .041 | .540 | 12.429 | .000 |

Source: Survey Data (2020)

The coefficient results in Table revealed that the relationship between Key Customer Focus and customer satisfaction was statistically significant (Regression coefficient =0.148, P-value=0.000). This implies that for one unit increase in value based CRM, customer satisfaction will increase by a factor of 0.148 when holding other factors constant. Similarly, the relationship between Organizing around CRM and customer satisfaction was statistically significant (Regression coefficient =0.178, P-value = 0.000). This implies that upon an increase of Organizing around CRM by one unit, customer satisfaction is expected to increase by a factor of 0.148. The association between Technology Based CRM and customer satisfaction was also statistically significant (Regression coefficient =0.515, P-value=0.000). This implies that an increase in Technology Based CRM by one unit will lead to an increase in customer satisfaction by a factor of 0.515 when holding other factors constant. However, the association between Knowledge Management and Customer Satisfaction was not statistically significant (Regression coefficient= 0.012, P-Value 0.628). This is because the P value is greater than 0.05.

4.9 Testing of Hypotheses

This section presents the result of the four hypotheses carried out to establish the relationship between CRM and Customer Satisfaction in Nib International Bank.

4.9.1 Effect of Key Customer Focus on Customer Satisfaction

To evaluate the effect of Key Customer Focus on Customer Satisfaction the following Hypotheses was tested.

H₀₁: Key Customer Focus has no effect on Customer Satisfaction.

H₁: Key Customer Focus has an effect on Customer Satisfaction.

The coefficient result on the above Table implies that a unit change in Key Customer Focus has effect in customer satisfaction by a factor of 0.148. Further, the results indicate that Key Customer Focus significantly affects satisfaction of Nib International Bank account holders. By considering the result of this hypothesis β estimate showed a positive value of .170 and t -statics 3.889. On the other hand, a p value of 0.000 shows that this variable has a significant effect on Customer Satisfaction. Hence, the study rejects H₀₁ at p -value < 0.05 and accepts the alternative Hypothesis. The result concludes that Key Customer Focus affects Customer Satisfaction in Nib International Bank.

4.9.2 Effect of Organizing Around CRM on Customer Satisfaction

To evaluate the effects of Organizing around CRM, The following hypothesis was tested.

H₀₂: Organizing around CRM has no effect on Customer Satisfaction.

H₂: Organizing around CRM has an effect on Customer Satisfaction.

The coefficient result on the above Table implies that a unit change Organizing around CRM has effect in customer satisfaction by a factor of 0.178. Further, the results indicate that Organizing around CRM significantly affects satisfaction of Nib International Bank account holders. By considering the result of this hypothesis β estimate showed a positive value of .192 and t -statics 4.237. On the other hand, a p value of 0.000 shows that this variable has a significant effect on Customer Satisfaction. Hence, the study rejects H_{02} at p -value < 0.05 and accepts the alternative Hypothesis. The result concludes that Organizing around CRM affects Customer Satisfaction in Nib International Bank.

4.9.3 Effect of Knowledge Management on Customer Satisfaction

To evaluate the effects of Knowledge Management, The following hypothesis was tested.

H_{03} : Knowledge Management has no effect on Customer Satisfaction.

H_3 : Knowledge Management has an effect on Customer Satisfaction.

The coefficient result on the above Table implies that a unit change in Knowledge Management has effect in customer satisfaction by a factor of 0.012. Further, the results indicate that Knowledge Management does not significantly affect satisfaction of Nib International Bank account holders. By considering the result of this hypothesis β estimate showed a positive value of 0.021 and t -statics 0.485. On the other hand, a p value of 0.628 shows that this variable has an insignificant effect on Customer Satisfaction in Nib International Bank. Hence, the study accepts H_{03} at p -value > 0.05 and rejects the alternative Hypothesis. The result concludes that Knowledge Management does not affect Customer Satisfaction in Nib International Bank.

This result is in contrast to a study by (Ajmal & Rehman, 2019), in which Knowledge management had a positive and significant effect on customer satisfaction. They concluded

that KM enables organizations to take strategic managerial decisions for improving ongoing performance and to keep customers satisfied.

4.9.4 Effect of Technology Based CRM on Customer Satisfaction

To evaluate the effects of Knowledge Management, The following hypothesis was tested.

H₀₄: Technology Based CRM has no effect on Customer Satisfaction.

H₄: Technology Based CRM has an effect on Customer Satisfaction.

The coefficient result on the above Table implies that a unit change in Technology Based CRM has effect in customer satisfaction by a factor of 0.515. Further, the results indicate that Key Customer Focus significantly affects satisfaction of Nib International Bank account holders. By considering the result of this hypothesis β estimate showed a positive value of 0.540 and t -statics 12.429. On the other hand, a p value of 0.000 shows that this variable has a significant effect on Customer Satisfaction. Hence, the study rejects H₀₄ at p -value < 0.05 and accepts the alternative Hypothesis. The result concludes that Technology Based CRM affects Customer Satisfaction in Nib International Bank.

The most Significant variable with the highest β and t -statics value is Technology Based CRM with values 0.540 and 12.429 respectively.

Table 4-15: Summary of the Hypotheses Test Results

| Hypothesis | Test Criteria | Test Results | Conclusion |
|--|--|---|--|
| <p>H₀₁: Key Customer Focus has no effect on Customer Satisfaction.</p> <p>H₁: Key Customer Focus has an effect on Customer Satisfaction.</p> | <p>Reject Null hypothesis and accept the alternative if P-value > 0.05 alternatively do not reject.</p> | <p>P-value= 0.000<0.05 Regression coefficients significant</p> | <p>Rejects H₀₁ and Accepts H₁; Key Customer Focus has a statistically significant effect on satisfaction of Nib International Bank account holders.</p> |
| <p>H₀₂: Organizing around CRM has no effect on Customer Satisfaction.</p> <p>H₂: Organizing around CRM has an effect on Customer Satisfaction.</p> | <p>Reject Null hypothesis and accept the alternative if P-value > 0.05 alternatively do not reject.</p> | <p>P-value= 0.000<0.05 Regression coefficients significant</p> | <p>Rejects H₀₂; and Accepts H₂ Organizing Around CRM has a statistically significant effect on satisfaction of Nib International Bank account holders.</p> |
| <p>H₀₃: Knowledge Management has no effect on Customer Satisfaction.</p> <p>H₃: Knowledge Management has an effect on Customer Satisfaction.</p> | <p>Reject Null hypothesis and accept the alternative if P-value > 0.05 alternatively do not reject.</p> | <p>P-value= 0.000>0.05 Regression coefficients insignificant</p> | <p>Accepts H₀₃ and Rejects H₃; Knowledge Management has a statistically insignificant effect on satisfaction of Nib International</p> |

| | | | |
|--|--|--|--|
| | | | Bank account holders. |
| <p>H₀₄: Technology Based CRM has no effect on Customer Satisfaction.</p> <p>H₄: Technology Based CRM has an effect on Customer Satisfaction.</p> | <p>Reject Null hypothesis and accept the alternative if P-value > 0.05 alternatively do not reject.</p> | <p>P-value= 0.000<0.05</p> <p>Regression coefficients significant</p> | <p>Rejects H₀₄ and Accepts H₄;</p> <p>Technology Based CRM has a statistically significant effect on satisfaction of Nib International Bank account holders.</p> |

Source: Survey Data (2020)

CHAPTER FIVE

SUMMERY, CONCLUSION AND RECOMMENDATION

This chapter provides summary of major findings and gives conclusions based on the findings. It also addresses the contribution of the study and gives suggestions for further research.

5.1 Summery

CRM is merely a strategic process by which the more profitable customers of the organization are chosen and interactions are determined between this organization and these customers, in order to achieve the goal of maximizing present and future values for customers. The banking sector faces huge challenges in attracting new clients and retaining existing ones. Customer Relationship Management or CRM creates a solution by facilitating data collection, performance analysis and by aiding the company to gear towards meeting the needs of consumers. One of the challenges of banks is meeting customer expectations. Happy customers are like free advertising for a business. Hence, the customer must always be at the center of an organization's plans, activities and processes. CRM allows companies to utilize information from their systems to improve customer retention and to cross-sell existing customers with new products and services.

Nib International Bank has department for Customer Relationship Management. The department has worked to help the bank maintain a long-lasting relationship with its clients. Loyal customers have lower service costs, spend more time with the company and provide a strong source of new business. To give quality service and to guarantee Customer Satisfaction, the bank is required to have a strong commitment in meeting the ever-increasing needs and wishes of customers. Nib International Bank may not implement there

CRM practices without fault. Thus, the purpose of this study was to access the bank's CRM practice and to investigate the level of customer satisfaction regarding this practice.

In this regard, the study's general purpose was to empirically establish the effect of CRM Customer satisfaction among account holders' in Nib International Bank. The specific objectives of the study were to evaluate the effect of Key Customer Focus, Organizing around CRM, Knowledge Management and Technology-Based CRM on Nib International Bank account holders.

The study used descriptive, explanatory, correlational and multiple regression analysis. To achieve the objectives of the study primary data was collected using structures questionnaire and an interview. The relationship between CRM dimensions and Customer Satisfaction was determined by using multiple linear regression analysis.

Four hypotheses were established and tested to address the study's objectives in order to determine the relationship between independent variables and dependent variables. The first hypothesis was to establish the relationship between Key Customer Focus and Customer Satisfaction in Nib International Bank. The objective was to examine the effect of this variable on customer satisfaction. The result of the analysis showed that there is a positive and significant relationship between Key Customer Focus and customer Satisfaction. Based on the result the null Hypothesis was rejected and the alternative hypothesis was accepted.

The second objective was to establish the effect of Organizing around CRM on Customer Satisfaction. The result showed that there is a significant effect of the banks' organization around CRM and the Satisfaction of Customers. Based on the result the null hypothesis was rejected and the alternative hypothesis was accepted. It was concluded that CRM organization plays a great role in Customer Satisfaction.

The third objective which intended to seek if Knowledge Management has effect on Customer Satisfaction was tested with the proposed hypothesis. But Knowledge Management was found to be insignificant when it comes to having an effect on Customer Satisfaction of account holders in Nib International Bank. So, the null hypothesis was accepted and the alternative hypothesis was rejected. The result shows that the bank needs

to make more effort to practice Knowledge Management so that the joint effect of all the CRM dimensions will bring about customer satisfaction.

The fourth and final objective of the study was to examine the effect on Technology Based CRM on customer satisfaction. This variable was found to be positively significant for satisfaction of account holders in Nib International Bank. Based on the result the null hypothesis was rejected and the alternative hypothesis was accepted. Over all, we can see from the study that the joint effect of the independent variables will guarantee customer satisfaction.

5.2 Conclusion

CRM to the banking industry is entirely different from other industries because the banking industry is solely related to financial services, which needs to build people's confidence. Establishing customer service during on and off official hours, providing timely information on interest rates, time deposit maturity, issuing credit and debit cum ATM card, increasing awareness of online and e-banking, implementing mobile requests, etc. are required to maintain daily customer relationships. Customer satisfaction is an important exponent of success and fundamental differentiator of business strategies in today's fast changing company marketplace. The more customer satisfaction is, therefore; the more business is, and the more customer attachment with the organization (Dhingra & Dhingra, 2013).

Based on the results, the study concluded that CRM has a significant effect on Customer Satisfaction. The four CRM Dimensions the study looked at are namely, Key Customer Focus, Organizing around CRM, Knowledge Management and Technology Based CRM has effect on Customer Satisfaction. According to the regression analysis, the increase in one variable will also result an increase in Customer Satisfaction. But the effect of Knowledge Management was found to be insignificant. The Research brought into light this CRM component as the weakest in the organization. This means the bank must work on this dimension to satisfy its customers.

The variable with the highest score was Technology Based CRM. This means that customers were happy with the technology the bank had adopted. So, it is recommended that the bank continues to improve the technology it is using.

5.3 Recommendation

The result of the study has great implication for the management of Nib International Bank. As it is evident from the study findings, CRM practice should be enhanced in order to provide quality service and achieve customer satisfaction. The managers should enhance the bank's technology and skilled employee qualities so it can be further strengthened. Knowledge Management has been the weakest point according to the results of the study. It should be the next focus of the management and must be included in their strategic planning. The employees must continue to care for their customers and improve their knowledge so that they can be the highlight of the bank.

As the bank strives to stay competitive in this fast changing market, it should work on differentiating its services from competitors. If the bank can do that, the management can achieve the desired revenue, and it can also contribute to the growth of the Ethiopian economy.

5.4 Suggestion for Further Research

The study began with a goal of developing a relationship between CRM and Customer Satisfaction in Nib International Bank. It considered only selected branches of Nib International Bank. CRM is a practice that has a significant impact on customer satisfaction. If other banks and other industries, too, could conduct other research, they could greatly benefit. They can also look at CRM from a different perspective so it can be applied more in Ethiopia to more appreciate its benefits. This study addressed only four dimensions of CRM and their effect on Customer Satisfaction. So, future studies could find other dimensions and factors important to CRM.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

ST. MARY'S UNIVERSITY

MASTERS OF BUSINESS ADMINISTRATION IN GENERAL MANAGEMENT

Dear Respondent,

First, I would like to thank you for giving your time to read and fill this questionnaire.

I am conducting a study on the partial fulfillment of Master's Degree requirements in General Management. This questionnaire is to be used exclusively for the research that I conduct to complete my thesis work needed to complete my studies.

The research aims to evaluate the effect of Customer Relationship Management on customer Satisfaction in Nib International Bank. Your participation is of invaluable importance and will remain anonymous.

Hence this is to kindly ask you to take some time and fill out the questionnaire.

Thank you so much.

Kalkidan Fantu

Part I Personal Information

Please tick (✓) the appropriate answer

1. Gender

Male

Female

2. Age

18-23

24-29

30-35

36-41

42-46

47-52

53-58

59-64

over 65

3. Educational Level

High School

Diploma

Degree

Master's

PHD

4. State the period you have received services from the bank.

Less than one year

1-3 years

4-5 years

Over 6 years

Part II Customer Relationship Management

Please indicate with a tick (✓) the extent to which your bank maintains Key Customer Focus using the scale of Strongly Disagree, Disagree, Undecided, Agree and Strongly Agree.

Key Customer Focus

Key Customer focus is a corporate concept that positions the customer at the forefront of all company planning and management decisions. It is a marketing approach too, that involves products and services to be developed around key consumer's preferences.

1. My bank provides customized service and products to its key customers.

Strongly Disagree Disagree Undecided
Agree Strongly Agree

2. My bank works constantly to delight its customers.

Strongly Disagree Disagree Undecided
Agree Strongly Agree

3. Staff in my bank treats key customers with much care.

Strongly Disagree Disagree Undecided
Agree Strongly Agree

4. My bank makes an effort to find out its key customers need.

Strongly Disagree Disagree Undecided
Agree Strongly Agree

5. My bank gets feedback from customers on delivery and quality.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

6. The bank systematically manages the expectations of high valued customers.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

7. My bank focuses on keeping close contact with its customers.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

Organizing Around CRM

Organizing around CRM is the way entire company should be structured around the creation of important partnerships with a strong focus on key customers deeply embedded throughout its CRM structure to guarantee satisfaction.

8. My banks established Customer – centric performance standards and are monitored at all customer touch points.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

9. The whole banking structure is focused on ensuring satisfaction for account holders with the services provided.

Strongly Disagree Disagree Undecided
Agree Strongly Agree

10. The bank has a proper complaint management system.

Strongly Disagree Disagree Undecided
Agree Strongly Agree

Knowledge Management

Knowledge Management is the process of creating, exchanging, using and maintaining the knowledge and information of customers in an organization.

11. My bank replies customer feedback quickly.

Strongly Disagree Disagree Undecided
Agree Strongly Agree

12. My bank fully understands the needs of its key customers through feedback.

Strongly Disagree Disagree Undecided
Agree Strongly Agree

13. My bank uses the information from customers to design or improve their services.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

14. My bank has an effective customer recovery strategy including guarantees for service failures.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

Technology Based CRM

Technology Based CRM is a technology for handling all the partnerships and interactions between the business and customers and potential customers.

15. My bank has the right software to serve its customers.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

16. My bank has the right technical personnel to provide technical support for the utilization of computer technology in building customer relationships.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

17. My bank makes Individual customer information available at every contact point.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

18. My bank maintains comprehensive database of its customers.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

19. My bank communicates with its customers through email, phone, fax and web.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

Customer Satisfaction

20. I am very satisfied with the response of the staff.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

21. Bank staffs always understand and satisfy my financial needs.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

22. I am satisfied with the variety of services offered by my bank.

Strongly Disagree Disagree Undecided

Agree Strongly Agree

23. I am satisfied with the location of the bank service systems (ATMs, branches).

Strongly Disagree Disagree Undecided

Agree Strongly Agree

24. I believe my bank will satisfy my future financial needs.

Strongly Disagree

Disagree

Undecided

Agree

Strongly Agree

APPENDIX II: INTERVIEW QUESTIONS

ST. MARY'S UNIVERSITY

MASTERS OF BUSINESS ADMINISTRATION IN GENERAL MANAGEMENT

Key Customer Focus

- What kind of customized products and services does your bank offer to your key customers?

Organizing around CRM

- How is your bank structured to measure performance standards and to handle complaints from customers?

Knowledge Management

- What kind of measures do you take to understand your customers and to improve your products and services based on their feedback?

Technology Based CRM

- Do you have the right technology and personnel to delight customers and keep comprehensive database of customers.

Customer Satisfaction

- How do you think CRM will help you to satisfy your customers?