ST. MARY'S UNIVERSITY COLLEGE

SCHOOL OF GRADUATE STUDIES

ASSESSMENT OF CUSTOMER RELATIONSHIP MANAGEMENT PRACTICE

IN CASE OF UNITED BANK

BY

MENELIK BENEBERU

THESIS SUBMITTED TO THE SCHOOL OF GRADUATE STUDIES OF ST,MARY'S UNIVERSITY IN PARTIAL FULFILLMENTS OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF MARKETING MANAGEMENT

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ADDIS ABABA, ETHIOPIA

ST,MARY'S UNIVERSITY COLLEGE SCHOOL OF GRADUATE STUDIES FACULTY OF MARKETING MANAGEMENT

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DECLARATION

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

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ENDORSEMENT

This thesis has been submitted to St. Marry University College, school of graduate studies for examination with my approval as a university advisor.

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Advisor

St. Marry University College

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ACKNOWLEDGMENTS

ACRONYMS/ABBREVIATIONS

CRM – CUSTOMER RELATIONSHIP MANAGEMENT

UB – United Bank

SPSS – Statistical package for social science

ABSTRACT

This study was conducted mainly to assess customer relationship management in case of united bank. Descriptive, qualitative and quantitative research design and approach was used. The research used mainly primary data through distributing questionnaire to customers of the bank. From the distributed 313 questionnaire 250 was returned. The target population is the customers of the bank. The collected data was analyzed by using mean and standard deviation. To measure the consistency of the questionnaire particularly the Likert-type scale the reliability analysis is essential in reflecting the overall reliability of constructs that it is measuring. The normal range of Cronbach's coefficient alpha value ranges between 0-1 and the higher values reflects a higher degree of internal consistency. *Majority of the customers agreed with the statements designed to evaluate CRM in terms of Key Customer Focus dimension. However, some variables are needs improvement like the ongoing dialogue, constantly surprise and delight its key customers needs improvement since some of the respondent not agree and have doubt about those statements.*

MAJOR FINDINGS: CUSTOMER RELATIONSHIP MANAGEMENT AND CUSTOMER SATISFACTION

CHAPTER ONE

INTRODUCTION

This chapter introduces the reader to the assessment of CRM in united Bank. In addition the background of the study, statement of the problem, basic research questions, objective of the study, definition of terms, significance of the study, scope of the study, limitation of the study and organization of the study are discussed.

1.1. Background of the Study

There has been a shift from a transaction to relationship focus in marketing. Customers become partner & the firm must make long- term commitments to maintaining those relationships with quality, service & innovation. Relationship marketing essentially represents a paradigm shift with in marketing- away from an acquisition/transaction focus toward a retention/relationships focus. Relationship marketing (relationship management) is a philosophy of doing business, a strategic orientation, which focuses on keeping & improving current customers rather than on acquiring new customers. This philosophy assumes that many consumers & business customers prefer to have an ongoing relationship with one organization than to switch continually among providers in their search for value. Building on this assumption & the fact that it is usually much cheaper to keep a current customer than to attract a new one, successful marketer are working on effective strategies for retaining customers (Valarie A.Zeithaml, Mary Jo Bitner, 2003)

The first three steps in the marketing process—understanding the marketplace and customer needs, designing a customer-driven marketing strategy, and constructing a marketing program-all lead up to the fourth and most important step: building profitable customer relationships. Customer relationship managements perhaps are the most important concept of modern marketing. Some marketers define it narrowly as a customer data management activity (a practice called CRM). By this definition, it involves managing detailed information about individual customers and carefully managing customer "touch points" to maximize customer loyalty. Most marketers, however, give the concept of customer relationship management a broader meaning. In this broader sense, customer relationship management is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping, and growing customers. (Philip kotler, Garyarmstrong, 2012)

Amir et al. (2014) stated that academic research has been done to show that successful companies in the field of customer loyalty have had considerable profit and growth. Clow and Kurtz (2003) stated that banks profitability is closely related with customer's retention. They also claimed that, customer defection costs companies millions of dollars each year in lost revenue. In addition to lost revenue, defectors normally spread negative word of mouth communication which can influence other customers to purchase elsewhere. The longer a bank can retain a customer, the greater revenue and cost savings from that customer. Customer loyalty is an important factor that contributes to an organization's earning and profits. Loyal customers normally establish stable relationship with banks compared to non-loyal customers. Customer loyalty can contribute to an increase in a firm's revenue, reduce customer defection rate and develop new business through positive word of mouth advertising (Zeithaml and Bitner, 2003).

Duygu and Sevcan (2012) stated that whether enterprises can make their current customers loyal depends on whether they can manage the customer relationships well. As customers have grown to be more conscious customers, enterprises have had to pay the prices of the errors and faults they do in customer relationships. The most important phenomena in the 1990s is that customer centric marketing approached got great value and business organization realized that customers have voice to be heard. The banks also, then, understood that they had to listen to their customers so as to be able to sustain their presence in the market. Thus, banks noticed that they could only be successful if they adopted customer-based marketing. Amir et al. (2014) emphasized that the main goal of customer relationship management is simply better understanding of customer behavior and enhance loyalty and profits.

Research about CRM effectiveness have been done in service sectors such as banking, insurance, transportation and telecommunication to evaluate its effectiveness and revitalize its weak dimensions (Zuliana and Izah , 2011). Banking sector is a customer oriented services where customer is the main focus. Therefore research is needed in this sector to understand more on customers' need and their attitude so as to build a long term relationship with banks.

The study will try to examine the impact of CRM through its behavioural dimensions on customer loyalty in United Bank S.C

1.1.1. Background of the Bank

United Bank S.C. was established in 1995 G.C by 486 founding shareholders with a paid up capital of Birr 3,859,584,000. It is the private bank to be established after the liberalization of the banking sector after the fall of the Dergue. On February 13, 1995 G.C, it opened its first branch named Head Office Branch at a building located at Bole.

The name united Bank was selected to be the name of the bank from many alternatives tabled for the founding shareholders. Currently there are 18 private banks operating in Ethiopia. The overall standing of the bank in the private banking industry of the country is second next to Dashen Bank. As noted above the key success factor for the private banks is to attract and retain customers.

United Bank has 324 branches and 9 sub branch. Out of this 164 branches are located in Addis Ababa and 165 are located at major tons of the country. The bank classifies these branches into 5 grades (Special class, first class, second class, third class and forth class) based on volume of transaction, variety of services provided, site location, amenities and staff strength, cash holding limits and other similar considerations. Almost all private banks in Ethiopia provide similar services to their customers. New products developed by each bank are easily copied by its competitors. With the joining of new private banks and the huge expansion of the state owned and private banks in the country the competition is becoming stiffer each year. Therefore to win this competition united Bank needs to apply CRM in its full dimension.

1.2. Statement of the Problem

Ethiopia is on the way to be the middle income country in the next 10 years. For this expected growth of the country the financial sector has its own contribution and private banks take their own part for this development.

In order to take their parts in the development of the country, first of all the banks must be profitable and owners must get sustainable profit because the establishment of these banks is too expensive and takes long time to accumulate this wealth in addition a loss by these banks is not only a crisis to the owners but also the loss can have a negative impact on the growth of the country. Therefore the profitability and sustainability of these banks are important for the expected growth of the financial sector as well as the growth of the country.

As stated earlier to be profitable the bank must win the competition through creating loyal customers and to become more profitable these banks must be customer centric and apply full dimensions of CRM in their business activities. The four dimensions of CRM are Key customer focus, knowledge management, CRM organization & technology based CRM. The Application of CRM in united Bank therefore this study has the purpose of assessing to what extent CRM is being applied in united Bank in its full dimension (Key customer focus, knowledge management, CRM organization & technology based CRM). Any gap between what the application of CRM should be and what it actually is will be identified in the study. Then by identifying the assessment of CRM dimensions, the bank can focus on the CRM areas which have the strongest effect and prioritize its efforts.

The emergence of new banks in the banking industry makes competition intense. For this reason, the bank couldn't get customers too much as expected so that the bank concentrates in acquiring new customers rather than holding and maintaining the existing customers. In addition, in the Ethiopian banking industry, there appears to be limited effort to engage to CRM practices for securing long-term growth and profitability. For any given service sector, the growth and survival of companies is highly dependent on their customers .Customer loyalty has been found in the literature to be a competitive tool for many companies; here application of CRM practices comes as a solution. This is even much more pronounced in today's highly globalized, industrialized and competitive markets. CRM has been widely researched in the domain of marketing (Bose & Rao 2011). A relative handful study of Ndubisi (2006) has specifically examined that CRM such as trust; commitment and conflict handling have a direct effect on customer retention. The evidence is almost uniformly consistent in indicating that customers are satisfied when the banks relationship marketing is good.

Accordingly, this study seeks to assess customer relationship management in the context of the Ethiopian banking system. Considering the absence of in depth study, specific to the practices exercised, this study can provide a valuable information and knowledge base for banks as they seek to acquire customers needed for their long-term success.

1.3. Research Questions
Main Research Question
- How the bank practice Customer relationship management?

Sub Research Questions

- What is the Key customer focus practice of the bank?
- What is the bank's strategy of customer relationship management towards knowledge management?
- How is the CRM organization of the bank work?
- What level is the technology based CRM?

1.4. Research Objectives

1.4.1. General Objective

The general objective of the study is to assess the CRM practice of the bank.

1.4.2. *Specific Objective*

The specific objectives of the study are:

- To determine the Key Customers focus on CRM in United BankS.C.
- To examine the Knowledge Management in United BankS.C.
- To investigate the CRM Organization in United BankS.C.
- To determine the Technology based CRM in United BankS.C.

1.5. Significance of the study

Today, many businesses such as banks, insurance companies, and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them in acquiring new customers, retaining existing ones and maximizing their lifetime value. Therefore, the study has a significant importance in strengthening the existing knowledge and understanding of CRM for the better practice and by examining for the case of United Bank S.C. The study will also provide some insight or recommendations to United Bank S.C. to evaluate and improve their CRM practice based on the study findings. Finally, the study can serve as an additional reference to others researchers who are interested in the area of CRM.

1.6. Scope of the Study

The study assess branches of united Bank that are found only in Addis Ababa having high and medium grade (Grade I) per the Bank`s branch rating scheme. This limits the area of the study by discriminating those branches of united Bank found in outlying areas and those in Addis Ababa but with lower grades.

1.7. Definition of basic Terms

Here is below given conceptual definition of terms that would be mentioned quit a lot of time sand words that I do believe that reader of study should know the definition for easy and better understanding of the this research.

Customer Relationship Management (CRM)

Chen, I and Popovich .K, (2003) defined Customer relationship management (CRM) as a combination of people, processes and technology that seeks to understand a company's customers. It is an integrated approach to managing relationships by focusing on customer retention and relationship development. CRM has evolved from advances in information technology and organizational changes in customer-centric processes. Companies that successfully implement CRM will reap the rewards in long run profitability. Dyche (2002) defines CRM as an infrastructure that enables the delineation of an increase in customer value, and the correct means by which to motivate valuable customers to remain customers-indeed, to buy again. CRM is a simple philosophy that places the customer at the heart of a business organization's processes, activities, and culture to improve his/her satisfaction of service and, in turn, it will maximize the profits for the organization.

Key Customer Focus

Evidences from marketing literatures, IT literatures and industry practices agreed to the fact that customer centric focus is a pre-requisite to any successful CRM practices, particularly in shaping the minds and actions of the employees in becoming customer oriented. Key customer focus is a business strategy that requires management and employees to focus on the changing wants and needs of its customers. In other words, it's a company-wide philosophy that the customer's wants and needs are the first priority of all management and employees. It includes the intense focus of organization on key customers, providing superior service and added value for customers by providing customization that is composed of parts including customer-oriented marketing, customer lifetime value, customization, and interactive marketing (Lee, 2000).

Knowledge Management

From the angle of CRM concept in marketing, knowledge can be described as whatever a company or individual has learnt from experience/practice or any empirical study of consumer data (Nguyen et al., 2007; Sin et al., 2005). This will bring banks to the key facets of knowledge management dimension which includes a company's knowledge learning and generation, its knowledge dissemination and sharing, and knowledge responsiveness (Sin et al., 2005; Yim et al., 2005). Knowledge management help to enhance customer profitability,

information about customers and knowledge should be gathered through interactions or touch points across all functions or areas of the firm so that a 360-degree customer view is established, maintained, and continually updated.

CRM Organization

First and foremost, to enhance service employees to conduct customer- oriented behaviors, Organizations have to develop an appropriate working environment for service in work, for instance, providing staff with the modern tools, and technology, customer-satisfaction tracking and complaints management systems, inspirational leadership, and appropriate rewards systems.

As a result of the previous supportive working conditions, organizations can ensure the required customer -oriented behaviors of their employees (Mechinda and Patterson, 2011).So, it can be said that CRM organization has to be an essential means through which firms effect fundamental changes in the way they organize their actual business processes for employees and customers (Sin et al. 2005; Yim et al., 2005).

Technology based CRM

Many CRM-oriented activities, such as knowledge management, cannot be optimized without leveraging the latest technology (Chen.I and Popovich .K, 2003). Innovations in network infrastructure, client/server computing, and business intelligence applications are leading factors in CRM development. Indeed, most CRM applications take great advantage of technology innovations, with their ability to collect and analyze data on customer patterns, develop prediction models, respond with timely and effective customized communications, and efficiently deliver personalized value offerings to individual customers.

1.8. Organization of the Study

The study comprises five chapters. In chapter one, background of the study, statement of the problem, research questions, and research objectives, significance of the study, definition of terms, scope and limitations of the study is included. In chapter two the review of literature in the area of CRM is discussed. In the third chapter the methodology part is discussed. In chapter four the analysis and interpretation of the study is discussed. Finally in chapter five the conclusion and recommendations is presented then reference and questionnaires which are used for the study is attached.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURES

2.1 Meaning of CRM

Customer Relationship Management (CRM) "is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by IT" (Buttle, 2004). CRM is a business strategy to identify, cultivate, and maintain long-term profitable customer relationships. It requires developing a method to select your most profitable customer relationships (or those with the most potential) and working to provide those customers with service quality that exceeds their expectations (McDonald, 2002)

An organization's survival depends largely on harmonious relationships with its stakeholders in the market. Customers provide the 'life-blood' to the organization in terms of competitive advantage, revenue and profits. Managing relationships with customers is imperative for all types and size of service organizations. A sound base of satisfied customers allows the organization to move on the path of growth, enhance   profitability, fight out competition and carve a niche in the market place. Bennett (1996) described that CRM seeks to establish long term, committed, trusting and cooperative relationship with customers, characterized by openness, genuine concern for the delivery of high quality services, responsiveness to customer suggestions, fair dealings and willingness to sacrifice short term advantage for long term gains. Schneider and Bowen (1999) advocated that service business can retain customers and achieve profitability by building reciprocal relationships founded on safeguarding and affirming customer security, fairness and self-esteem.

The fundamental reason for companies aspiring to build relationships with customers is economic. For survival in the global market, focusing on the customer is becoming a key factor for companies big and small. Establishing and managing a good customer relationship is a strategic endeavor. Having a CRM software installed does not ensure a successful customer relationship. For this to happen business processes and company culture have to be redesigned to focus on the customer. CRM software can be only a tool to implement a customer strategy. It is known that it takes up to five times more money to acquire a new customer than to get an existing customer to make a new purchase. Improving customer

retention rates increases the size of the customer base. Thus, customer retention is essential. (Baumeister, unknown).

Successful CRM, from the perspective of addressing it as a philosophy at the (tactical) process level, requires more than assessing and prioritising. And it is certainly more than simply a technological tool that enables firms to build and maintain customer relationships. In fact, the philosophy, or capability, perspective on CRM "suggests that to build long-term, profitable relationships, it is critical that firms' day-to-day activities be driven by an understanding of customers' evolving needs" (Zablah et al. 2004). The consensus in recent literature clearly is that you cannot do that only with technology (see e.g. the work by Day and Van den Bulte, 2002; Reinartz et al. 2003; Chen and Popovich 2003). Key concepts from relationship marketing, such as trust, mutuality, promise keeping and dialogue (Grönroos, 1994) cannot be handled completely and incorporated in CRM programs with only databases and smart manipulation of the data as your tools (O'Malley and Mitussis, 2002).

2.2. Objective of CRM

The basic objective of the customer relationship management is to create customer loyalty. Besides, the objectives of customer relationship management can be listed as follows: to make the customer relationships profitable; to form and preserve long-term and profitable relationships with customers; to increase the productivity of the firm; to create differentiation; to meet the customer demands; to enable cost minimization and harmonious activities. (Ergunda, 2003: 2) As a result, customer relationship management is an approach that makes it necessary to form long-term relationships with customers for the purpose of increasing the profitability and productivity of the enterprise and to make use of technology for this purpose. The enterprises should pay attention to the following issues so as to improve their relationships with customers: (Holloway, 2002: 80)

- ✓ Recognizing the customers,

- ✓ Distinguishing the customers,

- ✓ Listening to the customers,

- ✓ Making all sorts of contacts with the customers,

- ✓ Enterprise identifying itself with the customer,

✓ Adapting to the customers.

Creating maximum benefit from customer relationship management depends on its right management. A consistent customer relationship management may also bring about the following benefits: (Odabaşı, 2000: 22).

✓ Increase in the cross-sales,

✓ Reduction in customer disagreements,

✓ High level of customer satisfaction and loyalty,

✓ Reduction in procedure costs, Ability to form close contacts and relationships with customers in terms of technologic, informatics and social terms.

✓ Offering a big advantage of competition to the enterprises, forming a learning relationship with each customer provides the enterprises the opportunity to find new products/service for their customers. Thus, the enterprise may have the ability to perceive and meet the needs of its customers before its rivals.

✓ Loyal customers may be a reference for the potential customers.

✓ The cost of gaining a new customer is higher than that of retaining the existing customer.

✓ Improvement of customer loyalty increases the rate of staff's loyalty.

Customer relationship management is grounded on the idea of establishing a learning relationship with each customer. As a result of the learning relationship with each customer, the enterprise may learn the expectations and needs of its customers more easily and meet these expectations just in time, also acquiring an advantage of competition. In a learning relationship, the customer tells the enterprise his/her needs and expectations, and the enterprise may be able to meet these needs and expectations through its products and services. The enterprise may be offering its customers a similar kind of consumption and interaction with its rivals. Since the enterprise will have better information about its customers through the learning relationship it has developed, it will differentiate the enterprise from its rivals. (Peppers, 1999: 152)

2.3. Evolution of CRM

Customer relationship management itself is not a new concept but is now practical due to recent advances in enterprise software technology.

An outgrowth of sales force automation (SFA) tools, CRM is often referred to in the literature as one-to-one marketing (Peppers and Rogers, 1999). SFA software automates routine tasks such as tracking customer contacts and forecasting.

The goal of SFA is to allow the sales force to concentrate more on selling and less on administrative tasks. It should be noted, however, that CRM also has roots in relationship marketing which is aimed at improving long run profitability by shifting from transaction-based marketing, with its emphasis on winning new customers, to customer retention through effective management of customer relationships (Christopher et al., 1991).

Thus, CRM is a more complex and sophisticated application that mines customer data that has been pulled from all customer touch points, creating a single a comprehensive view of a customer while uncovering profiles of key custom and predicting their purchasing patterns. Technology that tracks and analyses customer behaviour allows companies to easily identify the best customers a focus marketing efforts and reward those who are likely to buy often.

Acquiring a better understanding of existing customers allows companies interact, respond, and communicate more effectively to significantly improve retention rates. Innovations in technology, competitive environments, and the Internet are just several factors that make one-toone initiatives a reality. Companies can develop these relationships to customize the shopping experience, better predict online buying patterns, entice customers with special offers or services, evaluate the economic advantage of each customer, and build long-term mutually beneficial relationships.

2.4. Dimensions of CRM

Undoubtedly, CRM has recently become one of the most controversial issues and a focal-point in the business field (Balaram and Adhikari, 2010; Becker et al., 2009; Dimitriadis and Steven, 2008; Ozgener and Iraz, 2006).

It is worth mentioning that CRM is mainly based on the belief that establishing a sustainable relationship with customers is the cornerstone for obtaining loyal customers who are much more profitable than non -loyal ones (Dowling, 2002).

In this regard, the successful implementation of CRM strategy will be of great benefit to the organizations, adopting it, as such organizations can reap the benefit of increasing sales through better market segmentation, customizing products and services, obtaining higher quality products, gaining access to information and employee satisfaction, and above all, ensuring long lasting customer-retention and loyalty (Alomtairi, 2009; Ozgener and Iraz, 2006; Stockdale, 2007; Verma and Chandhuri, 2009). Moreover, we have to bear in mind that recent studies on the CRM selectively focus on some service sectors , such as banking (e.g. Akroush et al., 2011; Becker , Greve, and Albers 2009; Eid, 2007; Hussain et al., 2009; Krasnikov et al., 2009; Sin, Tse and Yim 2005), telecommunication (e.g. Almotairi, 2009; Beldi et al., 2010), healthcare (e.g. Bunthuwun et al., 2011; Hung et al., 2010), and contact center (Abdullatif et al., 2010).

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

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

2.4.1. Key customer focus (Customer Orientation)

It is important in the first instance to confirm that the main purpose behind customer - oriented behaviours is to increase customer long-lasting satisfaction and to create customer-loyalty. Therefore, studies have demonstrated that good customer-oriented behaviours, in an organization, definitely ensure a tremendously positive impact on its performance (Kim, 2008;

Yilmaz et al., 2005). Similarly, King and Burgess (2008) reach the conclusion that customer orientation is a crucial factor in the successful implementation of CRM.

Research has supported that customer orientation leads to increase organizational performance (Asikhia, 2010; Liu et al., 2003; Zhou et al, 2009). Furthermore customer orientation is also one of the market beneficial sources, it helps organization to understand customer, and hence it helps in delivering an appropriate plan to satisfy customer needs (Liu et al., 2003) Furthermore, several studies revealed that there is a relationship between customer orientation and marketing planning capabilities (Morgan, Vorhies, and Mason, 2009; Pulendran and Speed, 1996).

Besides this, the beneficial influence of customer orientation strategy on marketing-planning capabilities, this strategy also influences the successful implementations of marketing actions or innovations (Slater and Narver, 1998).

2.4.2. CRM Organization

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

The researchers also argue that CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer - oriented approach, unless the project is completely integrated by them (Sin et al., 2005; Yim et al., 2005)

Further, as a confirmation for this point Ku (2010) stress that CRM success does not only require technological quality or systems, but it also requires an effective service concept as well as suitable operation procedures. Thus, the success of CRM implementation relies on the active involvement of the employees in the organization itself (Boulding, Staelin, Ehret, and Johnston, 2005; Payne, 2006; Tamilarasan, 2011). Therefore, we can say that CRM organization has to be an essential means through which firms effect fundamental changes in the way they organize their actual business processes for employees and

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

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

It goes without saying that Knowledge about customers plays a vital role in CRM, taking into our consideration the fact that the main purpose behind collecting data about customers is to get a clear image about them from different perspectives (Sin et al., 2005). Therefore, organizations can authenticate such data to be able to establish and develop beneficial relationship with their customers (Zahay and Griffin, 2004).

2.4.3. Knowledge Management

Needless to say that useful information about customers can be gathered through interactions with them or from different touch points within the organization itself (Brohman et al., 2003), and the criterion for deciding whether CRM is successful or not , is to effectively transform customer information into customer knowledge (Plessis and Boon, 2004; Stringfellow et al., 2004). In this connection, we can say that managing knowledge effectively can greatly help an organization to have success in building better customer relationship, resulting in a positive impact on organization performance (Abdullateef et al., 2010; Akroush et al., 2011; Sin et al., 2005; Yim et al., 2005). We have to take into our account that the success of relationship management is heavily dependent on collecting and analysing customers' information, as such information is used for developing highly personalized offerings (Sigala, 2005).

Moreover, Fan and Ku (2010) indicate that customer knowledge management is firmly associated with marketing capabilities, and it greatly enables organizations to take strategic managerial decisions for improving their performance.

2.4.4. Technology Based CRM

CRM based technology enables organizations to plan and implement successful marketing actions for retaining customers long-last and making them more profitable, because of the customer database and other information-storing systems (Roberts, Liu, and Hazard, 2005). Additionally, Chang, Park, and Chaiy (2010) confirm that CRM technology improves marketing capabilities by providing valuable information about customers, which, in turn, will help both managers and employees to achieve specific marketing goals much more effectively.

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

2.5. CRM and Banking Industry

Globalization and technology improvements have exposed companies to a situation with tough competition. In this new era companies are focusing on managing customer relationships in order to efficiently maximize revenues. Today marketing is not just developing, delivering and selling, it is moving towards developing and maintaining long term relationships with customers. Relationship marketing is becoming important in financial services. Managers really need to look at areas where opportunities lie, because industry consolidation, virtual delivery channels and the ability to move money around with a click of a mouse are making it easier for customers to leave one bank for another. In this situation CRM (Customer Relationship Management) is an opportunity that banks can avail to rise above minor advantages by developing actual relationships with their customers.

CRM in banking industry entirely different from other sectors, because banking industry purely related to financial services, which needs to create the trust among the people.

Establishing customer care support during on and off official hours, making timely information about interest payments, maturity of time deposit, issuing credit and debit ATM card, creating awareness regarding online and e-banking, adopting mobile request etc are required to keep regular relationship with customers.

Customer relationship management in financial services industry is a cyclical process which starts with definition of customer actions (Panda T, 2003). Panda T described customer expectations are difficult to manage but are often the cause of dissonance which results in loss of existing customer base. So understanding of customer expectations with regard to service delivery levels and product quality is essential for establishing a long term symbolic value relationship.

CRM, which is becoming a topic of increasing importance in marketing, is concerned with using information technology in implementing relationship marketing strategies (Ryals L, et al, 2001).

Customer service is the primary end of any bank. A customer always wants something and expects that the bank should come up to the level to fulfil those needs. Again, the more you provide, still more the consumer needs. Service quality is about meeting customer needs and requirements, and how well the service level delivered matches customer expectations.

In today's competition in Indian banking industry, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust and products, or service and efficiency (Sachdev et al, 2004). Hallowell Roger (1996) conducted a research on customer satisfaction, loyalty, and profitability and found that as compared to public sector, private sector bank customers' level of satisfaction is comparatively higher.

2.5.1 Benefits of CRM strategy in Banking Industry

Benefits of CRM can be categorized into three groups namely: Benefits for customers, benefits for employees and benefits for banks.

Benefits for Customers:

✓ Coordinated and professional approach to customer contact.

- ✔ Up-to-date customer information, Banks can offer more personalized services.

- ✔ Customers feel empowered if they have greater access to products and services. For example 24 hours banking.

- ✔ Targeted product and service offerings can be timed to coincide with customer events and requirements e.g., Education Loans and Tourism Loans.

- ✔ Develop better communication channels.

- ✔ Collect vital data, like customer details and order histories

- ✔ Create detailed profiles such as customer preferences

- ✔ Deliver instant, company-wide access to customer histories

- ✔ Identify new selling opportunities

Benefits for Employees:

- ✔ Employees are empowered with the information to deliver high quality service and meet customer expectations

- ✔ Employees have more time to serve customers.

- ✔ Employees have higher satisfaction ratings.

Benefits for Banks

- ✔ Managers are empowered with information that can help them manage customer relationships and make better decisions.

- ✔ Optimum use of bank resources.

- ✔ Customer satisfaction and increased loyalty.

- ✔ CRM permits businesses to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers.

- ✔ It helps in capitalizing on short windows of opportunities in the market.

✓ Significant reduction in and limitation of operational costs through system automation and standardization.

2.6. Success Factors for Technology based CRM Implementation

✓ To motivate customers to initiate revenue generating contacts. To understand customer's needs even before themselves. To decrease customer churn by increasing customer's satisfaction.

✓ To use technology to improve customer's service enables a greater degree of customer differentiation in order to deliver unique customer interaction.

✓ To make customer and employee friendly through CRM.

✓ To ensure that employees at all levels are accurately collecting the information of the CRM system.

Uninterrupted retention of the relationship by offering service that meets and even goes beyond the customer needs (Acuner, 2001: 89).

Customer loyalty paid to the amount of buying for a given trademark. The level of loyalty is measured by the watching of the frequency of buying (Javalgi and Moberg, 1997: 165). With the increase in the amount of accessible information in recent years, the conscious level of customers has improved continually. Today's customers are aware of the power they have on the market and that every activity is realized for them. It is now easier to reach the products and services. Before choosing a given trademark, consumers look at the price, newness, accessibility of the product and the additional services offered. As the alternatives increased, consumers' loyalty to the products and services decreased (Tekinay, 2002: 129). Today firms have entered into an effort to present at a lower cost than their rivals the products and services that can meet the customer wishes and expectations fully, so that they can render customers more loyal.

2.7. <u>Conceptual framework</u>

Components of CRM

Key Customer Focus	
CRM Organization	
Knowledge Management	→ CRM Practice
Technology based CRM	
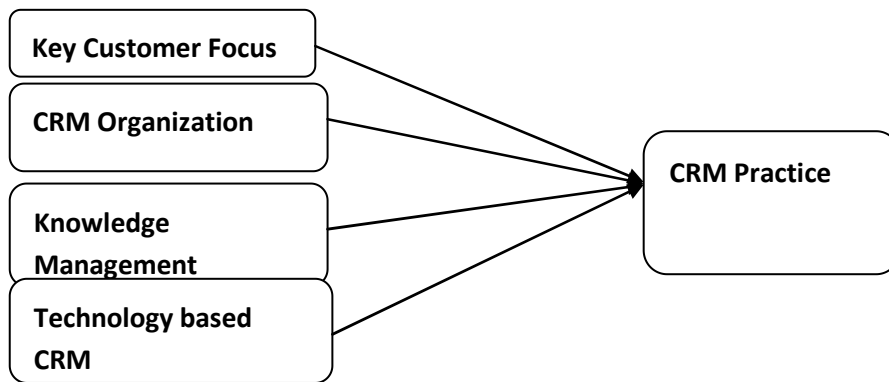
Fig.2.1 Adopted from (Ergunda, 2003: 2)

CHAPTER THREE

3.1 RESEARCH METHODOLOGY

Introduction

This chapter deals with the methodology of the study where the research approach, the research type, sample and sampling techniques, source of data collection, data collection instruments, reliability & validity of the study and the method of data analysis are discussed.

3.1. Research Approach

A research can be classified in to two research approaches. These are qualitative research and quantitative research.

Qualitative research involves studies that do not attempt to quantify their results through statistical summary or analysis. It seeks to describe various aspects about behaviours and other factors in the social sciences and humanities. In this kinds of research data are often in the form of descriptions, not numbers. It typically involves in-depth interviews, group discussions, and observations without formal measurement.

Therefore the researcher chooses both quantitative and Qualitative research to describe CRM application in united Bank by collecting data from customers of the bank.

3.2 Research Design

The research can be classified in to three as descriptive, explanatory and exploratory.

Explanatory research is conducted when we encounter an issue that is already known and have a description of it, we might begin to wonder why things are the way they are. The desire to know

"Why", to explain is the purpose of explanatory research. The researcher goes beyond merely describing the characteristics, to analyse and explain why and how something is happening. Thus explanatory research aims to understand phenomena by discovering and measuring casual relations among them.

Most research projects designed in the fields of social sciences and business are based on descriptive research studies. In descriptive research you have no control over the variables but you can only report what has happened or what is happening.

This researcher collects data on four dimensions of CRM from customers of united Bank to describe the present condition of CRM application on this bank across four dimensions. So the researcher used descriptive research for this purpose.

3.2. Target population, Sample size and Sampling Technique

3.2.1. Target Population

The target population of study comprises of customers of united Bank. All personal and/or commercial customers who use united Bank will be included in the study. Total number of the customers of united Banks about 337,894 and sample of these are considered to be included in the study. (Report of the Bank, 2019)

3.2.2. Sampling Method

Selection of the sample was through non-probabilistic sampling technique of convenience sampling because all the population of the bank cannot be available at the same time. Convenience sampling also called accidental or opportunity sampling is a technique in which a sample is drawn from that part of the population that is close to hand, readily available, or convenient. The questionnaires will be distributed to customers of the bank.

The researcher chose nine branches (saris, Wehalimat, Cherallia, Kality, Akaki, Saris; Abo, Tuludimtu; Akaki) and necessary data will be collected from this branches which are located in south Addis Ababa.

3.2.3. Sample size

There are various formulas for calculating the required sample size based upon whether the data collected is to be of a categorical or quantitative nature. For populations that are large, Cochran (1977) developed a formula to yield a representative sample for proportions. Accordingly, the sample size for customers is composed as follows:

$$n = \frac{z^2(p)(q)}{e^2} = \frac{(1.96)(0.5)(0.5)}{(0.05)^2} = 384$$

4. Where:
5. n- Sample size
6. z- Standard deviation given a corresponding confidence level of 95%
7. p- Estimated proportion of incidence (success rate = 0.5)

8. q- (1 –p) or assumed failure rate (0.5)

9. e- Proportion of sampling error or error margin in a given situation (5%)

9.1. Source of Data and Methods of data Collection

9.1.1. Source of Data

There are two types of sources when collecting data; primary and secondary data sources. Primary sources are directly related to the study purpose. Primary data consists of all the data collected throughout the study that directly can be related to the study purpose, both personally gathered as well as data from a third party that has been collected with equivalent purpose. Secondary data on the other hand, contains relevant data that has been collected for a different purpose, but from which the conclusion is valuable for the purpose.

The researcher uses both primary and secondary data sources. Primary data, directly related to the purpose, collected through an empirical study. The empirical study was made through conducting a questionnaire regarding CRM. Secondary data, indirectly relating to the purpose is collected through a theoretical study comprised of; books, research thesis, articles, internet, manuals and annual reports.

9.1.2. Data collection Instrument

The questionnaire contains statements that are specifically designed to measure CRM practices of firms in relation to the four behavioural dimensions of CRM – Key Customer focus, CRM organization, Knowledge Management and Technology-based CRM

 The questionnaires are composed of two sections. The first section contains questionnaire items used to collect demographic data of respondents and the second section on five point Likert scale to assess the CRM practices of united Bank. The Structured questionnaires will be used to collect primary data from customers of the bank. Secondary data sources like publications, reports, and banks internal portal will be used as an appropriate to solidify the premises of the study.

9.2. Data Analysis

The survey will be designed to assess the extent of the application of CRM in united Bank .The data will be analysed using descriptive statistics (Mean, standard deviation) as found appropriate

CHAPTER FOUR

DATA ANALYSIS AND INTERPRETATION

4.1 Introduction

The purpose of this study is to assess the practice of customer relationship management in the united bank by asked customers different questionnaires designed in terms of the four dimensions stated in the literature review. Thus, this chapter encompasses analysis and interpretation of data acquired from the questionnaire and analysis of data that was obtained from the questionnaire. To analyse the data descriptive statistics was employed by using tables. In the first part, profile of respondents and summary of findings has been analysed. In the study, 317 questionnaires distributed to the customers of the bank and 250(78%) of them were returned while 67 (22%) were incomplete.

4.2. Reliability Analysis

To measure the consistency of the questionnaire particularly the Likert-type scale the reliability analysis is essential in reflecting the overall reliability of constructs that it is measuring. The normal range of Cronbach's coefficient alpha value ranges between 0-1 and the higher values reflects a higher degree of internal consistency. Different authors accept different values of this test in order to achieve internal reliability, but the most commonly accepted value is 0.70 as it should be equal to or higher than to reach internal reliability (Hair et al., 1998).

Table 4.1. Reliability Statistics

Measurement	Number of items	Cronbach's alpha
Key Customer Focus	7	.818
Knowledge Management	7	.755
CRM Organization	6	.796
Technology -based CRM	6	.815
Reliability of all items	26	.872

Source: Survey Result, SPSS (2020)

As shown in the table 4.1above, all the constructs were fulfilled the recommended cut-off point of the alpha, which Cronbach's Alpha .818 for Key Customer Focus, .755 forKnowledge Management, . 796 for CRM Organization and. 815 for Technology -based CRM. The overall Cronbach Alpha Coefficient for all items is also. 872. To sum up, all the constructs have confirmed as reliable variables that can be taken as an indication of acceptability of the scale for further analysis.

4.3 Descriptive Statistics response rate

Table 4.2 Demographic Background of Respondents

		Frequency	Percent
Gender	Male	151	60.4
	Female	99	39.6
	Total	**250**	**100**
Age	18-27	48	19.2
	28-37	81	32.4
	38-47	63	25.2
	48-57	35	14.0
	Above 58	23	9.2
	Total	**250**	**100**
Education background	Diploma	147	58.8
	Degree	66	26.4
	Masters	37	14.8
How many years	Less than 5 years	93	37.2
	5-10 years	109	43.6
	Above 10 years	48	19.2
	Total	**250**	**100**
Use bank for What purpose	Personal	116	45.4
	Commercial	93	37.2
	Both	41	16.4
	Total	**250**	**100**
Which service	Saving Account	33	13.2
	current account	32	12.8

you need from the bank you	Loan	55	22.0
	Remittance	16	6.4
	ATM	78	31.2
	Credit Card	36	14.4
	Total	**250**	**100**

Analysing the data obtained from the questionnaire, table 4.2 reveals that, the majority of the participants' 60.4% of the respondents are male customers where the remaining 39.6% are female respondents.

It is evident from the table that majority of bank users found to be between the age group of 28-37(32.4 %). Respondents with age group between 18 up to 27& 38 up to 47 years for 19.2% and 25.2%, respectively. The rest 14.0% and 9.2% are respondents in the age group between 48 up to 57 and greater than 58 years respectively. It can be said from the survey that, most of the bank customers are between the ages of 28 and 37.

Considering the education level of respondents, (58.8%) were diploma holders,26.4% were degree holders and the rest 14.8% were Masters holders.

With regard to length of relationship, 37.2% of respondents have less than 5 years of relationship, 43.6% have 5 to 10 years of banking relationships, the rest 19.2% of them have been with the bank for more than 10 years. The table also shows us that majority of the respondents have banking relationship between 5 and 10 years. The longer the customer stayed with the bank, the stronger the relationship he/she develops with it. From this, we can infer that customers at United bank have a good banking experience to judge the bank service and its relationship management with the customer.

With regard to the purpose of the service, 46.4% of respondents use the bank service for personal use, 37.2% of respondents use for commercial purpose and the rest 16.4% of respondents use for both personal and commercial purpose.

Table 4.2 illustrates also that, more than 13.2% respondents are use saving account, 12.8% are use current account, 22.0% are loan, 6.4 are using remittance, 31.2% are ATM users and 14.4% respondents use credit card.

Table 4.3. Responses on Key Customer Focus

Items	Responses	Frequency	Percent	Mean	Std. Deviation
The bank has attractive orientation towards serving its clients' needs	Strongly Disagree	14	5.6	4.02	1.225
	Disagree	32	12.8		
	Neutral	5	2.0		
	Agree	84	33.6		
	Strongly Agree	115	46.0		
	Total	**250**	**100**		
The bank provides customized product and service to key customers	Strongly Disagree	14	5.6	3.90	1.54
	Disagree	32	12.8		
	Neutral	5	2.0		
	Agree	84	33.6		
	Strongly Agree	115	46.0		
	Total	**250**	**100**		
The bank maintains an effective customer relations ans service program	Strongly Disagree	21	8.4	3.84	1.297
	Disagree	25	10.0		
	Neutral	33	13.2		
	Agree	67	26.8		
	Strongly Agree	104	41.6		
	Total	**250**	**100**		
The bank strives to constantly surprise and delight its key customers	Strongly Disagree	28	11.2	3.13	1.386
	Disagree	89	35.6		
	Neutral	7	2.8		
	Agree	74	29.6		
	Strongly Agree	52	20.8		
	Total	**250**	**100**		
The bank work	Strongly Disagree	34	13.6	2.90	1.343

Statement	Response	Frequency	Percent	Mean	Std. Dev
with individual key customers to customized its offering through ongoing dialog	Disagree	97	38.8		
	Neutral	20	8.0		
	Agree	59	23.6		
	Strongly Agree	40	16.0		
	Total	**250**	**100**		
The bank uses information from customers to maintain its relation with customers	Strongly Disagree	8	3.2	4.09	1.062
	Disagree	16	6.4		
	Neutral	34	13.6		
	Agree	79	31.6		
	Strongly Agree	113	45.2		
	Total	**250**	**100**		
The bank commits time and resources in managing customers relationships	Strongly Disagree	15	6.0	3.90	1.220
	Disagree	27	10.8		
	Neutral	28	11.2		
	Agree	78	31.2		
	Strongly Agree	102	40.8		
	Total	**250**	**100**	3.68	.901

Source: Survey Result, SPSS (2020)

Analysing the data obtained from the questionnaire, in the table 4.3 above the study measured the Key Customer Focusthat, the United bank offering to its customer by taking seven sub variable through questionnaire survey from customers.

The finding of the study in Table 4.3 also depicted that the majority of the respondents agreed that the bank has attractive orientation towards serving its clients' needs with a response rate of 46.0% and 33.6% for strongly agree and agree respectively. Whereas, the rest of 2.0%, 12.8%and 5.6% of the respondent remain neutral, disagree and strongly disagree with the statement respectively. This show the bank has good mechanism of serving its customers it helps to attract new customers and retain the existing one.

The tables 4.3 indicate 54.4% and 22.0% of the sample respondents strongly agree and agree respectively for the question "Does the bank provides customized product and service to key customers?" and the rest of 2.4%, 2.0% & 19.2% of the respondent were also found to be

neutral disagree & strongly disagree with the statement. Thus it is possible to say that the bank provide customized service to their customers.

The issue of maintain an effective customer relations and service program is one of the questions raised to the respondents. The majority of the respondents (41.6%) confirmed that it is maintain an effective customer relations and service program while the rest 13.2%, 10.0% & 8.4% of respondent were neutral, disagreed and strongly disagree with the statement respectively. This indicates that, customers socialize themselves easily with employees and it is easy to contact as well as to discuss with employees and managers of the bank. This helps to develop interaction with customers.

The table shows that 20.8% and 29.6% of the respondents are strongly agreed and agreed respectively, with the statement that the bank strives to constantly surprise and delight its key customers. However, 11.2% and 35.6% of the respondents are strongly disagree and disagree with the strive constant service of the bank provided whereas 2.8% of the respondent's neutral with the statement. As a result, the majority of the respondents disagree and strongly disagree that United bank has strive to constantly surprise its customers.

The finding of the above table (Table 4.3) shows about the question "The bank work with individual key customers to customize its offering through ongoing dialogue" 38.8% of the respondents are disagree with the statement. This show that the bank is not practices well, in work with individual customer and there is lack of ongoing dialogue related to the offerings provided by the service connection with creating good relation with its customers.

The issue of usage of information from customers to maintain its relation with customers easy to is one of the questions raised to the respondents. The majority of the respondents (45.2%) confirmed that it is on the information while the rest 13.6%, 6.4% & 3.2% of respondent were neutral, disagreed and strongly disagree with the statement respectively. This indicates that, gaining information from customers and is used to maintain or increase relations with the customers. This helps to develop interaction with customers.

The tables 4.3 indicate 40.8% and 31.2% of the sample respondents strongly agree and agree respectively for the question "Does the bank commits time and resource in managing customer relationships?" and the rest of 11.2%, 10.8% & 6.0% of the respondent were also

found to be neutral, disagree & strongly disagree with the statement. Thus it is possible to say that the bank use its time and resource effectively.

According to the mean scores presented in table 4.3 above, the key customer focus of the United bank is relatively good enough. This is because; all key customer focus variables used under this study had a mean score of between 2.90 and 4.09, which is above average. However, it is to be noted that just like the extent of key customer focus as one of customer relationship management practices, there were variations among respondents on the degree of key customer focus variables by bank. The variation exhibited in the differences of responses to the respective of key customer variables practices by different proportions of respondents on the Likert scale options. The variations are indicated by the standard deviations of the practices and they range from the lower 1.06 standard deviations for the bank uses information from customers to maintain its relation with customers and the highest 1.54 standard deviation for The bank provides customized product and service to key customers. The low standard deviation implies that, no significant deviations of the extent of a specific key customer focus variable in customer relationship management practices. While the high standard deviations indicated significant deviation.

Table 4.4 Responses on Knowledge Management

Items	Responses	Frequency	Percent	Mean	Std. Deviation
The bank's employees are willing to help customers in responsive manners	Strongly Disagree	122	48.8	2.46	1.613
	Disagree	22	8.8		
	Neutral	15	6.0		
	Agree	51	20.4		
	Strongly Agree	40	16.0		
	Total	**250**	**100**		
The bank provides channels to enable ongoing communication between customers and the bank	Strongly Disagree	48	19.2	3.90	1.542
	Disagree	5	2.0		
	Neutral	6	2.4		
	Agree	55	22.0		
	Strongly Agree	136	54.4		
	Total	**250**	**100**		
Employee of the bank have enough experience and information about customers	Strongly Disagree	21	8.4	3.99	1.282
	Disagree	25	10.0		
	Neutral	5	2.0		
	Agree	84	33.6		
	Strongly Agree	115	46.0		
	Total	**250**	**100**		
The bank is capable enough to manage organizations knowledge and answers	Strongly Disagree	39	15.6	3.09	1.437
	Disagree	78	31.2		
	Neutral	7	2.8		
	Agree	74	29.6		
	Strongly Agree	52	20.8		
	Total	**250**	**100**		
The bank fully understands the needs of the	Strongly Disagree	55	22.0	2.74	1.518
	Disagree	97	38.8		
	Neutral	20	8.0		

customers through knowledge learning	Agree	13	5.2		
	Strongly Agree	65	26.0		
	Total	**250**	**100**		
Customers can expect prompt service from employees of the bank	Strongly Disagree	8	3.2	4.14	1.057
	Disagree	16	6.4		
	Neutral	28	11.2		
	Agree	79	31.6		
	Strongly Agree	119	47.6		
	Total	**250**	**100**		
The bank practice the best use of knowledge	Strongly Disagree	7	2.8	4.00	1.099
	Disagree	27	10.8		
	Neutral	28	11.2		
	Agree	86	34.4		
	Strongly Agree	102	40.8		
	Total	**250**	**100**	3.47	.877

Source: Survey Result, SPSS (2020)

A question asked to sample respondents "the bank employees are willing to help customers in a responsive manner has 48.8% & 8.8% respectively strongly disagree and disagree with the statement while 20.4 % of the respondents are indifferent with the case and the rest of 16.0% of the respondents strongly agree with the aforementioned statement. It can however be concluded that employees are not willing to help customers. These may lead to customer dissatisfaction.

The tables 4.3 indicate 54.4% and 22.0% of the sample respondents strongly agree and agree respectively for the question "Does the bank provides channels to enable ongoing communication between customers and the bank?" and the rest of 2.4%, 2.0% & 19.2% of the respondent were also found to be neutral, disagree & strongly disagree with the statement respectively. Thus it is possible to say that the bank good communication tool between to increase the relationship between customers and the bank.

The tables 4.3 indicate 46.0% and 33.6% of the sample respondents strongly agree and agree respectively for the question "Does the employees of the bank have enough experience and

information about customers?" and the rest of 2.0%, 10.0% & 8.4% of the respondent were also found to be neutral, disagree & strongly disagree with the statement respectively. Thus it is possible to say that the bank employee is more or less experienced in relation to the service they provide even if somewhat need improvement since some respondent think otherwise.

The bank is capable enough to manage organizations knowledge assets form this point 15.6% and 31.2% of the respondent are strongly disagree and disagree with the statement respectively the rest 20.8% and 29.6% of the respondent indifferent and agree with the statement respectively this shows the bank doesn't capable enough to manage the knowledge asset as expected as it can be learned from the study result in table 4.4 above.

The table shows that 26.0% and 5.2% of the respondents are strongly agreed and agreed respectively, with the statement that the bank fully understands the needs of customers through knowledge learning. However, 22.0% and 38.8% of the respondents are strongly disagree and disagree with the statement whereas 8.0% of the respondent's neutral with the statement. As a result, the majority of the respondents disagree and strongly disagree that United bank has bank fully understands the needs of customers.

The tables 4.3 indicate 47.6% and 31.6% of the sample respondents strongly agree and agree respectively for the statement that customers can expect prompt service from employees of the bank and the rest of 11.2%, 6.4% & 3.2% of the respondent were also found to be neutral disagree & strongly disagree with the statement. Thus it is possible to say that customers expect prompt service from the employees of the bank this helps the company to increase the level of customer satisfaction.

The other question raises about the practice on use of knowledge in relation to this point 11.2%, 10.8% and 2.8% of the respondents are neutral, disagree and strongly disagree with the statement while the rest of 34.4% & 40.8% of the respondents are agree and strongly agree with the statement respectively. Form the analysis we can say that the bank employee is more or less knowledgeable and experienced in relation to the service they provide even if somewhat need improvement since some respondent think otherwise.

Furthermore, according to the mean score in the Table 4.4 above with regard to the bank's knowledge management dimension shows that, Customers can expect prompt service from employees of the bank has high mean score of 4.14 in the variable.

On the other hand, the bank fully understands the needs of customers through knowledge learning registered the least mean score of 2.74.The standard deviations of the practices and the range from the low of 1.05 regarding expect prompt service and the highest standard deviation of 1.61 with regard to willingness of the employees. This implies that, low standard deviations indicated no significant deviations of the extent of knowledge management in customer relation relationship management practices while high standard deviations indicate significant deviation.

Table 4.4 Responses on CRM Organization

Items	Responses	Frequency	Percent	Mean	Std. Deviation
The bank employee encourage customers to use more service of the bank	Strongly Disagree	22	8.8	3.20	1.349
	Disagree	88	35.2		
	Neutral	12	4.8		
	Agree	75	30.0		
	Strongly Agree	53	21.2		
	Total	**250**	**100**		
The bank strives to improve customer relationships by using CRM organization.	Strongly Disagree	16	6.4	3.80	1.246
	Disagree	30	12.0		
	Neutral	38	15.2		
	Agree	71	28.4		
	Strongly Agree	95	38.0		
	Total	**250**	**100**		
The bank structure is thoroughly designed around customers.	Strongly Disagree	16	6.4	3.24	1.274
	Disagree	78	31.2		
	Neutral	38	15.2		
	Agree	65	26.0		
	Strongly Agree	53	21.2		
	Total	**250**	**100**		
The bank has effective customer recovery strategies including guaranties for service failure	Strongly Disagree	20	8.0	2.77	1.217
	Disagree	131	52.4		
	Neutral	15	6.0		
	Agree	55	22.0		
	Strongly Agree	29	11.6		
	Total	**250**	**100**		
The bank has clear goals related to	Strongly Disagree	18	7.2	3.79	1.214
	Disagree	20	8.0		
	Neutral	47	18.8		

customer acquisition, development, retention and reactivation	Agree	76	30.4		
	Strongly Agree	89	35.6		
	Total	**250**	**100**		
This bank differentiated from others is by customer relationship organization.	Strongly Disagree	13	5.2	3.96	1.163
	Disagree	17	6.8		
	Neutral	45	18.0		
	Agree	68	27.2		
	Strongly Agree	107	42.8		
	Total	**250**	**100**	3.45	.875

Source: Survey Result, SPSS (2020)

A question asked to sample respondents "The bank employee encourage customers to use more service of the bank has 8.8% & 35.2% respectively strongly disagree and disagree with the statement while 30.0 % of the respondents are indifferent with the case and the rest of 16.0 8.8% of the respondents strongly agree with the aforementioned statement. It can however be concluded that employees are not doing in encouraging customers in order to increase the repetition of the service.

The other question raise about the The bank strives to improve customer relationships by using CRM organization. in relation to this point 15.2%, 12.0% and 6.4% of the respondents are neutral, disagree and strongly disagree with the statement respectively while the rest of 28.4% &38.0% of the respondents are agree and strongly agree with the statement respectively. Form the analysis we can say that the bank tries to improve customer relationships by applying CRM organization.

A question asked to sample respondents "The bank structure is thoroughly designed around customers' has 6.4% & 31.2% respectively strongly disagree and disagree with the statement while 26.0% of the respondents are agreed with the case and the rest of 21.2% of the respondents strongly agree with the aforementioned statement. This indicates that the structure of the bank is not designed accordingly the need of the customers indirectly this leads to decrease the satisfaction level of the customers.

A question asked to sample respondents "The bank has effective customer recovery strategies including guaranties for service failure has 8.8% & 52.4% respondents strongly disagree and disagree with the statement respectively while 11.6 %, and 22.0 % of the respondents are indifferent with the case and the rest of 6.0% of the respondent's neutral with the aforementioned statement. It can however be concluded that the bank has no recovery strategy when the service failure occurs.

Sample respondents of United bank customers were asked a question about The bank has clear goals related to customer acquisition, development, retention and reactivation 30.4% &35.6% of the respondents agree and strongly agree with the bank has clear goals related to customer acquisition, development, retention and reactivation we can say that customer of the bank is positives perception about the goal and related issues of the bank.

The other question raises about the This bank differentiated from others is by customer relationship organization. in relation to this point 6.8% and 18.0% of the respondents are disagree and neutral with the statement while the rest of 27.2% &42.8% of the respondents are agree and strongly agree with the statement respectively. Form the analysis we can say that the bank is easily differentiated by means of CRM of the organization.

As it can be seen from the means score results shown in the above table (Table 4.4), all CRM Organization variables used in this study has a mean score of between 3.96 and 2.77 the lowest and the highest with a standard deviation of 1.16 and 1.34 for the lowest and highest respectively.

Table 4.4 Responses on Technology -based CRM

Items	Responses	Frequency	Percent	Mean	Std. Deviation
CRM technology of the bank allows to facilitate and hold customers	Strongly Disagree	22	8.8	3.82	1.284
	Disagree	23	9.2		
	Neutral	30	12.0		
	Agree	77	30.8		
	Strongly Agree	98	39.2		
	Total	**250**	**100**		
CRM databases of the bank are simple and help customers to get fast service.	Strongly Disagree	22	8.8	3.14	1.334
	Disagree	93	37.2		
	Neutral	12	4.8		
	Agree	75	30.0		
	Strongly Agree	48	19.2		
	Total	**250**	**100**		
The bank maintains a comprehensive data base of its customers.	Strongly Disagree	16	6.4	3.82	1.259
	Disagree	30	12.0		
	Neutral	38	15.2		
	Agree	65	26.0		
	Strongly Agree	101	40.4		
	Total	**250**	**100**		
The bank regularly uses personal information to provide customized service	Strongly Disagree	18	7.2	3.82	1.233
	Disagree	20	8.0		
	Neutral	47	18.8		
	Agree	68	27.2		
	Strongly Agree	97	38.8		
	Total	**250**	**100**		
	Strongly Disagree	20	8.0	2.82	1.226

The bank provides reliable internet and mobile banking service to its customers	Disagree	124	49.6		
	Neutral	15	6.0		
	Agree	62	24.8		
	Strongly Agree	29	11.6		
	Total	**250**	**100**		
The bank has a dedicated CRM technology in place	Strongly Disagree	13	5.2	3.94	1.157
	Disagree	17	6.8		
	Neutral	45	18.0		
	Agree	71	28.4		
	Strongly Agree	104	41.6		
	Total	**250**	**100**	3.56	.900

Source: Survey Result, SPSS (2020)

The finding of the study in Table 4.3 also depicted that the majority of the respondents agreed that CRM technology of the bank allows to facilitate and hold customers with a response rate of 39.2% and 30.8% for strongly agree and agree respectively. Whereas, the rest of 12.0%, 9.2%and 8.8% of the respondent remain neutral, disagree and strongly disagree with the statement respectively. This show the bank CRM technology helps to hold customers.

CRM databases of the bank are simple and help customers to get fast service form this point 8.8% and 37.2% of the respondent are strongly disagree and disagree with the statement respectively the rest 19.2% and 30.0% of the respondent indifferent and agree with the statement respectively this shows the CRM data base of bank is not simple and fast to get service easily.

The tables 4.3 indicate 40.4% and 26% of the sample respondents strongly agree and agree respectively for the question "The bank maintains a comprehensive data base of its customers.?" and the rest of 15.2%, 12.0% & 6.4% of the respondent were also found to be neutral disagree & strongly disagree with the statement. Thus it is possible to say that the bank has comprehensive database mechanism.

The finding of the study also depicted that the majority of the respondents agreed that the The bank regularly uses personal information to provide customized service with a response rate

of 38.8% and 27.2% for strongly agree and agree respectively. Whereas, the rest of 18.8%, 8.0%and 7.2% of the respondent remain neutral, disagree and strongly disagree with the statement respectively. This show the bank effectively use personal information's consistently.

The bank provides reliable internet and mobile banking service to its customers form this point 49.6% and 8.0% of the respondent are strongly disagree and disagree with the statement respectively the rest 11.6% and 24.8% of the respondent indifferent and agree with the statement respectively this shows that there is lack of internet and mobile banking service in United bank.

The tables 4.3 indicate 41.6% and 28.4% of the sample respondents strongly agree and agree respectively for the question "does The bank has a dedicated CRM technology in place?" and the rest of 18.0%, 6.8% & 5.2% of the respondent were also found to be neutral, disagree & strongly disagree with the statement respectively. Thus it is possible to say that the bank has dedicated technology.

According to the mean scores presented in table 4.3 above, the Technology -based CRM of the United bank is relatively good enough. This is because; all Technology -based CRM variables used under this study had a mean score of between 2.82 and 3.94, which is above average. However, it is to be noted that just like the extent of Technology -based CRM as one of customer relationship management practices, there were variations among respondents on the degree of Technology -based CRM variables by bank. The variation exhibited in the differences of responses to the respective of Technology -based CRM variables practices by different proportions of respondents on the Likert scale options. The variations are indicated by the standard deviations of the practices and they range from the lower 1.15 standard deviations for The bank has a dedicated CRM technology in place and the highest 1.33 standard deviation for CRM databases of the bank are simple and help customers to get fast service. The low standard deviation implies that, no significant deviations of the extent of a specific Technology -based CRM variable in customer relationship management practices.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter is devoted to the summary of findings, recommendations and conclusion of the research study. The findings are grouped under the objectives formulated for the conduct of the study. Conclusions are the researcher opinion depending on the outcome from the data analysed as per the objectives of the study. Finally, the study has made recommendations based on the conclusions drawn.

5.1 Summary of the Major Findings

✓ The averages mean score of the Key Customer Focus is 3.68. Among the Key Customer Focus practices used under this study, the bank uses information from customers to maintain its relation with customers and the bank has. attractive orientation towards serving its clients' needs scored high mean value 4.09 and 4.02 respectively This shows majority of the respondent agreed that the bank practiced CRM well in terms of the two subject under Key Customer Focus dimension and its direct impact on customer satisfaction. On the other hand, the bank work with individual key customers to customize its offering through ongoing dialogue and the bank strives to constantly surprise and delight its key customers Scored 2.90 and 3.13 respectively. Due to this fact, the mean score has shown that, majority of the customers have not agreed and have doubt about those statements. (Table 4.3)

✓Knowledge management scored an average mean of 3.47. Among the knowledge management variables used under these study customers expect prompt service from employees of the bank and the bank practices the best use of knowledge obtained the high mean 4.14 and 4.00 respectively this means majority of the customers have agreed on the statement. On the other hand,the bank's employees are willing to help customers in a responsive manner,the bank fully understands the needs of customers through knowledge learning, the bank is capable enough to manage organization's knowledge assets. obtain the least scored 2.46, 2.74 and 3.09 mean respectively. Due to this fact, the mean score has shown that, majority of the customers have not agreed on the subjects (Table 4.4)

✓ With regard to the summary of CRM organization dimension scored an average mean of 3.45. The variables used under this dimension differentiated from others, strives to improve customer relationships by using CRM and clear goals related to customer acquisition, development, retention and reactivation it scored 3.96, 3.80 and 3.79 mean respectively. However, the bank has effective customer recovery strategies including guaranties for service failure obtain the least scored 2.77 mean. This shows the majority of the customers have disagreed and neutral about the statement (Table 4.4).

✓ Summary of customer 's perception with regard to Technology -based CRM scored an average mean of 3.56. The research survey indicates the highest mean score of 3.94 for the bank has a dedicated CRM technology in place and the least mean score of 2.82 for the bank provides reliable internet and mobile banking service to its customers. (table 4.4)

5.2 Conclusion

On the basis of the major findings discussed above, the following conclusions are given.

- The bank practiced customer relationship management from Key Customer Focus perspectives well. Since the average mean of the Key Customer Focus is 3.68. Majority of the customers agreed with the statements designed to evaluate CRM in terms of Key Customer Focus dimension. However, some variables are needs improvement like the ongoing dialogue, constantly surprise and delight its key customers needs improvement since some of the respondent not agree and have doubt about those statements.

- CRM of the bank is evaluated in terms of Knowledge Management moderate extent. Majority of the customers showed their agreement to some statements designed to evaluate CRM practice of the bank in Knowledge Management perspective.

- CRM of the bank is evaluated in terms of CRM Organization moderate extent. Majority of the customers showed their agreement to some statements designed to evaluate CRM practice of the bank in CRM Organization perspective.

- Consider Technology -based CRM practice of the bank practiced moderate extent since it Scored 3.56. Form this we infer that the majority of the respondent have doubt or disagree with the statement designed to evaluate Technology -based CRM perspectives.

- In general, based on the findings of the study, customer relationship management practice of CBE in terms of the CRM dimensions are going on in an encouraging way and majority of the customers has shown their agreement that the bank practiced customer relationship management in a good manner except relation development perspective .

5.3 Recommendations

✓   Even though, Key Customer Focus dimension of CRM practice at CBE contribute well extent, however some respondents are disagreeing or have doubt about the questions. This may lead to loss of existing customers. Therefore, attention should be paid in continuous supervision and monitoring the Key Customer Focus. In addition, greater emphasis should be given for constantly surprise and delight its key customers. Moreover, the bank should work with individual key customers by doing ongoing dialogue in order to increase satisfaction level of customers.

✓   With regard to Knowledge Management dimension, the bank's employees should help their customers in responsive manner and the bank should have accustomed the practice of understanding the customer profile and should be viewed as a source to provide addition value added services which is developed based on customer needs and wants.Moreover, the bank should increase the knowledge assets of the organization's. obtain the least scored 2.46, 2.74 and 3.09 mean respectively. Due to this fact, the mean score has shown that, majority of the customers have not agreed on the subjects (Table 4.4)

✓   Concerning CRM organization: - The bank management should giving high attention to solve customer problem and complaints handling mechanisms and should establish recovery strategy . The compliance handling mechanism should also be system supported since it is responsible mainly for customer satisfaction it will be able to provide the service in better ways and it is helpful to sustain its relationship with customers.

✓   In employee Technology -based CRM perspective, the bank should provide reliable internet connection and mobile banking service to its customers this is helpful for better competitive advantage.

5.4 Direction for Future Research

✓ This study conducted to assess customer relationship management practice on United bank. The sample drawn from only United bank. thus this study may be limited in its generalize ability of the findings to others private and public banks. Therefore, future research should have to draw sample of Respondents' private and public banks for the sake generalizing the results of the study.

✓ This study includes only four dimensions. However, there could be some other relevant factors that may perceive as important by customers. Thus, future research works which incorporate diversified CRM dimensions will be advisable.

Questionnaire to be filled by customers of United Bank

Purpose of Questionnaire

This questionnaire is prepared to collect primary data from the customer of the United Bank to assess the level of customer relationship management (CRM) application in united bank, for the partial fulfillment of MA in marketing management from Saint Marry University. Dear respondents, your response to the questions is significant for the successful accomplishment of the above objective. The responses are to be kept confidential and will be used for academic purpose only. In addition, all personal data shall be treated collectively rather than on personal levels. So please answer as honestly as possible to the best of your knowledge. I would like to confirm you, the information you provide will certainly be kept confidential. If you faced with any unclear questions, please contact Menelik Beneberu (0911380419). Thank you in advance for filling the questionnaire making considerable sacrifice.

Part I. **General Characterstics of the respondents**

1. **Gender**

   Male ☐

   Female ☐

2. **Age**

   18-27 ☐

   28-37 ☐

   38-47 ☐

   48-57 ☐

   Above 58 ☐

3. **Education Background**

Diploma ☐

Degree ☐

Masters ☐

4. **For how many years do you use the bank service** ☐

Less than 5 years ☐

5- 10 years ☐

Above 10 years ☐

5. **Use the bank service for**

Personal ☐

Commercial ☐

Both ☐

6. **Which service you need from the bank you can indicate more than one**

Saving Account ☐   Remittance ☐

Current account ☐   ATM ☐

Loan ☐   Credit ☐

Part II. <u>Dimensions of Customer relationship management</u>

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

NO		Strongly disagree	Disagree (2)	Neutral (3)	Agree (4)	Strongly agree(5)
	1. Key Customer Focus					

		(1)				
1.1	The bank has attractive orientation towards serving its clients' needs					
1.2	The bank provides customized product and service to key customers.					
1.3	The bank maintains an effective customer relations and service program.					
1.4	The bank strives to constantly surprise and delight its key customers.					
1.5	The bank work with individual key customers to customize its offering through ongoing dialogue.					
1.6	The bank uses information from customers to maintain its relation with customers					
1.7	The bank commits time and resources in managing customers relationships					
	2. Knowledge Management					
2.1	The bank's employees are willing to help customers in a responsive manner					
2.2	The bank provides channels to enable ongoing communication between customers and the Bank.					

2.3	Employees of the bank have enough experience and information about customers.					
2.4	The bank is capable enough to manage organization's knowledge assets.					
2.5	The bank fully understands the needs of customers through knowledge learning.					
2.6	Customers can expect prompt service from employees of the bank					
2.7	The bank practices the best use of knowledge					
	3. CRM Organization					
3.1	The bank employee encourage customers to use more service of the bank					
3.2	The bank strives to improve customer relationships by using CRM organization.					
3.3	The bank structure is thoroughly designed around customers.					
3.4	The bank has effective customer recovery strategies including guaranties for service failure					

3.5	The bank has clear goals related to customer acquisition, development, retention and reactivation					
3.6	This bank differentiated from others is by customer relationship organization.					
	4.Technology -based CRM					
4.1	CRM technology of the bank allows to facilitate and hold customers					
4.2	CRM databases of the bank are simple and help customers to get fast service.					
4.3	The bank maintains a comprehensive data base of its customers.					
4.4	The bank regularly uses personal information to provide customized service					
4.5	The bank provides reliable internet and mobile banking service to its customers					
4.6	The bank has a dedicated CRM technology in place					

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