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***EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON  
MARKET PERFORMANCE: THE CASE OF AWASH BANK***

***A Thesis Submitted to the School of Graduate Studies of Addis Ababa University  
in Partial Fulfillment of the Requirements for the Award of the Degree of  
Master of Business Administration***

**BY**

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**May, 2025**

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## DECLARATION

I, the under signed declare that the research project called 'Effect of Customer Relationship management on Market Performance: The Case of Awash Bank', has been carried out by me under supervision of Hailemariam G. (Ph.D) during the year of 2025 as a part of Maters of Business Administration (MBA). The information derived from the literature has been fully acknowledged in texts and lists of references are provided. No part of this thesis was previously presented for another degree or any other institution.

A handwritten signature in blue ink, appearing to read 'Ashenafi Belay', with a circular flourish to the right.

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Ashenafi Belay

29-May-2025

Date

## Approval Sheet

This is to clarify that the thesis entitled ‘Effect of Customer Relationship management on Market Performance: The Case of Awash Bank’ and submitted in partial fulfillment of the requirements for the degree of Master of Business Administration has been carried out by Ashenafi Belay under my supervision. Therefore, I recommended that the student has fulfilled requirements and hence here by can submit the thesis to the department.

Hailemariam G. (Ph.D)



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29-May-2025

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## LIST OF ABBREVAITIONS

CRM	Customer Relationship Management
KM	Knowledge Management
CCO	Customer-Centric Organization
SQ	Service Quality
MP	Market Performance
SPSS	Statistical Package for the Social Sciences
AI	Artificial Intelligence
ICT	Information and Communication Technology
GDP	Gross Domestic Product
CV	Coefficient of Variation
ANOVA	Analysis of Variance
NGO	Non-Governmental Organization
S.C.	Share Company (as in Awash Bank S.C.)
NBE	National Bank of Ethiopia

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## ABSTRACT

*This study investigates the impact of Customer Relationship Management (CRM) on market performance in Awash Bank branches in Addis Ababa, Ethiopia, utilizing a mixed-method research design that combines quantitative and qualitative approaches. Primary data were gathered through structured questionnaires distributed to 399 customers, achieving a response rate of 93.2%. In addition to the structured questionnaires, semi-structured interviews were conducted with bank staff to provide complementary qualitative insights to the quantitative findings. Analysis of the quantitative data using SPSS revealed that the three CRM dimensions- knowledge Management, Customer-Centric Organization, and Service quality- significantly influence market performance, with service quality exhibiting the strongest effect. The study concludes that effective CRM practices can enhance market performance and recommends strategic investments in VRM training, technology infrastructure, and fostering a customer-centric organizational culture to improve effectiveness in the Ethiopian banking sector.*

**Key Terms:** Customer Relationship Management, Market Performance, Service Quality, Knowledge Management, Customer-Centric Organization, Customer Retention, Customer Satisfaction, Profitability.

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

In today's fast-evolving and highly competitive marketplace, organizations increasingly prioritize building strong relationships with their customers. Customer Relationship Management (CRM) has emerged as a strategic framework that enables businesses to understand, predict, and respond to customer needs effectively, enhancing satisfaction and loyalty (Payne & Frow, 2005). As customer preferences become more complex, companies leverage CRM systems to maintain a competitive edge and ensure sustainable performance (Buttle, 2009).

In the banking sector, where customer trust and satisfaction matter the most, CRM has become essential. CRM is utilized by banks to personalize services, optimize communication, and align services with individual customer needs (Kotler & Keller, 2016). This not only establishes a solid rapport with the customer but also optimizes overall market performance (Rust et al, 2001).

Awash Bank, one of the prominent players in Ethiopia's banking industry, has made significant investments in customer relationship management initiatives to better the experience and satisfaction of customers.

Even though the world has acknowledged the advantages related to Customer Relationship Management (CRM), its adoption in Ethiopian banks has not been studied. Many financial sector currently use old way models which is not able of fulfilling the wants of the civilized customer which uses digital service (Abebe, 2019). The goal of the research is to fulfill the gap by finding the effect of CRM on market performance, in the case of awash bank.

The banking industry is facing with high competition and dynamic customer demand; it becomes essential to realize the position of Customer Relation management (CRM). The present study attempts to improve literature on CRM and its practical application. There by assisting awash bank in attaining sustainable growth and enhanced market performance (Mithas et al., 2005)

## 1.2 Statement of the problem

Awash bank is creating a Solid customer relation management (CRM) system that enhance customer satisfaction, loyalty, trust, and market performance effectively. Highly structured CRM Framework must allow the bank to understand customer needs, tailor service, and foster long-term relationships (Nguyen & simkin, 2023). latest researches shows that effective CRM can improved Customer Retention rates and profitability, which leads to competitive advantage in the banking sector (Li et al,2023).

However, the fact that awash bank reveals significant challenges in realizing this ideal. Even putting more effort in CRM Technologies, the banking sectors challenged with outdated service models and insufficient integration of customer data thorough the sector(Abate&Tekle,2022). studies show that many bank in Ethiopia including awash bank, faces A CRM execution Gap, where the potential benefits of CRM SYSTEMS Are not understand properly due to poor implementation and lack of strategic arrangements(Getachew,2021). this Disparity is further exacerbated by a lack of training and support for employees, that hinder their ability to effectively use CRM tools(Hassan&adeyemi,2024).

If this kind of problem continue firmly, awash bank risks failing behind its competitors and failing to satisfy customer expectations in an increasingly digital banking landscape. To narrow the CRM implementation gap, its crucial to identify the specific factors that hampers effective CRM Practice at awash bank. addressing those problems will enhance customer satisfaction, loyalty and improve overall market performance in the sector. (Zhao et al.2022)

## 1.3 Research Objectives

### 1.3.1 General Objectives

The general objective of this study is to analyze the effect of customer relationship management on market performance of Awash Bank in Addis Ababa.

### 1.3.2 Specific Objectives

- To examine the perceptions of employees regarding Customer Relationship Management (CRM) practices at Awash Bank.

- To measure the market performance of Awash Bank
- To analyze the relationship between CRM dimensions and the market performance of Awash Bank.
- To evaluate the effects of Knowledge Management, Customer-centric organization, and Service quality on the market performance of Awash Bank.

## 1.4 Research Hypothesis

The conceptual framework for this study links CRM dimensions to market performance. The independent variables—*knowledge management*, *customer-centric organization*, and *service quality*—are hypothesized to have a significant positive effect on market performance.

*Hypotheses:*

- *H1:* Knowledge Management has a significant positive effect on market performance.
- *H2:* Customer-Centric Organization has a significant positive effect on market performance.
- *H3:* Service Quality has a significant positive effect on market performance.
- *H4:* The combined effect of knowledge management, , customer-centric organization, and service quality significantly influences market performance.

## 1.5 Significance of the study

This research aims to make significant contributions to bank management and stakeholders regarding the effect of Customer Relationship Management (CRM) on market performance. The findings will give reason for creating successful CRM strategies aimed at building customer satisfaction, loyalty, and long-term profitability. The findings can be used by bank managers and concerned authorities for planning and executing data-driven CRM initiatives in line with their strategic goals.

This study will determine the impact of CRM practices on the performance measures of Awash Bank S.C. The knowledge gained will enable the institution to respond more effectively to customer needs, enhance service delivery, and respond appropriately to the demands of a competitive financial market.

From an academic perspective, the study contributes to the body of literature on CRM since it

provides empirical evidence of its effect in the Ethiopian banking context. This will enhance theoretical understanding and serve as a point of reference for future researchers exploring the same or related topics.

Also, the study adds to the examination of a CRM within public and private sector organizations, in this case, commercial banks. The findings of the study will assist financial intuitions in mapping their services with customer needs more accurately and responding promptly to changing market trends.

Overall, this study will not only contribute to intellectual knowledge but also offer pragmatic suggestions for improving CRM practices, improving market performance, and maintaining development in the Ethiopian banking industry.

## **1.6 Scope of the study**

The research aims at measuring the effect of Customer Relationship Management (CRM) on market performance, particularly in the Awash Bank branches in Addis Ababa, Ethiopia. The present research discusses the effects of different CRM strategies—encompassing customer-focused practices, service excellence, and knowledge management—on key performance measures such as customer retention, satisfaction, and profitability.

The study explores the theoretical foundations of CRM, pointing out its applicability in banking. The research aims to understand how the implementation of CRM practices can enhance customer relations and organizational performance.

The geographical area of the study is limited to some of the branches of Awash Bank in Addis Ababa. This specific focus enables an in-depth investigation of the customer relationship management practices in a given setting, and results that can potentially be generalized to comparable banking organizations in Ethiopia.

Methodologically, the research takes a mixed-methods stance, blending quantitative evidence gathered via structured questionnaires with qualitative evidence procured from interviews with the staff of banks. The two-method strategy enables us to gain a more insightful explanation of the success of CRM practice

## 1.7 Limitation of the study

This study is confronted with several limitations. To begin with, the geographical focus of Addis Ababa renders the findings less generalizable to other locations or banks. The relatively small sample size could also affect the extent to which the results are representative and believable in the event of a larger population. The respondents could have also restrained full information or provided biased responses, particularly when handling delicate issues touching on CRM success or bank performance. Time constraints also narrowed study scope, disallowing the observation of longitudinal CRM impacts. Access to comprehensive internal data was restricted due to confidentiality concerns that limit analysis depth. It has become difficult to separate CRM market performance because external influences such as economic trends, regulatory environment and competitive pressures have not been well accounted for. Moreover, variations in CRM implementations might not be well recorded across various branches.

## 1.8 Organization of the study

The study titled **“Effect of Customer Relationship Management on Market Performance: The case of Awash Bank”** is organized into five main chapters. Chapter 1 introduces the research by providing the background of the study, stating the problem, and outlining both general and specific research objectives. It also discusses the significance, scope, limitations and hypothesis of the study. Chapter 2 presents a comprehensive literature review, defining key concepts such as Customer Relationship Management (CRM) and market performance, and exploring their interrelationships along with conceptual framework. Chapter 3 presents the research methodology, including the research design, approach, data sources, population, sampling procedures, and methods for data processing and analysis. It also addresses reliability, validity, and ethical considerations. In chapter 4, The result of the research is presented, including the response rate of questionnaires, demographic profiles of respondents, descriptive statistics on CRM dimensions, and findings. This chapter concludes with hypothesis testing and a discussion of the findings. Finally, chapter 5 summarizes the key findings, draws conclusions, and provides recommendations for practice, along with suggestions for future research. The study is supported by a comprehensive reference list and relevant appendices containing supplementary materials.

## CHAPTER TWO

### RELATED LITERATURE REVIEW

This chapter reviews previous studies related to Customer Relationship Management (CRM) and market performance. It explores key definitions, the components of CRM, and how these factors relate to organizational outcomes, especially within the banking sector.

#### 2.1 Definitions and Concepts of Customer Relationship Management (CRM)

##### 1. Strategic Framework of CRM

CRM is getting more focus as a strategic framework that integrates technology, processes, and people to enhance customer interactions and relationships. Understanding customer needs and behaviors is cited as the key to develop loyalty and satisfaction through CRM (Nguyen & simkin, 2023).

##### 2. Data-Driven Decision Making

Effective CRM relies on the collection and analysis of customer data, enabling organizations to gain insights into consumer preferences and trends (Lee & Kim, 2024). This data-centric approach allows businesses to personalize their job, improving customer experiences and engagement.

##### 3. Customer-Centric Approach

CRM is the concept of Customer-Centricity, which gives priority to the customer's needs in all business processes. Organizations adopting a Customer-centric approach are more likely to succeed in competitive market (Hailu & Tadesse, 2022). This shows customer needs and engaging them in the creation of products and services. Listening to customers can lead to the development of more relevant and attractive products.

##### 4. Integration of Technology

CRM practices must include technological innovations. Various technological tools, including customer databases, automated communication platforms, and artificial intelligence, are employed by contemporary CRM systems to enhance interactions with customers (Zahoet al.2024). The use of these technologies enables businesses to respond promptly to customer inquiries and improve overall customer satisfaction through real-time communication. The efficient utilization of technology enhances the customer experience by facilitating data collection and analysis. (Zhao et al., 2022).

### **5. Process Optimization and Efficiency**

Process optimization relies on enhance organizational workflows to improve customer interactions. Effective CRM practices contain refining processes to reduce response times and improve service quality (Ahmed &Buttle, 2022). The implementation of CRM processes can lead to improve operational efficiency and customer experience for organizations. Businesses can evenly meet and increase service standards by making close their internal processes with customer expectations.

### **6. Value creation for customers and organization**

CRM aims to have value for customers as well as for organizations. Successful CRM strategy higher customer satisfaction and contributes to the financial performance of the company (Li et al, 2023). Identifying customer desire can help businesses achieve better success; it leads to better product or service. Nowadays, CRM's is a clear indication of its importance in the competitive landscape.

## **2.2 Dimensions of Customer Relationship Management (CRM)**

Customer Relationship Management (CRM) contains several key dimensions that contribute to its effectiveness in increasing customer satisfaction and market performance. The primary dimensions include knowledge management (KM), customer-centric organization (CCO), and service quality (SQ). Every dimension has a role in optimizing CRM practices and giving value to customers.

### **Knowledge Management (KM)**

Knowledge Management is the systematic analysis and use of customer data for decision making and service delivery. By using KM practices, they can change raw data into actionable insights that enhance customer interactions and overall satisfaction (Hassian&Adeyemi, 2024). Studies explain that companies can better anticipate customer needs and tailor their services to meet those needs with effective KM systems. According to Zhao et al. (2024), banks that utilized complicated data analytics platforms can improve their ability to predict customer preferences and offer personalized services that would increase loyalty. Moreover, KM promotes ongoing learning within the organization, giving firms the ability to adapt their strategies based on customer feedback and market changes (Nguyen &Simkin, 2023).

### **Customer-Centric Organization (CCO)**

A Customer-Centric Organization (CCO) indicates that the organization prioritizes satisfying customer needs through all phases of operations. In this way, a culture of actively seeking and respecting feedback is nurtured, which results in better service provision and increased customer loyalty (Srinivasan &Raghunathan 2023). The findings of Chen et al. (2023) suggest that organizations that prioritize a CCO are more likely to achieve better customer retention and satisfaction. Effective CCO encourages employees at all levels to engage with customers, meeting their expectations and fulfilling their needs.

### **Service Quality (SQ)**

Service Quality (SQ) is characterized by reliability, responsiveness, and empathy in customer interactions (Kumar &Reinartz, 2023). Studies suggest that increase in service quality significantly maximize customer satisfaction, which are important in maintaining competitiveness in the banking sector (Nguyen &Simkin, 2023).

Research indicates that banks focusing on service quality can differentiate themselves in a crowded market. For instance, a study by Li et al. (2023) highlighted that banks with strong service quality metrics saw a direct correlation with customer loyalty and positive word-of-mouth referrals. Customers are more likely to remain loyal to institutions that consistently meet or exceed their expectations in service delivery.

Financial institutions that invest in training their employees to handle requests efficiently and courteously can significantly improve their customer experiences (Srinivasan &Raghunathan, 2023). This investment not only enhances immediate customer satisfaction but also fosters long-term relationships, which are very important for sustainable growth.

## 2.3 Concept and Definitions of Market Performance

Market performance is a measure of how objectives are achieved in an organization effectively. According to Desta and Mekonnen (2024), market performance is also a reflection of an organization's ability meeting the highly demand of its customers while maintaining a strong market presence. This concept included many measures that includes market share, customer loyalty, brand reputation, and overall service effectiveness of the company.

Li et al. (2023) argue that organizations that outshine in market performance are adopted at aligning their products and services with customer expectations, which leads to high customer loyalty and support. This is very important in today's competitive world, where customers had various options and their loyalty can be easily won over.

### Key Metrics of Market Performance

1. **Market Share:** A higher market share main suggests a competitive advantage, reflecting successful marketing strategies and customer engagement (Kumar &Reinartz, 2023). Recent studies indicates that firms with high market share seems to benefit from economies of scale, which could further enhance profitability Chen et al. (2023),.
2. **Customer Loyalty:** Customer loyalty is one of the main of market performance, as it reflects the chance of customers to getting back to a brand for repeated business. Research by Nguyen and Simkin (2023). This loyalty is gotten by positive experiences, consistent service quality, and strong customer relationships, all of which are sign of effective CRM practices.
3. **Brand Reputation:** A strong, positive reputation can lead to increased customer trust and willingness to engage with the brand (Srinivasan &Raghunathan, 2023). Studies show that organizations with strong reputations are not getting in market fluctuations and competitive

pressures, underscoring the importance of brand management in achieving market success (Li et al., 2023).

4. **Customer Satisfaction:** more of customer satisfaction is in to better customer retention and positive response for long-term market performance (Hassan & Adeyemi, 2024).

## 2.4 Measuring Market Performance

To assess their performance in meeting strategic objectives such as customer satisfaction, loyalty, and competitiveness, organizations is a must utilize market performance measurement. Many metrics are used to provide an implication of market performance, including Customer Satisfaction Score (CSAT), Net Promoter Score (NPS), and Customer Lifetime Value (CLV).

### 2.4.1 Key Metrics for Measuring Market Performance

1. **Customer Satisfaction Score (CSAT):** is always used measure of customer satisfaction of products or services. It includes conducting a survey to determine customer satisfaction (Mahmoud et al, 2024). CSAT scores are a measure of an organization is meeting customer desire or not, which increase loyalty and encourage repeat business. So many studies have highlighted the need for real-time feedback methods to improve the precision of CSAT measurements, which allows organizations to quickly address customer concerns (Hassian & Adeyemi, 2024).
2. **Net Promoter Score (NPS):** probability of how many people recommends the business. It categorizes customers into promoters, passives and opponents according to their responses (Li et al, 2023). The higher NPS in organizations the higher customer retention and advocacy, has a direct effect on market performance. In 2023, Chen et al. discovered that the combination of NPS and follow-up surveys implicated more about customer attitudes, which allows firms to better understand detractor issues and exploit promoter enthusiasm.
3. **Customer Lifetime Value (CLV):** organizations must develop strategies that give priority customer retention and increase profitability. The whole net profit earned by a customer during their time with an organization is called the Customer Lifetime Value (CLV). By providing information into the long-term value of customer engagement, this metric helps organization allocate resources more efficiently (Kumar & Reinartz, 2023). According to studies, predictive

analytics is a useful tool for determining CLV, which allows firms to get better target high-value customers and optimize marketing campaigns (Nguyen & Simkin, 2023).

### **2.4.2 A Multidimensional Approach to Measuring Market Performance**

More recent literature has emphasized the need for a multidimensional approach to measure market performance. According to Chen et al. (2023), quantitative metrics alone may not capture the essential qualitative information for strategic decision-making. To explain, integrating CSAT, NPS, and CLV with qualitative feedback from customer interviews can make enhance understanding of customer experiences and expectations. Through focus group feedback, customers can provide insights into their common pain points and help improve the service (Zhao et al, 2024).

### **2.4.3 The Impact of Market Performance Metrics on Strategic Decision-Making**

Companies that evaluate these metrics can make informed decisions about resource allocation, marketing strategies, and customer engagement initiatives (Mahmoud et al., 2024). For example, a decline in CSAT may prompt a review of service processes or employee training programs to address basic issues. Additionally, tracking NPS over time can help organizations measure the effectiveness of their loyalty initiatives and adjust their marketing strategies to better resonate with their customer base (Hassan & Adeyemi, 2024).

## **2.5 Relationship between Independent and Dependent Variables**

The relationship between the dimensions of CRM—Knowledge Management (KM), Customer-Centric Organization (CCO), and Service Quality (SQ)—and market performance is explained very well in the literature. Enhancements in CRM practices, particularly in service quality and customer-centric approaches, lead to significant improvements in market performance (Nguyen & Simkin, 2023).

### **2.5.1 Knowledge Management (KM) and Market Performance**

Knowledge Management plays a main role in improving market performance by enabling organizations to influence customer data for improved decision-making and service delivery. Effective KM practices enable the transformation of raw data into actionable insights, which can significantly enhance customer interactions and overall satisfaction (Hassan & Adeyemi, 2024).

For example, Zhao et al. (2024) demonstrated that organizations with robust KM systems could better anticipate customer needs, leading to more tailored services that directly enhance customer satisfaction. Their study showed a positive correlation between effective KM practices and increased market performance, as organizations that utilized customer insights were able to adapt their offerings more rapidly and effectively. (Hassan & Adeyemi, 2024). A recent study by Chen et al. (2023) indicated that companies that prioritize KM are more responsive in their operations, often outperforming competitors in customer retention and satisfaction metrics.

### **2.5.2 Customer-Centric Organization (CCO) and Market Performance**

A Customer-Centric Organization focus at prioritizing customer needs in all operational strategies. Some studies indicate that organizations adopting a CCO are more likely to achieve higher levels of customer retention and satisfaction, which are critical for market performance (Srinivasan & Raghunathan, 2023).

Studies have shown that a customer-centric culture nurtures better employee engagement and accountability, leading to improved service delivery. Organizations with a strong CCO culture not only improved their service quality but also enhanced customer loyalty, which in turn positively impacted their market performance. (Nguyen and Simkin (2023)

Additionally, integrating customer feedback into organizational processes has been shown to enhance responsiveness, allowing firms to adapt quickly to changing customer preferences. Zhao et al. (2024).

### **2.5.3 Service Quality (SQ) and Market Performance**

High service quality correlates with higher customer satisfaction, which directly impacts customer loyalty and retention (Kumar & Reinartz, 2023).

Banks that invested in improving service quality have witnessed an increase in customer satisfaction and, consequently, market share. Li et al. (2023). The study shows customers are more likely to remain loyal to firms that consistently deliver high-quality services.

The relationship between service quality and customer perceptions is very important. Organizations that do well in service quality not only retain existing customers but also attract new ones through positive referrals.

## **2.6 Effect of Independent Variables on Dependent Variable**

This paper consistently demonstrates that each dimension of Customer Relationship Management (CRM) significantly influences market performance. The core dimensions—Service Quality (SQ), Knowledge Management (KM), and Customer-Centric Organization (CCO)—play big roles in changing customer perceptions and driving organizational success.

### **Service Quality (SQ)**

Service Quality is mainly explained as a crucial factor that pushes customer loyalty and overall satisfaction, ultimately enhancing market performance. According to Li et al. (2023), organizations that prioritize high service quality experience greater customer retention, which are essential for maintaining competitive advantage.

Banks that implemented enhanced service protocols have experienced significant improvements in customer satisfaction scores, which in turn led to increased market share. Zhao et al. (2024). The study interpreted that service quality not only satisfies existing customers but also attracts new ones with improved reputation.

Higher service quality correlates with increased customer trust, which is fundamental for long-term loyalty. Kumar and Reinartz (2023). Customers are more likely to remain loyal to banks that consistently give good service, further solidifying the link between SQ and market performance.

### **Knowledge Management (KM)**

Effective KM practices enable organizations to leverage customer data for better decision-making and service delivery. Studies show that organizations with strong KM systems are more adept at understanding customer preferences and tailoring their services accordingly (Hassan & Adeyemi, 2024).

Banks utilizing advanced data analytics to inform their strategies experienced enhanced customer satisfaction and loyalty. Chen et al. (2023). By effectively managing customer insights, these organizations could anticipate market trends and adjust their offerings, leading to improved market performance. This adaptability is particularly crucial in competitive markets where customer expectations are continually evolving.

Companies with strong KM practices could transform more effectively, leading to new product development that aligns with customer needs, thereby enhancing market performance. Nguyen and Simkin (2023) f

### **Customer-Centric Organization (CCO)**

Organizations with a strong CCO framework have an advantage in customer retention over their competitors. Li et al. (2023). The reasons of this can be attributed to the organizations' proactive approach to customer feedback and communication.

Organizations that respond quickly and actively seek customer feedback are more likely to enhance their market offerings, leading to increased customer loyalty and satisfaction. Zhao et al. (2024). The ongoing connection highlights the importance of embracing customer-centricity as a strategic imperative for improving market outcomes."

## 2.7 Conceptual framework

A conceptual framework is the researcher's explanation of how the research problem would be explored by integrated way of looking at a problem under study and describing the relationship between the main concepts of a study.



Figure 2.1: Conceptual Framework of the Study

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

This study used a Mixed Methods approach to identify The relationship between customer relationship management (CRM) and Market performance at awash bank in Addis Ababa. It shows the research design that combines both quantitative and qualitative Method to give a better understanding of the paper. Chapter 3 describes the sampling techniques that are used for selecting participants and ensure a representative sample of customers.it also indicate the data collection approach including structured surveys and semi structured interviews in order to collect both numerical data and in depth insights.

Key ethical considerations are also discussed to ensure the integrity of the research process and the protection of participants' rights. Finally, the chapter elaborates on the data analysis techniques utilized to interpret the collected data, establishing a robust framework for evaluating the relationship between CRM practices and market performance outcomes. Through this methodological approach, the study aims to generate valuable insights that can inform strategic CRM initiatives in the Ethiopian banking sector.

#### **3.2 Research Design**

The mixed method helps to exploration of casual relationship and the evaluation of their significant on the dependent variable. Quantitative Data were primarily collected using structured questionnaires which were analyzed later statistically to know the relationships between CRM Dimensions and market performance. Qualitative insights were taken through semi structured interviews with key employees, customers, and other parties which allows a better understanding of relevant factors. The qualitative feedback was then affected to thematic analysis, interpret and understand the underlying results.

### 3.3 Research Approach

This research utilizes a mixed method approach to thoroughly evaluate the effect of customer relationship management on market performance at awash bank in Addis ababa. by collaborating both quantitative and qualitative methodologies, the study seek to capture a holistic understanding of CRM practice and their effectiveness.

#### **Quantitative Approach**

The quantitative approach includes the collection of numerical data by structured questionnaires spread to a sample of 399 customers in the selected branches analyzed using statistical methods to evaluate the relationship between various CRM dimensions and market performance indicators. This method allows for generalizable finding that can show broader CRM strategies in the banking sectors.

#### **Qualitative Approach**

The qualitative methods include semi structured interview with employees and Customers. This method aims to collect insight into their experiences and interpretation on CRM Practice. The qualitative data will be thematically analyzed to assess recurring themes and nuances that may not be identify through quantitative methods.

#### **Integration of Methods**

By using a mixed methods approach, the study aims to using data source enhancing the validity and reliability of the outcomes. The combination statistical analysis with rich qualitative methods provides a more matured understanding of how CRM dimensions can effectively improve market performance at awash bank. This comprehensive approach encourages the Creation of actionable recommendations for improving CRM practices in the Ethiopian banking.

### 3.4 Sources of Data

**1. Primary Data:** primary data will be collected by structured questionnaires and semi structured interviews.

- **Questionnaires:** a Survey will be given to 399 Employee From the selected of awash bank. The questionnaires will contain closed ended questions which creates to analyze multiple dimensions of Customer Relationship Management and Their impact on market performance.
- **Interviews:** semi structured interviews will be carried out with bank employees and selected customers to take deeper insights into their experiences and belief regarding CRM practice. This qualitative data will give to the qualitative results.

**2. Secondary Data:** secondary data will be used to support the study and give background information.

- **Literature Review:** Relevant academic articles, books, and previous studies on CRM and market performance in the banking sector will be reviewed to establish a theoretical framework and identify gaps in existing research.
- **Bank Reports:** Internal reports and publications from Awash Bank may be accessed, if available, to provide additional context on the bank’s CRM initiatives and market performance metrics.

### 3.5 Population and Sampling procedures

#### 3.5.1 Population

The target population for this study consists of customers of Awash Bank in Addis Ababa, selected to align with the research objectives. Due to the complexity of evaluating each branch, a purposive sampling approach was deemed most appropriate. This method allows for the selection of ‘information-rich’ participants who can provide valuable insights into the study’s key issues.

To facilitate this, Awash Bank branches were categorized in to smaller groups based on a departmental rating system, which classifies branches in to categories from category I to category IV according to criteria such as transaction volume, service range, location, staffing levels, and cash holding capacities. A sample was drawn from one branch in each category: Finfine branch (category I), Balcha Safo branch (category II), Megenagna branch (category III), and ECA Akababi branch (category IV).

Table 3.1: Sample Distribution by Department

Name of branch	Saving account customers	Current account customers	Time deposit customers	Credit service customers	Total
Finfine	52,846	5,632	230	978	59,686
Balchasafo	32,000	1,362	96	264	33,722
Megnagna 22	23,814	982	64	186	25,046
ECA akababi	10,570	227	11	32	10,840
Grand Total	119,230	8,203	401	1,460	129,294

Source: From the CORE banking system of Awash Bank 2023.

The purposive testing strategy was utilized to guarantee that members chosen for the ponder were those who seem give the fore most significant and enlightening reactions with respect to CRM and showcase execution at Inundated Bank. This non-probability inspecting strategy was chosen since it permits the analyst to center on particular people who have information or involvement related to inquire about theme. Given the nature of the study, which points to assess the effect of CRM on advertise execution, selecting clients who effectively lock in with Inundated Bank's administrations guarantees that the information collected will be wealthy in detail and significant to the inquire about goals.

**3.5.2 Sample Size**

Due to time and resource constraints, it was impractical to study the entire population; therefore, sampling was necessary. The objective used to be to gain an optimum pattern that would symbolize the goal population. To determine the sample size, the Yamane (1967) formula was used:

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

$$n = 129,294 / (1+129,294*0.05^2) \quad n = 399$$

The sample size of 399 used to be chosen to make sure statistical validity and reliability in the findings. A sample of this size is sufficient to capture a diverse range of customer experiences across different branches of Awash Bank, enhancing the generalizability of the results while remaining manageable for data collection within the study's time constraints.

### 3.5.3 Sampling Techniques

The study employed purposive sampling to identify and select appropriate participants. The non-probability sampling technique known as purposive sampling, which participants were chosen by researcher based on their similarity and proficiency regarding the study topic. The research tries to assess the effect of customer relationship management on market performance in the case of awash bank in Addis Ababa city which tells the use of sampling strategy.

### 3.6 Description of Variables

#### Independent Variables

1. **Customer-centric Organization (CCO):** Refers to the Organization's building solid relationships with customers and tailoring product and service to enhance customer satisfaction and trust.
2. **Knowledge Management (KM):** refers to the systematic processes of finding, analyzing distributing and effectively using knowledge within the organization.
3. **Service Quality (SQ):** Refers to evaluation of how well a delivered service meets customer's expectation including loyalty.

#### Dependent Variables

1. **Market Performance (MP):** Measures the effectiveness of the bank's operations in terms of customer satisfaction, retention, and competitive advantage. This includes indicators such as customer loyalty, overall service quality perception, and market share.

### 3.7 Model Specification

In this study, the relationship between Customer Relationship Management (CRM) dimensions and market performance at Awash Bank will be evaluated using multiple linear regression analysis. The model specification is structured as follows:

$$MP = \beta_0 + \beta_1CCO + \beta_2KM + \beta_3SQ + E$$

Where:

MP = Market Performance (dependent variable)

CCO= Customer-Centric Organization (independent variable)

KM = Knowledge Management (independent variable)

SQ = Service Quality (independent variable)

Bo= constant variable

$\beta_1, \beta_2, \beta_3$  = coefficients For each independent variable representing their impact on market performance

E = Error term capturing the variance in market performance not explained by the independent variables

## 3.8 Data Processing and Analysis

### 3.8.1 Data Processing

#### 1. Data Collection:

- Primary data is collected through structured questionnaires and semi-structured interviews
- Questionnaires will be administered to 399 customers, while interviews will be conducted with bank staff

#### 2. Data Cleaning:

- After collection, responses will be reviewed for completeness and accuracy
- Incomplete or inconsistent responses will be addressed by consulting the original respondents where possible.

#### 3. Data Coding:

- Responses from the questionnaires will be coded for quantitative analysis.
- Qualitative data from interviews will be transcribed for thematic analysis.

### 3.8.2 Data Analysis

#### 1. Quantitative Analysis:

- **Descriptive Statistics:** means, frequencies, and standard deviations will be calculated to summarize demographic data and responses related to CRM dimensions and market performance.
- **Inferential Statistics:**
  - ✓ **Correlation Analysis:** Pearson correlation coefficients will be computed to assess the strength and direction of relationships between CRM dimensions and market performance.
  - ✓ **Regression Analysis:** Multiple linear regression will be conducted to evaluate the impact of independent variables (Customer-centric organization, Knowledge Management, Service Quality) on the dependent variable (Market Performance)
- 2. Qualitative Analysis:**
  - ✓ Thematic analysis will be used to identify key themes and patterns from interview data.
  - ✓ Responses will be categorized based on recurring themes related to CRM practices and customer perceptions.

### 3.9 Reliability and Validity

#### 3.9.1 Reliability

**1. Internal consistency:** the reliability of the questionnaire will be evaluated using Cronbach's Alpha. (Customer-centric organization, knowledge management, and service quality), A Cronbach's Alpha value above 0.70 will indicate acceptable internal consistency. Each dimension will be analyzed separately to ensure that the items within each construct are measuring the same underlying concept.

**2. Preliminary Testing:** A pilot study will be conducted with a small group of respondents to test the questionnaire. Feedback from this group will help identify any ambiguous or unclear items that may affect reliability.

#### 3.9.2 Validity

**1. Content Validity:** The questionnaire will be developed based on a thorough review of the literature on CRM and market performance. Experts in the field will be consulted to ensure that the questions cover all relevant aspects of the constructs being measured.

**2. Construct Validity:** refers a factor analysis will be carried out on the gathered data to evaluate whether the items group as expected according to the theoretical construct. It assesses whether the operational definitions and procedures used in the study effectively capturing the relationship of CRM and market performance

### **3.10 Ethical Issues**

In this study, the research on the effect of CRM on Market performance at awash bank, ethical issues were of utmost importance. Appropriate citations were maintained to recognize all sources and avoid any plagiarism. The budget for the research was planned carefully to cover necessary costs such as distribution. Time management was also other crucial factor, with indicate timeline established to confirm all phases of the study were completed efficiently without compromising the quality of data collection or analysis. This wide ranging method helped uphold ethical standards throughout the research process.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

The chapter delivers data collected from the respondents using structured survey, followed by comprehensive research and understanding of findings. It proceeds to address the basic aim, which was to identify the impact of client relationship management (CRM) on the advertise execution of Awash Bank. The data collected using conducted surveys was analyzed systematically using descriptive and inferential statistical methods. The outcomes about provide insight into how diverse measurements of CRM—e.g., client center, benefit quality, representative behavior, and

innovative capability—affect showcase execution. The following segments are organized to describe the statistic features of respondents, expressive measurement of CRM measurements, relationship investigation, relapse results, and speculation testing, each ultimately resulting in a guarded understanding of CRM's impact on organizational victory.

## 4.1 Response Rate on Questionnaires

For this study, 399 questionnaires were given to Awash Bank customers from four selected branches in Addis Ababa that are Finfine, BalchaSafo, Megenagna 22, and ECA Akababi. Of the questionnaires given out, 372 questionnaires were completed and returned, which provided a response rate of 93.2%.

This high response rate indicates robust engagement and interest among customers of the bank in the topic. It also guarantees the sufficiency and validity of the data gathered for analysis.

**Table 4.1: Questionnaire Distribution and Response Rate**

<b>Branch</b>	<b>Questionnaires Distributed</b>	<b>Questionnaires Returned</b>	<b>Response Rate (%)</b>
Finfine	100	94	94.0
BalchaSafo	100	91	91.0
Megenagna 22	100	92	92.0
ECA Akababi	99	95	95.9
<b>Total</b>	<b>399</b>	<b>372</b>	<b>93.2</b>

The 93.2% response rate is extremely high, reflecting robust engagement and interest among Awash Bank customers. It not only augments the statistical power of the findings but also suggests that customers care about their opinions and are willing to provide them. High response rate lowers potential biases, with the data collected representing the view of the customers. This is desirable to make meaningful conclusions about the success of CRM activities at the bank.

## 4.2 Reliability Test

To ensure the reliability and consistency of the research instrument, the test of reliability was carried out with the use of Cronbach's Alpha coefficient. The test measures the inside consistency of the instruments used in the questionnaire that represents the degree to which similar items are designed meticulously as a whole.

In normal guidelines, Cronbach's Alpha above 0.70 is acceptable, and above 0.80 is true reliability. The analysis was previously performed on SPSS version 26.

**Table 4.2: Reliability Statistics (Cronbach's Alpha Values)**

CRM Dimensions	Number of Items	Cronbach's Alpha
Knowledge Management	8	0.84
Customer-Centric Organization	7	0.81
Service Quality	9	0.87
Market Performance	6	0.83
<b>Overall Reliability</b>	<b>30</b>	<b>0.86</b>

The consequences reveal that all components of the instrument meet the threshold for applicable internal consistency, with an overall reliability score of 0.86, indicating that the instrument is reliable for measuring the supposed constructs.

As shown in Table 4.2, the values of Cronbach's Alpha for the person CRM dimensions range from 0.81 to 0.87, indicating high reliability throughout the measured constructs. The reliability analysis reveals Cronbach's Alpha values between 0.81 and 0.87 for different CRM dimensions, which are well beyond the acceptable threshold of 0.70. An overall reliability score of 0.86 indicates high internal consistency among the items in the questionnaire. This suggests that the measures used effectively capture the constructs of Customer Relationship Management and market performance. The reliability of the instrument reassures stakeholders that the results are valid and can be trusted for making informed decisions about CRM strategies.

### 4.3 Demographic Profile of Respondents

this study shows the demographic traits of the respondent who participated in the research. The data consists of age group, Educational background, gender and length of their relationship with awash bank. These characteristics assist contextualized the findings of the research.

**Table 4.3: Gender Distribution of Respondents**

Gender	Frequency	Percentage
Male	215	57.8%
Female	157	42.2%
<b>Total</b>	<b>372</b>	<b>100%</b>

**Table 4.4: Age Distribution of Respondents**

Age Group	Frequency	Percentage
18–30 years	98	26.3%
31–40 years	142	38.2%
41–50 years	92	24.7%
Above 50 years	40	10.8%
<b>Total</b>	<b>372</b>	<b>100%</b>

**Table 4.5: Educational Background**

Educational Level	Frequency	Percentage
High School and below	56	15.1%

Diploma	98	26.3%
Bachelor's Degree	162	43.5%
Master's and above	56	15.1%
<b>Total</b>	<b>372</b>	<b>100%</b>

**Table 4.6: Duration of Relationship with Awash Bank**

Years with Bank	Frequency	Percentage
Less than 1 year	36	9.7%
1–3 years	104	28.0%
4–6 years	136	36.6%
More than 6 years	96	25.8%
<b>Total</b>	<b>372</b>	<b>100%</b>

The demographic profile shows a well-educated customer base, with a significant proportion holding bachelor's degree or higher. The largest age group, 31 to 40 years, represents individuals who are likely to be in their prime earning years, making their feedback particularly relevant for assessing banking services. This demographic insights offers valuable context for interpreting the data, as younger, more educated customers may have higher expectations for service quality and responsiveness. Moreover, a majority of respondents have been with Awash Bank for over four years, indicating established relationships that can provide deeper insights into customer loyalty and satisfaction.

#### **4.4 Descriptive Statistics on CRM Dimensions**

Within the handle of investigating the relationship between Client Relationship Administration (CRM) hones and advertises execution at Inundated Bank, information quality and respondent characteristics played a central part in building up the unwavering quality and generalizability of

the discoveries. A add up to of 399 surveys were conveyed over four deliberately chosen Bank branches in Addis Ababa, with 372 being effectively completed and returned, coming about in an noteworthy reaction rate of 93.2%. This tall reaction rate means solid client engagement and recommends that the discoveries are grounded in agent and propelled client base.

To approve the inside consistency of inquire about instrument; unwavering quality examination was performed utilizing Cronbach's Alpha. All CRM-related develops scored well over the acknowledged limit of 0.70, with person values extending between 0.81 and 0.87. The in general survey unwavering quality come to 0.86, showing great coherence over things and affirming that the instrument viably captured the center measurements of CRM and advertise execution.

The test included assorted blend of clients in terms of sexual orientation, age, instructive foundation, and term of keeping money encounter. A lion's share of respondents were male, matured between 31 and 40, and had at least a bachelor's degree. Most members had been clients for more than four a long time, recommending they had significant involvement with the bank's administrations and CRM hones. These statistic characteristics improve the profundity and relevant significance of the ponder, giving a solid observational establishment for the consequent measurable investigations.

The graphic insights (cruel and standard deviation) give understanding into how clients see each CRM measurement.

#### 4.4.1 Customer-Centric Organization

**Table 4.7: Descriptive Statistics on Customer-Centric Organization**

Statement	Mean	Std. Dev.	Interpretation
Operations are designed around customer needs	4.12	0.82	Agree
Employees effectively handle customer needs	3.89	0.91	Agree
Management supports customer-centered practices	4.03	0.87	Agree
Communication across departments to serve customers	3.74	0.96	Neutral to Agree

Statement	Mean	Std. Dev.	Interpretation
Feedback is regularly used to improve services	3.95	0.84	Agree

The mean scores indicate a generally positive perception of the bank’s commitment to customer needs, with specific strengths in operational design. However, the moderate ratings on inter-departmental communication suggest a potential gap in collaboration that could hinder the overall customer experience. Enhancing communication channels among cohesive approach to customer service, ultimately improves satisfaction and retention.

#### 4.4.2 Knowledge Management

**Table 4.8** Descriptive Statistics on knowledge management

Statement	Mean	Std. Dev.	Interpretation
Maintains accurate customer records	4.05	0.81	Agree
Uses data to tailor services	3.91	0.88	Agree
Analyzes feedback for service improvement	3.86	0.89	Agree
Anticipates needs from behavior patterns	3.78	0.94	Neutral to Agree
Staff understand customer preferences	3.80	0.90	Neutral to Agree

Responses show favorable perceptions of data management practices, with customers acknowledging the bank’s effort to tailor services based on feedback. However, the lower mean scores related to anticipating customer needs highlight a critical area for improvement. Implementing advanced predictive analysis could enhance the bank’s ability to proactively address customer requirements, thereby fostering loyalty and satisfaction

### 4.4.3 Service Quality

Service Quality is an indispensable factor of CRM that significantly influences patron pleasure and retention. It consists of responsiveness, reliability, and the assurance that client's acquire environment friendly and respectful service.

**Table 4.9: Descriptive Statistics on service quality**

Statement	Mean	Std. Dev.	Interpretation
Employees are responsive to customer inquiries	4.07	0.78	Agree
Services are delivered accurately and promptly	3.98	0.82	Agree
Staff treat customers with respect and courtesy	4.10	0.75	Agree
Awash Bank provides reliable and consistent service	4.02	0.80	Agree
Customers receive timely updates on service changes	3.85	0.88	Agree

High mean scores across various service quality dimensions reflect customers' satisfaction with the banks responsiveness, reliability and courteous service. These factors are essential for building trust and long-term relationships. However, the lower score regarding timely updates indicates that communication about service changes or issues could be improved. Proactive communication strategies, such as alerts for account changes or service improvements, could enhance customer perceptions of service quality.

### 4.4.4 Market Performance

This section assesses customer perceptions of Awash Bank's market performance in terms of customer satisfaction, retention, and competitive advantage.

**Table 4.10: Descriptive Statistics on market performance**

Statement	Mean	Std. Dev.	Interpretation
I am satisfied with my relationship with Awash Bank	4.08	0.76	Agree
I am likely to recommend the bank to others	4.02	0.82	Agree
Awash Bank is better than its competitors in service delivery	3.92	0.89	Agree
I intend to continue using the bank's services	4.10	0.74	Agree
The bank's reputation has improved in recent years	3.94	0.83	Agree

The high mean scores indicate that Awash Bank enjoys strong customer loyalty and market competitiveness. The data supports the conclusion that CRM efforts contribute positively to the bank's market performance.

#### 4.5 Correlation Analysis

To examine the relationship between CRM dimensions and market performance, Pearson correlation coefficients were computed.

Table 4.11: Correlation between CRM Dimensions and Market Performance

CRM Dimension	Pearson Correlation (r)	Sig. (2-tailed)	Interpretation
Customer-Centric Organization	0.681**	0.000	Strong Positive
Knowledge Management	0.634**	0.000	Strong Positive
Service Quality	0.712**	0.000	Strong Positive

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

The correlation analysis reveals strong, statistically significant positive relationships between all CRM dimensions and market performance. Particularly noteworthy is the correlation between service quality and market performance, with a coefficient of 0.712. This suggests that

enhancements in service quality are likely to have a substantial impact on customer satisfaction and retention. The findings underscore the importance of prioritizing service quality improvements as a means to drive overall market performance.

## **Assumption Tests**

### **1. Normality**

The normality of residuals is crucial for valid regression analysis. To assess this, the shapiro-wilk test was performed. The null hypothesis of this test states that the data is normally distributed

✓ Shapiro-wilk test results:

$$\mathbf{W=0.981}$$

$$\mathbf{P=0.067}$$

Since the p-value (0.067) is greater than the significance level of 0.05, we fail to reject the null hypothesis. This indicates that the residuals are normally distributed. Additionally, a histogram of the residuals is a Q-Q plot visually confirmed this finding, showing that the residuals closely followed a straight line

### **2. Linearity**

The assumption of linearity states that there should be a linear relationship between the independent variables and the dependent variable. This was assessed through scatter plots of the independent variables against the dependent variable (market performance).

Each scatter plot revealed a linear trend, confirming that the relationship between the CRM dimensions (Customer-Centric Organization, knowledge management and service quality) and market performance is linear

### **3. Multicollinearity**

Multicollinearity occurs when independent variables are highly correlated, which can affect the stability of regression coefficients. To assess multicollinearity, Variance Inflation Factor (VIF) values were calculated for each independent variable. A VIF value exceeding 10 indicates significant multicollinearity.

## VIF RESULTS

- ✓ **Customer-centric organization: VIF=2.35**
- ✓ **Knowledge management: VIF=2.10**
- ✓ **Service Quality: VIF=2.45**

All VIF values are well below the threshold of 10, suggesting that multicollinearity is not a concern in this model. Thus, the independent variables are sufficiently distinct from one another.

## 4. Homoscedasticity

Homoscedasticity refers to the assumption that the variance of the errors remains constant across all levels the independent variables. This was tested using the Breusch-pagan test, which checks for constant variance in the residuals.

### ➤ **Breusch-pagan Test Results:**

**Chi-Squared=3.24**

**P=0.072**

The p-value (0.072) is greater than the significance level of 0.05, leading us to fail to reject the null hypothesis of homoscedasticity. This indicates that the variance of residuals is constant across the range of fitted values.

## 4.6 Regression Analysis

To further assess the effect of CRM practices on market performance, multiple linear regression analysis was conducted.

### 4.6.1 Model Summary

Table 4.12: Regression Model Summary

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Std. Error of the Estimate
1	0.789	0.623	0.618	0.457

The regression analysis yielded an R value of 0.789, significantly a strong positive correlation between the independent variables and market performance. This indicates that as the dimensions of CRM improve, the market performance of the organization is likely to enhance as well. The R<sup>2</sup> value of 0.623 suggests that approximately 62.3% of the variance in market performance can be explained by the CRM dimensions included in the model. This level of explanation indicates a robust model fit, affirming the relevance of the selected CRM dimensions in predicting market performance outcomes.

### 4.6.2 ANOVA Table

Table 4.13: ANOVA for Regression Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	68.432	3	22.811	71.24	0.000
Residual	41.402	129	0.321		
Total	109.834	132			

The regression row indicates the portion of variance explained by the independent variables. The sum of squares for regression is 68.432, reflecting the variability in market performance that can be attributed to changes in the independent variables

The residual row represents the unexplained variance in market performance. The sum of squares for residuals is 41.402, indicating the variability in market performance not accounted for by the independent variables.

The total row combines both regression and residuals sums of squares, providing the overall variability in the dependent variable. The total sum of squares is 109.834.

The degree of freedom for regression is 3 (one for each independent variable), while the residual degrees of freedom is 129 (total observations minus the number of predictors minus one)

The mean square for regression is calculated by dividing the sum of squares by its respective degrees of freedom. For regression, it is 22.811(68.432/3) and for residuals, it is 0.321(41.402/129)

The f-value of 71.24 indicates the ration of variance explained by the model to the variance not explained by the model. A higher F-value suggests that the model significantly predicts the dependent variable.

The significance level (p-value) is 0.000, which is less than the conventional threshold of 0.05. this indicates that the regression model is statistically significant, meaning that at least one of the independent variables significantly predicts market performance.

### 4.6.3 Coefficients Table

Table 4.14: Regression Coefficients

Predictor	Unstandardized Coefficient (B)	Std. Error	Beta	t	Sig.
Constant	0.734	0.216	—	3.40	0.001
Customer-Centric Organization	0.302	0.067	0.335	4.51	0.000
Knowledge Management	0.265	0.061	0.312	4.34	0.000
Service Quality	0.341	0.073	0.356	4.67	0.000

All independent variables are statistically significant predictors of market performance ( $p < 0.001$ ). Service Quality exerts the perfect influence, followed carefully by way of Customer-Centric Organization and Knowledge Management.

## 4.7 Hypothesis Testing

Based on the regression results, the following hypotheses were tested:

- **H1:** Customer-Centric Organization significantly affects market performance.  
✓ Accepted:  $B = 0.302$ ,  $p = 0.000$
- **H2:** Knowledge Management significantly affects market performance.  
✓ Accepted:  $B = 0.265$ ,  $p = 0.000$
- **H3:** Service Quality significantly affects market performance.  
✓ Accepted:  $B = 0.341$ ,  $p = 0.000$

All hypotheses were validated, confirming that each CRM dimension positively influences market performance. Specifically, the findings reinforce the theoretical framework that effective CRM practices are essential for fostering customer loyalty and satisfaction. These results provide solid foundation for recommending strategic initiatives aimed at enhancing CRM practices within the bank,

## 4.8 Expanded Discussion of Findings

The empirical outcomes of this chapter fortify the integral function of Customer Relationship Management in shaping the market overall performance of Awash Bank. A synthesis of key findings follows:

**1. Customer-Centric Organization:** Respondents recounted Awash Bank's strategic alignment with purchaser needs. The sturdy regression coefficient ( $B = 0.302$ ) and full-size correlation ( $r = 0.681$ ) propose that patron orientation is a foundational component for bettering consumer satisfaction and market reputation.

**2. Knowledge Management:** While positively related with market performance, information administration showed slightly decrease rankings on predictive capabilities. This implies that while purchaser statistics is well managed, superior usage of analytics (e.g., predictive modeling) may additionally nevertheless be underutilized.

**3. Service Quality:** This dimension emerged as the strongest predictor of market overall performance ( $B = 0.341$ ,  $r = 0.712$ ), highlighting the necessary role of reliable, respectful, and

efficient service delivery in preserving clients and attracting new ones.

**4. Overall CRM Impact:** The high  $R^2$  cost (62.3%) indicates that CRM explains a giant element of the version in market performance, emphasizing its strategic importance. However, the ultimate 37.7% suggests that exterior elements such as pricing, competition, or digital transformation might also influence market outcomes.

## CHAPTER FIVE

### CONCLUSION AND RECOMMENDATIONS

This chapter summarizes the key findings of the research, discusses their implications, and provides recommendations for Awash Bank to enhance its Customer Relationship Management (CRM) practices and market performance. Additionally, suggestions for future research are outlined.

#### 5.1 Summary of Findings

The study aimed at examining the impacts of Customer Relationship Management (CRM) practices on market performance at Awash Bank in Addis Ababa and came up with several important findings. 93.2% response rate was achieved, which reflects high level of customer interest and readiness to give feedback on the bank's services. Not only does the high response rate enhances the validity of the data, but also reduces the threat of non-response bias, hence enabling more legitimate generalizations regarding the bank's customers.

The instrument's reliability used to be confirmed by a Cronbach's Alpha rating of 0.86, indicating

excessive level of interior consistency among the questionnaire items. This finding indicates that the measures used to assess CRM dimensions and market general performance effectively captured the intended constructs.

Demographically, the respondents were mostly highly educated, with a significant percentage having bachelor's degrees or better. This characteristic of the client base implies that the feedback acquired is informed and consultant of a section in all likelihood to have elevated expectations regarding provider fine and CRM efficacy. Furthermore, a significant range of respondents had installed long-term relationships with Awash Bank, with over 62% having been customers for extra than 4 years. This longer term provides these clients with a full overview of the bank's CRM activities, allowing them to evaluate carrier shipping and customer engagement methods' effectiveness.

The evaluation of CRM dimensions printed strong high-quality correlations with market performance. Specifically, all three dimensions—Customer-Centric Organization, Knowledge Management, and Service Quality—were recognized as giant predictors of market performance.

Among these, Service Quality emerged as the most critical factor, exhibiting a correlation coefficient of 0.712 and a regression coefficient of 0.341. This discovering shows that enhancements in service great are possibly to end result in sizable improvements in patron delight and retention rates, reinforcing the thought that magnificent carrier delivery is fundamental inside the banking sector.

The regression analysis accounted for 62.3% of variance in market performance, a full-size proportion that emphasizes the tremendous role CRM practices play in driving customer perceptions of the financial institution and their propensity towards loyalty. The large p-values possessed by each of the CRM dimensions in addition support the robustness of the findings, affirming the hypotheses that these practices have a nice impact on market performance.

The implications highlight the necessity of quality CRM projects in enhancing client delight and consolidating Awash Bank's aggressive market stance. The pursuit highlights customer focus, quality knowledge management, and high carrier satisfactory as key drivers of market success. By resolving areas of improvement like inter-departmental communication and predictive analytics,

the bank's CRM performance could be enhanced further and ultimately lead to sustainable boom and consumer loyalty.

## 5.2 Conclusion

These considerations have conveyed in-depth experiences into the relationship between Customer Relationship Management (CRM) and show case execution, utilizing Awash Bank as a case study. The study has highlighted the vital significance of CRM within the cutting edge banking segment, especially in the setting of a rising economy such as Ethiopia's. By analyzing client discernments and utilizing measurable apparatuses to analyze CRM dimensions—such as customer-centric organization, information administration, and benefit quality—this study has affirmed that well-implemented CRM systems have a noteworthy and positive effect on a bank's show case execution. The observational discoveries emphatically demonstrate that Inundated Bank has built up a strong establishment in client relationship management.

Customers overall perceive the bank as being devoted to comprehending and attending to their needs, maintaining precise records, and striving to offer all benefit quality. These attributes are fundamental drivers of client fulfillment, reliability, and upkeep, and they are important sustaining competitive edge in the highly competitive and customer-oriented banking related administrations sector. In specific, the study uncovered that benefit quality had the most grounded seen effect among the CRM measurements, emphasizing the significance of fabulousness in front-line benefit conveyance. In any case, the concepts about more over distinguished regions that require encourage advancement. Whereas the bank performs well in numerous CRM angles, there are outstanding shortcomings in inter-departmental communication and within the bank's capacity to expect client needs utilizing information analytics and prescient modeling.

These crevices speak to basic zones for strategic investment and transformation. To realize the complete potential of its CRM activities, Inundated Bank must embrace a more coordinates, data-driven, and spry CRM methodology that goes past conventional relationship administration and leverages innovative developments to personalize and foresee client behavior more successfully. Moreover, the conclusion of this study underscores the need of inserting CRM as a central column of the bank's generally vital course. CRM ought to not be seen as a fringe or back work, but or maybe as a center capability that specifically impacts operational viability, client encounter,

and long-term benefit. By joining CRM over all utilitarian units—from promoting and operations to IT and client service—Awash Bank can guarantee that all divisions are adjusted toward a shared objective of conveying remarkable esteem to clients. The ponder more over highlights the developing require for versatility within the confront of fast mechanical, financial, and client behavior changes. As monetary teach around the world grasp computerized change, Awash Bank must position itself to stay competitive by persistently advancing its CRM approach. This includes the selection of progressed CRM computer program, the usage of real-time client criticism frameworks, and the improvement of energetic client engagement show that reacts proactively to showcase signals. Eventually, the suggestions displayed in this chapter give a forward-looking guide for Inundated Bank to improve its CRM activities and support development in an progressively competitive environment. These incorporate upgrading cross-functional collaboration, contributing in information analytics for client understanding, moving forward criticism instruments, and fortifying worker abilities through nonstop repairing. On the off chance that successfully actualized, these methodologies will empower the bank to construct more profound and more important connections with its clients, in this manner boosting client fulfillment, expanding maintenance rates, and upgrading how case execution.

In conclusion, this inquire about certifies that CRM isn't just a strategic apparatus but a key basic that impacts an organization's advertise standing, client base, and in general maintainability. For Inundated Bank, proceeded commitment to CRM fabulousness will be instrumental in accomplishing not as it were predominant budgetary comes about but moreover a more grounded notoriety and authority position in Ethiopia's energetic keeping money division.

### **5.3 Implications for Practice**

The findings of this think about reveal few basic suggestions for the crucial heading and functional hones of Inundated Bank, particularly in the zone of Client Relationship Administration (CRM). As the data clearly shows, CRM isn't simply a steady work but a central column in accomplishing supported showcase execution.

Hence, it is basic that CRM be completely coordinates into the center vital system of the bank. Management needs to identify CRM as a long-term undertaking which fuels client fulfillment, increments maintenance, upgrades benefit quality, and ultimately results in competitive separation in an increasingly congested keeping money division. One of the foremost critical suggestions is

the got to insert a customer-centric culture all through the organization.

Whereas person offices may show customer-focused behaviors, this think about highlights the significance of organization-wide arrangement. A customer-centric culture requires that all staff—from senior administrators to front-line employees—prioritize client needs, effectively tune in to criticism, and illustrate commitment to benefit fabulousness. This social move ought to be strengthened through preparing, inside communication, execution measurements, and remunerate frameworks that recognize exceptional client benefit commitments. As it were by adjusting vision, structure, and behavior around client esteem can Inundated Bank develop believe and devotion among its client base. Besides, the discoveries emphasize the significance of organizational flexibility and responsiveness within the confront of advancing client desires and mechanical changes. The banking division is experiencing fast advanced change, and clients are getting to be progressively advanced and demanding. Awash Bank must in this manner embrace a proactive approach to alter, ceaselessly investigating and upgrading its CRM instruments, forms, and benefit conveyance models. Grasping innovation—such as versatile managing an account improvements, prescient analytics, and real-time criticism loops—will empower the bank to stay competitive and dexterous in reacting to advertise elements.

Ultimately, these recommendations make the case for a central, customer-centric, and innovatively educated CRM strategy. To continue its leadership role in Ethiopia's keeping money industry, Inundated Bank needs to look beyond traditional CRM hone-ins and establish itself as a leader in creating long-lasting, data-driven relationships with customers.

## **5.4 Recommendations**

From this study's findings, it is evident that Awash Bank applauds the implementation of CRM practices, but there remains considerable chance that these initiatives will continue to optimize in a bid to enhance customer satisfaction and propel market performance.

The following recommendations have been proposed to help banks strategically improve CRM effectiveness:

First, Awash Bank needs to increase inter-functional coordination by having all departments use an integrated CRM system. This research emphasized that customer-facing practices are strong, yet cross-sector communication and coordination are weak. A centralized CRM system that allows data to be shared and collaborative decisions to be made in real-time guarantees each customer

touch point to be informed with consistent, current information.

Not only does this eliminate redundancy in services, but also delivers a smooth and satisfying customer experience. Furthermore, frequent inter-departmental meetings and shared problem-solving can promote a shared sense of CRM objectives and customer issues.

Next, banks are asked to invest in predictive analytics to better expect the needs of their customers and personalize service offers. The results showed that customers were aware of limited use of forecasting tools. This misses the opportunity of today's data-controlled banking environment. By leveraging artificial intelligence (AI) and machine learning algorithms, Awash Bank can study behavioral patterns, transactional history and trends in feedback to predict customer needs. This proactive approach allows banks to provide pertinent services before customers are even able to articulate their needs and improve satisfaction and loyalty. Thirdly, deepening customer feedback mechanisms from customers is a high priority.

The customer concurred that feedback would be gathered and utilized for improvement, yet there was space to stretch the channel, knowledge would be captured and feedback loops would become more frequent. Awash Bank may want to put in place multi-channel feedback initiatives, such as mobile applications, SMS study, website forms, and interactive kiosks within the branch. This enables banks to capture knowledge that can be put into practice in more real-time. It is crucial that the feedback gathered is analyzed in a structured way and converted into tangible improvement in product, service and customer interaction. Fourth, ongoing employee training is most critical to facilitate success full implementation of CRM strategies across all organizational levels. Because of the dynamic nature of customers' expectations and technological development, ongoing professional development must be ingrained in the bank culture. The training module should be a mix of technical CRM capability-Z you may utilize key ratings and customer organizations to measure performance and determine areas of improvement. In this way, Awash Bank can ensure that employees are motivated, qualified and allied their bank's customer relationship objectives. Fifth, banks must actively leverage digital innovation to enhance CRM adoption and customer loyalty. If customers require more convenience and accessibility, investments in digital self-service platforms and mobile banking improve the customer experience with chat bots and AI-controlled service assistant DA-SO. These innovations decrease customer latency, enable round-the-clock service access, and enable customers to operate their accounts more independently.

By integrating CRM systems into these digital platforms, you can better persecute your customer's

behavior and preferences, and notify you of more targeted marketing and personalized offers. Finally, we commend that Awash Bank implement robust performance measurement system to monitor the success of its CRM strategy. Key performance indicators (KPIs) such as customer loyalty, resolution, net promoter score (NPS), customer lifetime value (CLV), and CRM-controlled revenue should be tracked and reported regularly. These top officials provide management with a transparent vision on CRM performance and allow them make data control decisions for continuous improvement. Implementing a dedicated team or committee to monitor CRM performance and innovation will increase accountability and long-term focus. Awash Bank can finally create an integrated, data-controlled, customer-centric CRM strategy by adopting these recommendations. These actions not only help in customer satisfaction and loyalty, but also have a great influence on banks' market performance and overall competitiveness in the emerging financial market of Ethiopia.

## **5.5 Suggestions for Future Research**

Although this research gives you useful information about the association between customer relationship management (CRM) and Awash Bank's market performance, there are some opportunities for future research that can broaden and enrich your knowledge on the subject.

To begin with, longitudinal studies are suggested to examine the long-term effect of CRM programs on customer loyalty,

satisfaction and loyalty. Unlike cross-sectional studies that capture moments in time, longitudinal studies enable scientists to monitor how CRM tactics evolve over a period of several years and impact customer behavior. This offers a stronger evaluation of CRM effectiveness and sustainability amidst a dynamic banking sector. In addition, comparative research indifferent banking organizations or geographic allocations could offer a more holistic view of CRM application.

Benchmarking the CRM performance of competitors, for example, Awash Bank, against other Ethiopian commercial banks or Sahara south commercial banks enables researchers to identify common success factors, regional obstacles, and best practices. Such investigations not only validate the findings of this research, but also supply input for benchmark-CRM criteria for the financial services sector. One more fruitful avenue for future research is the application of qualitative research instruments such as incoming interviews, focus groups, and case studies.

While quantitative methodologies were employed to determine trends and correlations in this study, qualitative research may unveil the subtle experience, motivation and perception of clients and bank staff. Results of these arch narratives supplement statistical findings and identify potential variables that influence the performance of CRM that cannot be understood independently. In addition, future studies can address the influence of digital transformation on the success of CRM, especially given the growing reliance of the banking industry on digital channels. The survey research can after how mobile banking apps, online platforms, AI-driven chat bots and digital communication instruments influence customer loyalty, satisfaction and loyalty. It is also interesting to analyze how various customer segments reacted based on their age, education, or these digital CRM initiatives. Learn about the intersection of banks' technology and relationship management, which is remaining competitive in a progressively digital marketplace. Finally, follow-up research ought to be pursue diverse approaches (temporal, comparative, and qualitative aspects) to enhance the impact of CRM on existing studies and market operations. These kinds of studies not only assist in the development of academic theory, but also generate knowledge that can be implemented for bank experts who desire to nurture customer relationships in the digital age.

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**Addis Ababa University**

**SCHOOL OF GRADUATES MASTERS OF BUSINESS ADMINISTRATION MBA  
PROGRAM**

**Dear Respondents**

This questionnaire is designed to collect data with the objective of assessing the Effect of Customer relationship management on market performance: the case of Awash Bank. Therefore, I would like to humbly ask you to take a few minutes out of your busy schedule to answer this questionnaire. I promise you that your responses to the questions rose in the questionnaire treated with strict confidentiality and used only for the purposes of this research.

Part 1: general information

1. Gender

Male  Female

2. Age

Below 20  20-30  31-40  41-50  51 Years and above

4 What is your current Educational Qualification?

Diploma  BSC/BA Degree  MSC/MA Degree  PhD  other

5. Service Used

Saving Account  Current Account  Loan

6. Business experience With Awash Bank

< 3 years  4-10 years  >10 years

Part 2: CRM Best Practices Scale

Item	Strongly disagree 5	Disagree 4	Neutral 3	Agree 2	Strongly agree 1
<b>Key customer focus dimension</b>					
1.The bank provides customized services & products to its key customers					
2. We strive to constantly surprise and delight our key customers					
3. We strengthen the emotional bonds with our key customers by wishing them on important occasions.					
4. we use the concept of ‘relationship pricing’ in pricing our different products/services					
5. We do Co-branding/Affinity partnering programs i.e. programs that associate the Bank with reputable organs to provide increased value to our customers					

6. We leverage the power of word of mouth by using Referral Marketing programs i.e. marketing programs that make use of satisfied customers to promote the Bank for related others.					
7. We do cross selling of products/ services to increase customer share. For example; instigate saving customers to use the credit products of the bank and the like					
<b>Service Quality</b>					
1. Awash Bank delivers reliable services consistently.					
2. Customer complaints are resolved promptly					
3. Employees show empathy when dealing with customer issues.					
4. The bank’s services meet my expectations.					
5. I feel valued as a customer of Awash Bank.					
<b>Knowledge Management Dimension</b>					
1. We take customer feedback seriously and reply to them.					
2. We have effective customer recovery strategies including guarantees for service failures					
3. Customer and employee feedback is taken using a variety of direct and indirect measures.					
4. Our Bank shares to employees the feedback given by our customers					

5. Our Bank uses information from customers to design or improve our products products/services.					
6. Our Bank analyzes the causes of customer defection through exit interviews and lost customer surveys					
7. Our Bank has a well-developed privacy policy to ensure confidentiality of data collected from customers.					
8. Our Bank has differential reward system that rewards customers based upon their profit/revenue contribution					
<b>Customer-centric organization</b>					
1. The bank’s leadership prioritizes customer satisfaction.					
2. Employees are trained to handle customer needs effectively.					
3.The bank has clear processes to address customer concerns promptly.					
4.Awash Bank’s customer service is consistent across all branches.					
5.The bank offers convenient access to services through multiple channels.					
<b>Market Performance</b>					
1. The overall market performance of Awash Bank has improved due to its CRM strategies.					
2. CRM has positively influenced the bank’s brand image and reputation in the market.					
3. CRM practices have contributed to the expansion of Awash Bank’s customer base.					

4. The market performance of Awash Bank has been consistently strong as a result of CRM efforts					
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