



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS SCHOOL OF COMMERCE
MARKETING MANAGEMENT EXTENSIONS PROGRAM
THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER
LOYALTY: THE CASE OF ZEMEN BANK SC,

ADDIS ABABA

BY

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DECLARATION

I declare that this Master Thesis entitled “The Effect of CRM (Customer Relationship Management) in Building Customer Loyalty In Case of Zemen Bank S.C, Addis Ababa.” is my own work and has not been submitted to any university for a similar purpose. The references used in this Thesis are duly recognized by proper citations.

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RECOMMENDATION

I, the major advisor/supervisor of this research Thesis, hereby certify that I have closely advised/supervised the student while developing this Thesis and read the draft thesis/dissertation Thesis entitled “The Effect of CRM (Customer Relationship Management) In Building Customer Loyalty In Case of Zemen Bank S.C, Addis Ababa” prepared under my guidance by Melat Mekonnen Tadesse. Therefore, I recommend the submission of the proposal to the department for further review and evaluation.

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APPROVAL PAGE FOR DISSERTATION PROPOSAL

I/we hereby certify that the recommendation and suggestion given by the Thesis review committee are appropriately incorporated into the final dissertation entitled “The effect of CRM (Customer Relationship Management) In Building Customer Loyalty In the Case of Zemen Bank S.C, Addis Ababa.” by Melat Mekonnen Tadesse.

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ABSTRACT

The purpose of the study was to examine the effect of CRM in building customer loyalty. The study will have significance for Zemen Bank S.C to identify the dimensions of CRM that are done properly and which need further improvement for the successful implementation of CRM. Accordingly, the study investigates four determinant variables by collecting data from 362 customers using a structured questionnaire and a convincing sampling technique to select the sample. Both descriptive and inferential statistics methods were used to analyze the data. The analysis has two parts, the first part deals with descriptive data using mean and standard deviation, while the second part tests dependent and independent variable relations using correlation and regression analysis. The study was presented with a quantitative approach. Overall, the results of the correlation analysis revealed that key customer technology-based CRM are at a moderately positive level. The other two, CRM organization and knowledge management, are the negatively correlated banks. Furthermore, multiple regressions of prior knowledge have negligible impact on customer loyalty. Based on the findings the study recommend, that, overall CRM organizational culture should consider providing effective rule and regulation on how CRM is practiced in the bank, specifically, the bank should improve all the variables of a key customer, CRM organization, knowledge management, and technology-based CRM for instance, increasing its ability to meet its promises, fulfilling obligation, providing consistent quality services and finally, the study recommends that the bank should improve all the variables and add other variable to increase loyal customers.

Key Words: Customer Relationship Management, key customer focus, CRM organization, knowledge

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ACRONYMS

CRM-Customer Relationship Management

ZB-Zemen Bank

KC-key Customers

KNOW-Knowledge management

TECNO-Technology based CRM

ATM-Automatic Teller Machine

SPSS-Statistical Package for Social Science

ANOVA –Analysis of Variance

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CHAPTER 1 INTRODUCTION

1.1 Background of the Study

Customer relationship management, or CRM, is a customer-oriented business strategy that includes the analysis, planning, controlling, and coordination of a company's relationship with its clients. The relationship is developed and nurtured using a variety of cutting-edge technologies necessary for data collection and database upkeep. However, According to Siems (2010), it is viewed as the fusion of three essential components, namely customer strategies, technology, and business processes. When these three aspects are taken into consideration, an organization can obtain in-depth knowledge about its customers and achieve greatly improved customer loyalty as well as increased profitability.

According to Yim, Anderson, and Swaminathan (2004), the main purpose of CRM is to engage each client in a fruitful dialogue that will help a business tailor its product or service offerings in ways that will ensure that customers are drawn in, friendly relationships are built with them, and they can be retained for a long time by providing them with higher-level offerings.

CRM combines a view of marketing and sales with an expansion of customer care, channel management, logistics, and technology for enhancing customer happiness. There are various stages in the marketing process. Developing lucrative customer connections is the most crucial phase in reaching out to potential consumers, acquiring them, converting them, maintaining a relationship with them, and finally ensuring their loyalty. The concept of customer relationship management is possibly the most crucial in contemporary marketing. Because loyal clients don't need a lot of promotion, loyalty is one of the fundamental ideas in the field of marketing management, and it's crucial for generating long-term benefits for the business. The company can estimate the predicted increase in sales and profit thanks to its loyal customers. Additionally, customers who are familiar with the brand are more likely to promote it to their friends and family, which affects the feedback and assessment cycle of the product (Allameh and Noktedan, 2009, 124–109). These difficulties are crucial in the current corporate environment.

Following is a definition of loyalty: According to Birely et al. (2004), loyalty is a steadfast commitment to buy a good or service in the future, regardless of marketing efforts or possible rivals. According to Larson and Susana (2004), Loyalty fosters customer commitment to doing business with a particular organization and the purchasing of goods and services.

In addition to managing client data, banks also need to develop customer acquisition and retention plans. These organizations may learn more about their clients, anticipate their wants, and comprehend their problems by using banking CRM to go beyond transactional data. Customer pleasure is one of the fundamental components of contemporary marketing understanding. Businesses can continue to exist as long as they can satisfy the needs of their clients. In the current competitive business environment, it appears that developing and putting into action a functional CRM system is crucial for any organization hoping to build a successful long-term relationship with its clients. Customers turn into partners, and the business must make a sustained commitment to maintaining those relationships through quality, service, and innovation. A paradigm shift in marketing is required by relationship marketing, which shifts the emphasis from acquisition and transaction to retention and relationships Gummesson (1997).

Relationship marketing (also known as relationship management) is a corporate philosophy and strategic orientation that places more emphasis on enhancing and maintaining existing clientele than it does on attracting new ones. As a result, CRM has drawn a lot of attention, and many businesses are investing a lot of money to implement the system. Organizations must provide an instant response to the current crisis while laying the groundwork for the "new normal" in terms of customer service.

The Aim of the research is the to enhance the impact of CRM dimensions, especially on key customer ,knowledge management, CRM organization and technology based CRM dimensions , as this have a big impact on customer loyalty. A loyal customers are also considered to be the important assets of a company and it is thus essential to keep loyal customers who will contribute long-term profit to the organization .

1.1.1 Background of the Bank

Zemen Bank S.C. was founded in October 2008 with the vision to become "Ethiopia's Five Star Bank". The Bank strictly adheres to the laws and guidelines of the industry in

which it operates and adheres to the rules and regulations of specialists in the Federal Republic of Ethiopia (www.zemenbank.com). In addition, it regularly reviews the company's governance framework to ensure it adheres to global and local best practices.

Zemen Bank is one of the largest privately owned banks in Ethiopia. It has a network of more than 85 branches and handles multi-currency exchanges through the Bureau de Change -buying and selling all major converted currencies, including over-the-counter travelers' cheques. Home Exchange – Provides an on-demand home exchange for a large institution with a high transaction volume Your location Zemen The bank's customer relationship management objectives are to search and draw in new clients, nurture and hold current customers, and old customers to return to encourage the group and reduce marketing and customer service. Departments serving customers and beyond. When implemented effectively, people, processes, and technology work in synergy to increase profitability and reduce operational costs.

Zemen Bank's vision is to "become the home of outstanding financial solutions and excellent services". The bank's mission is to "deliver exceptional financial experiences, an engaging work environment, and enduring value for all of our stakeholders in a socially responsible manner through an enhanced workforce and technology. “Bank Zemen adheres to several values such as relationship orientation, social orientation, ethics and responsibility, commitment to diversity, responsible finance and professionalism.

1.2 Statement of the Problem

Every company that aspires to be successful and lucrative is motivated by its customers. Customers' opinions of the business and/or its products are crucial to its success. Customer relationship management (CRM) is one of the best strategies that can help banks build long-term relationships with their customers and increase their profits through effective management and the use of customer-centric strategies, and banks have realized the importance of CRM to their success (Nyarku, Kwamena M, 2013). However, for this initiative to be effective, the bank must also outperform the competition by acquiring devoted customers in addition to its dedication to CRM

deployment. Furthermore, these institutions must prioritize their customers and use all available resources for the effective implementation of CRM.

Private Banks play a crucial role in the development of a nation; this is particularly true for middle-income nations such as Ethiopia. Due to the intense competition in the banking industry, where the battle to gain a larger share of the market and draw in as many customers as possible is constantly being waged, and taking into account the poorly differentiated offerings of banks, effective customer relationship management is a crucial tool for improving business outcomes.

Customer relationship management (CRM) is a vital aspect of modern business strategy in today's highly competitive market. It plays a significant role in enhancing customer loyalty and satisfaction, which are crucial for the success and growth of any organization. In the case of Zemen Bank S.C, Addis Ababa, the impact of CRM on customer loyalty is of particular interest.

CRM in banking differs from other industries as banking relates solely to financial services which need to build trust between people which leads to customer loyalty. It's an industry that offers great opportunities to involve individuals in skills that create lasting and mutually satisfying relationships (Doherty, 2012). The purpose of the service is to find and fix service errors (Robert, 1995); this research distinguishes between debt collection and complaint management, with the vast majority of dissatisfied customers not bothering to complain. Instead, they vote with their feet and switch to another service provider. CRM is a strategic marketing process designed to anticipate, understand, and manage customer demand.

Loyalty has been extensively studied in the field of marketing (Bose and Rao 2011). Many studies like Ndubisi (2006) have only examined CRMs like trust in detail, but the paper assesses the four dimensions of CRM in building Customer loyalty. Engagement and conflict management have a direct impact on customer loyalty. Evidence is almost universally consistent, showing that customers are loyal when banking relationship marketing is good.

This study will explore the effect of CRM in building customer loyalty at Zemen bank and address the underlying problem faced in this context. By examining the challenges,

opportunities, and strategies employed in implementing CRM at Zemen bank, we can gain insight into the importance of customer relationship management in the banking sector. Through a comprehensive analysis, this research seeks to shed light on the impact of CRM on customer loyalty, highlighting the significance of effective customer relationship management practices in the success of financial institutions.

Nowadays in Ethiopia, there is competition among private banks so this paper looks at how Zemen Bank S.C gain loyal customers from their competitors using the four dimension (key customers, CRM organization, Knowledge management and technology-based CRM).

Customer Relationship Management (CRM) has become a crucial aspect of modern business in the digital age there is lack of key customer focus, technology based CRM, CRM origination and knowledge management. There is also literature gaps in understanding the specific impact CRM in building customer loyalty ZB implement CRM Despite its widespread adoption there is still study gaps focused on the strategies to implement. Even if researchers were studied the area, there is a significance gap about how various factors contribute to the effectiveness of CRM in building customer loyalty . Considering such gaps, this study can identify potential solution and strategies to maximize the benefit of CRM and untimely enhance customer loyalty in the banking industry so it is possible to develop comprehensive understanding of CRM's role in enhancing customer relationship within content of Zemen bank and draw insights for further improvement using the four dimensions.

1.3 Basic Research Questions

- How much does Zemen Bank's Key Customer Dimension influence fostering client loyalty?
- How much does the knowledge management dimension influence retaining customers?
- How does the CRM organization dimension affect customer loyalty?
- How does the technology-based CRM dimension affect customer loyalty?

1.4 Research Objectives

1.4.1 General Objective

The prime objective of this thesis is to assess the effect of CRM in building customer loyalty in the context of Zemen Bank S.C.

1.4.2 Specific Objectives

The specific objectives of the study are:

- To determine the effect of Key Customers (KC) on the performance of Zemen Bank,
- To determine the effect of Knowledge Management on the performance of Zemen Bank
- To examine the influence of CRM organization on the performance of Zemen Bank,
- To investigate the impact of Technology-Based CRM on the performance of Zemen Bank,

1.5 Research Hypothesis

- H1a: The key customer focus dimension has a significant effect on loyalty in Zemen Bank.
- H2a: The knowledge management dimension has a significant effect on loyalty in Zemen Bank.
- H3a: CRM organization dimension has a significant effect on loyalty in Zemen Bank.
- H4a: Technology-based CRM dimension has a significant effect on loyalty in Zemen Bank.

1.6 Significance of the Study

The aim of this research is to theoretically and methodologically contribute about the study of CRM practices. The survey enables companies to better anticipate the needs of their customers and respond accordingly. CRM research helps companies stay in touch with their customers. The study enabled the bank to identify which CRM dimensions are

well implemented and which need improvement to effectively implement CRM across all dimensions, and what impact they have on customer loyalty.

In addition, this paper provided information for other researchers wishing to assess the extent of CRM usage and the impact it has on client loyalty in the banking or other financial sectors.

1.7 Scope of the Study

Zemen Bank's branches in Addis Ababa were the only ones reviewed in the survey, and they obtained a higher rating (A and B rating) in line with the bank's branch rating system. This restricts the focus of the study and makes a distinction between the bank's branches in Addis Ababa with lower ratings than those in rural locations. The researcher considered branches in Addis Ababa, which had a sizable customer base, technical advancements, and the launch of CRM activities, to be representative of the population under consideration. These branches were chosen for the study utilizing sound sampling methodologies. The main focus of the study is customer relationship management and how its elements affect consumers' loyalty.

The Customer Relationship Management Framework is a comprehensive strategy and process for acquiring, retaining, and working with selected customers to create maximum value for the company and the customer.

1.8 Definition of Terms

- Customers- Customer groups, individuals, and businesses that use bank products and services are referred to as customers in operational terms.
- Customer relationship management (CRM) is the process of using data or knowledge about customers to supply pertinent goods or services (Levine, 2000).
- Loyalty is the seller's impression of the customer's favorable attitude toward the goods as demonstrated by the customer's repeated purchases (christopherhedges, 2023).

1.9 Organization of the Study

There are five chapters in the study. The background of the study, problem statement, research questions, objectives, significance, and definition of keywords, scope, and study limitations are all included in Chapter One. A review of the literature in the field of CRM will be covered in Chapter 2. The section on methods will be covered in the third chapter. Chapter 4 covered data presentation, analysis, and interpretation. The final chapter covered the summary, conclusion, and suggestions.

CHAPTER 2 REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter covers previous studies devoted to the effect CRM on building customer loyalty and provides a brief discussion of past findings. The conceptual framework of the study is presented at the conclusion of the chapter after presenting literature on theoretical and empirical reviews in the introduction of the chapter.

2.2 Theoretical Review

2.2.1 Customer Relationship Management (CRM)

Customer relationship management is a concept aimed at generating long-term customer relationships and profitability, and this concept serves as a bridge between marketing strategies and information technologies (Clay and Maite 1999: 6). CRM is a business strategy for identifying, nurturing and nurturing profitable, long-term relationships with customers. It requires developing a method for selecting your most profitable customer relationships (or those with the greatest potential) and working to provide those customers with a quality of service that exceeds their expectations (McDonald, 2002).

Given the strong recommendations of many marketers and academics for strong customer relationships, it's clear that convincing current customers is less expensive than acquiring new clients and less costly to grow sales. Across selling goods or services to existing clients (Sheth and Paravatiyar, 1995; Sheth and Paravatiyar, 1995; Peppard, 2000). Reichheld and Sasser (1990), cited in Ali (2007:16), conducted one of the most significant studies in this field. They demonstrated the significant influence that even modest increases in customer retention rates have on profitability, raising industry awareness.

Community on the need to build long-term relationships with customers before making the first sale. For Kathleen (2000:21), "Customer relationship management is a necessary business strategy to ensure appropriate, useful, and consistent communication with each customer, regardless of the communication medium." For Odabaşı (2000:3)"Customer

relationship management is a process by which sufficient Information about existing customers can be obtained”. This information is used to encourage repeat sales and enable a long-term relationship. Cirik (2001: 100):

"Customer relationship management means using special software to keep track of all information about customers and display all this information with one button on the screen." Doug, (2002: 40): "Customer relationship management is a business strategy that enables the company to Keep track of one's customers, income and expenses, and also focusing on the opportunities of the target market.

Customer relationship management is a working concept that needs to be used throughout the entire organization, according to (Demirel, 2003: 7). "Customer relationship management is a philosophy of customer-based relationship management that, as a management strategy, provides coordination and collaboration between all departments, clients, company customer service and back office (accounting, production, and logistics) (Bozgeyik, 2005). There is not even a broad understanding of what CRM is, despite all this exploding interest and a huge body of career-focused studies. CRM can mean different things to different scholars.

For some scholars it's about creating marketing activities using customer insights from a data warehouse, for others, it's about their technology-driven system. But despite all the different descriptions, definitions and views on CRM, most definitions relate to three things namely people, process and technology. According to neoclassical theory, Roethlisberger's studies are Hawthorne's studies. In his opinion, social and psychological factors are important for employee productivity and satisfaction. The movement shows that the efficient follow a democratic, employee-oriented and participatory style.

2.2.2 CRM Dimensions

The researchers define customer relationship management differently. Some Scholars view it as an information system, while others perceive it as a technology (Thompson, 2004). Tracking clients, gathering relevant data, organizing and assessing the data, and lastly actually employing the extracted data in their interactions are all steps in the customer relationship management process (Kim et al., 2010). Increasing client loyalty and profit are the primary objectives of customer relationship management (Zarali, 2009). The significance of fostering deeper connections with customers and preserving

long-term client relationships has led organizations to attach great importance to the factors of effective customer retention, often for reasons such as greater continuity of service (Jayawardhena et al., 2007).

2.2.3 Key Customer Focus

The key customer focus is the company's intense focus on its most important clients, which it achieves through personalization, which is made up of components such as customer-centric marketing, personalization, interactive marketing, and customer lifetime value (Lee, 2000). Do businesses and customers participate in different facets of product design, manufacturing, and services in relationship-based marketing? As a result, there is a strong bond between the business and the client (Sin et al., 2005).

2.2.4 CRM Organization

Customer relationship management processes require a change in the organization and structure of business processes. To this end, organizational structure, organizational commitment and human resources management are important (Agarwal, 2004, 91-80). One aspect to consider is engagement in the organization. For this, it is necessary to have the necessary tools in terms of sales, marketing and technical knowledge of other resources. Success in customer acquisition and retention depends on using resources to identify and meet the needs of important customers (Nicampa, 2001,71).

2.2.5 Knowledge Management

The ability to successfully convert customer information into customer knowledge is the criterion for determining whether CRM is successful or not (Plessis and Boon, 2004; Stringfellow et al., 2004). Useful information about customers can be gathered through interactions with them or from various touch points within the organization itself (Brohman et al., 2003). In this context, it is possible to assert that effectively managing knowledge can significantly aid a company in developing stronger client relationships, which in turn has a positive effect on organizational performance (Abdulateef et al., 2010; Akroush et al., 2011; Sin et al., 2005; Yim et al., 2005).

It is important to remember that gathering and evaluating customer data is essential to the success of relationship management since it is utilized to create highly customized products (Sigala, 2005). Additionally, customer knowledge management is strongly linked to marketing capabilities, according to Fan and Ku (2010), and it considerably

facilitates firms' ability to make strategic managerial decisions for performance improvement.

2.2.6 Technology-Based CRM

Use of updated technology: Computer technologies are used in the development of computer-based communications and technology that are aligned with business goals.

Companies can tailor their services using customer relationship management software to provide higher-quality and more affordable options. Employees are also able to work more effectively together with consumer touchpoints as a result (Zinledin et al., 2005, 1290–1264).

Additionally, a number of research on the effect of IT on business performance present conclusions that are consistent with the usefulness of IT in CRM strategy. In other words, this research (Abdullateef et al., 2010; Eid, 2007; Ozgener and Iraz, 2006; Sigala, 2005; Sin et al., 2005; Yeh et al., 2010) demonstrated that a lot of customer-centric strategies cannot accomplish their objectives without the aid of information technology.

2.3 CRM and the Banking Industry

The consideration of CRM in the banking sector is not similar to CRM in other industries since the banking sector is solely linked to financial services which are all about building trust between people. CRM, which is becoming increasingly important in marketing, deals with the use of information technology in the implementation of relationship marketing strategies (Ryalsl, et al.,2001).

Technology advancements and globalization have exposed businesses to intense competition. Companies today are putting more of an emphasis on managing client connections to effectively increase revenue. Today, marketing involves not only creating, delivering, and selling but also creating and sustaining long-term connections with customers.

The importance of relationship marketing in the financial services sector is rising. Since industry consolidation, virtual delivery channels, and the ability to transfer money at the press of a button are making it simpler for clients to switch banks, managers must pay

close attention to opportunities. The possibility provided by CRM (Customer Relationship Management) in this scenario allows banks to outweigh the modest advantages of developing sincere relationships with their clients.

Customer satisfaction is the prime objective of every bank. A customer constantly has needs, and the bank is expected to fulfill those needs. Once again, the consumer will need more the more you offer new services. Regarding the degree to which the level of service offered matches client expectations, quality of service refers to meeting the needs and requirements of customers.

Customers must pick between several service providers in the current, fiercely competitive Indian banking business when balancing relationships and economy, trust and products, or service and efficiency (Sachdev et al., 2004).

2.3.1 Banking in Ethiopia

The Bank of Abyssinia, a private subsidiary of the Bank of Egypt, marks the beginning of modern Ethiopian banking history in 1905. The fortunes of the banks fluctuated throughout the ensuing years in accordance with the political system in power. The Bank of Ethiopia took over as the country's central bank in 1931 after the Bank of Egypt was disbanded and served as such until the Italian invasion in 1936. According to Mauro (1971), the State Bank of Ethiopia, The Bank of Issue, the Commercial Bank of Ethiopia, and the National Bank of Ethiopia (the country's central bank) were all founded in 1943 and 1963, respectively. Before 1974, a number of new financial institutions were established.

Numerous changes to the banking system and the nationalization of private banks and insurance firms resulted in the switch to a Marxist government in 1975. The nation's financial industry underwent a significant paradigm shift following the fall of the socialist government in 1991. There were several new private banks, insurance firms, and microfinance organizations created (Deribie, 2012). There are currently nineteen commercial banks in Ethiopia, sixteen of which are private and three of which are state-owned. Additionally, according to www.nbe.gov.et, the National Bank of Ethiopia has the authority to issue licenses, keep an eye on, and control the operations of banks, insurance companies, and other financial organizations.

2.3.2 Types of CRM

In order to provide a complete picture of the CRM business model, many authors, including Buttle (2009: 91), divide CRM into four main types, namely strategic CRM, operational CRM, analytical CRM, and collaborative CRM. The researcher confirms the literature that CRM analytics has become an essential part of many CRM implementations and the basis for CRM operational difficulties to achieve their full effect based on customer analytics information. The study was mainly conducted with a focus on CRM-related operational and analytical activities at the Ethiopian commercial bank. Strategic CRM; It is a fundamental customer-centric business strategy whose goal is to attract and retain lucrative clients. Basically, it involves fostering a business culture that is customer-focused.

In contrast to conventional business models like product orientation, manufacturing orientation, or sales orientation, a customer-centric company approach necessitates a change in behavior (Buttle, 2009: 91). Resources should be used in a customer-centric organization where they add value to the customer, such as in incentive schemes that motivate staff members to take actions that increase customer satisfaction and retention and, in the gathering, sharing, and application of data across the business organization (Buttle 2009).

This technique ought to be looked into as soon as possible when developing a CRM plan. Customer retention operations like sales, marketing, and customer support are the emphasis of operational CRM. It involves automating a few of the organization's marketing, sales, and service processes (Button, 2009: 92).

In an attempt to analysis CRM, many authors such as Buttle (2009:91), categorize CRM types into four primary categories: strategic CRM, operational CRM, analytical CRM, and collaborative CRM, in order to gain a holistic picture of the CRM business model. The researcher notes in the literature that many CRM solutions now include analytics CRM as a crucial component at the root of operational CRM's difficulties is relying on analytics information about customers to achieve its full effectiveness. This study mainly focused on operational and related analytics CRM activities at commercial banks in Ethiopia. Strategic CRM; It is a customer-centric core business strategy aimed at attracting and keeping lucrative clients. Basically, it involves fostering a business culture

that is customer-focused. Compared to popular business models like product orientation, production orientation, or sales orientation, the customer-centric business approach necessitates a change in behavior (Buttle, 2009). Resources should be used in a customer-centric organization where they add value to the customer, such as B. Incentive programs, promoting employee actions that increase customer satisfaction and retention, and gathering feedback from all areas of the organization for distribution and use (Buttle 2009). This tactic should be investigated very early on in the creation of a CRM strategy.

OPERATIONAL CRM; Operational CRM is concerned with customer-related processes like sales, marketing, and customer service. It entails automating a handful of an organization's marketing, sales, and customer support procedures (Buttle, 2009).

2.3.3 Barriers to CRM Implementation.

Customer relationship management is a continuous process and should not be restricted to a single project that is abandoned soon after it is finished, as was said before in this article. Contrarily, the only way to guarantee success in this field is through an ongoing procedure or, even better, a thorough plan of action. Customer relationship management is no exception to the rule that every plan must give the business subjects certain benefits that will significantly affect the game's financial outcome.

At all organizational levels, CRM is an ongoing business process with the goal of attracting and keeping customers. CRM is essentially a mix of software, human resources, and business processes.

Due to the strength of this synthesis, it would be possible to develop robust mechanisms for customer relationship management. These mechanisms would result in customer satisfaction, quality cooperation, and customer loyalty, all of which would keep customers from seeking out competence. Customers are a business's most valuable asset, and CRM is wise because it fosters long-lasting, lucrative relationships.

A positive customer relationship is one of the fundamental requirements for business success in the current environment. In order to increase customer loyalty in a dynamic competitive environment, it is crucial to understand consumer demands, habits, and preferences as well as customer satisfaction with solid business relationships. According to research, there are numerous factors that affect customer loyalty and retention.

The following stand out among the many challenges that CRM system success faces:

- Lack of expertise: A significant barrier to implementing a new IT-based CRM system is a lack of expertise in building and using it; In order to invest in CRM, analytical abilities to pose pertinent queries for a CRM system are crucial;
- Lack of Research: Finding the appropriate tools to satisfy CRM system requirements is a huge challenge for businesses, particularly as the cost and complexity of projects continue to skyrocket.
- Poor data quality and quantity - Companies at different stages of CRM system development have distinct issues with data quality and quantity, and for companies in the early stages of CRM development, data quality is a sign of Many managers were shocked by the scope of the issue and the amount of work needed to resolve it, and as a result, many businesses started to clean and deduplicate their data. For some firms, the quantity of data poses a greater issue than the caliber of that data.
- Lack of understanding of the business benefits: CRM managers discovered that data warehouse is considered expensive and that top management fails to understand the potential financial benefits in the early stages of the CRM project. This problem can be overcome when the data warehouse starts to deliver results, but lack of initial database knowledge about the database presents an obstacle in the implementation of CRM systems even for less advanced organizations trouble;
- Lack of senior management leadership and involvement: Lack of management involvement in CRM activities is the next hurdle to CRM system success;
- Functional limitations: In the early phases of the CRM project, functional and business-level managers might be reluctant to collaborate, and it might take additional organizational effort to persuade them of the advantages of increased communication and collaboration.
- Lack of senior management leadership and involvement: The next obstacle to the CRM system's success is a lack of management involvement in CRM activities.
- Inadequate Appraisal Systems - CRM managers frequently draw attention to how inadequate appraisal systems can hinder compliance and CRM project implementation. Any organization adopting CRM needs to understand these barriers and any potential problem areas that are important to the business organization and satisfying customer needs. Evaluations of the success of CRM projects are frequently regarded as insufficient, and sometimes the issue is that organizations are clear about their goals and these are not linked to the employees. The fact that the implementing organization was not aware of the difficulty of CRM system deployment is one of the main causes of CRM failure.

2.3.4 Loyalty

The most widely used definition of loyalty dates back to Yakubi and Kenz, who described it as a behavioral tendency over time in which a person chooses one brand over others and makes decisions out of a sense of duty (McMullan and Gilmore, 2008, 1094–1084). One of the fundamental ideas in marketing management is loyalty, which is crucial for generating long-term benefits for the business because loyal clients don't necessitate extensive promotion (Kalati et al., 2008, 48–35). Customer loyalty is crucial in a variety of ways. The business estimates the anticipated rise in sales and earnings with the aid of its devoted clients. Additionally, clients who are familiar with the brand are more inclined to tell their family and friends about it.

In the current corporate environment, these challenges are significant (Allameh and Noktedan, 2009). Following is a definition of loyalty: According to Birely et al. (2004), loyalty is a steadfast commitment to repurchasing a good or service in the future despite advertising efforts and possible rivals. According to Larson and Susana (2004), a customer's obligation to transact business with a specific company and buy goods and services is what constitutes loyalty. According to Asail (1992), brand loyalty refers to consumer behavior. As a result, people continued to buy that brand (Wang et al., 2004). According to Birely et al. (2004), loyalty is a psychological process that assesses many options depending on a variety of factors.

A second definition of loyalty that takes into account the idea of customer loyalty is also given: "Loyalty is a deep commitment to buy a product or service again in the future, meaning to buy a brand again despite environmental influences and marketing efforts by competitors come back" to change behavior (Taylor et al., 2004).

2.3.5 CRM and Customer Loyalty

Customer-centered procedures that are tailored to each client's wants and values are currently the most crucial thing to do to address decreased customer satisfaction. Businesses can increase customer loyalty by treating different customers differently (Tarhan, 2004: 77). Customer loyalty is the sustained maintenance of a relationship through time by providing service that satisfies and even exceeds the needs of the customer (Acuner, 2001: 89).

Customer loyalty is determined by taking into account the volume of purchases for a specific trademark. The frequency of purchases is used to gauge a customer's level of loyalty (Javalgi and Moberg, 1997: 165). The accessibility of knowledge has increased, and customers' levels of consciousness have risen steadily in recent years. Customers today are conscious of their influence on the market and the fact that everything is done for them. The accessibility of goods and services has improved. Consumers consider the cost, newness, accessibility of the goods, and ancillary services offered before selecting a certain trademark. Customers' loyalty to the goods and services declined as the number of alternatives rose (Tekinay, 2002: 129). In order to gain more client loyalty, businesses nowadays are making an effort to offer goods and services that fully satisfy customers' wants and expectations at prices lower than those of their competitors.

2.4 Empirical Verification

2.4.1 The Impact of CRM on Customer Loyalty

In their investigation into the impact of customer relationship management initiatives on customer loyalty and customer share growth in the financial and data support of a Dutch financial services company, Peter C. Verhoef et al. (2003) questioned the efficacy of a number of CRM tactics. The author examines the variations in how customer relationship perceptions and relationship marketing tools affect the development of customer share and loyalty over time.

Customer share development is the shift in customer share between two periods, and customer relationship perceptions are considered evaluations of relationship strength and a supplier's offerings. The findings demonstrate that successful commitment and loyalty programs with financial incentives have a beneficial impact on both customer retention and customer share growth, whereas direct mailings have an impact on customer share growth. The impact of these factors is, however, quite minimal. The findings also suggest that businesses can influence both customer loyalty and customer share development using the same techniques.

The effect of CRM on customer satisfaction and loyalty is discussed in 2.2.3. According to Khaligh et al. (2012), CRM influences customer loyalty and retention in the Iranian telecom industry.

200 consumers of Iranian telephone services contributed to the data. The findings demonstrate that successful CRM adoption requires the management system's dedication and vision. The flexibility and level of detail in the rules, particularly the pricing policy, must serve as the foundation for the strategy's structure. These elements are crucial for boosting client retention and revenue for businesses.

According to Bhattacharya's (2011) research, CRM is deployed in a company to lower expenses and boost business performance; hence, keeping customers results in a profit. A great CRM system actually collects information from both sales, customer service, marketing, after-sales, purchasing, and other departments are among the internal and external sources.

To obtain a comprehensive understanding of each consumer's requirements in a real-time system, this is essential.

When interacting with customers across various areas and touch points, employees may find this information useful in making quick and accurate judgments. The results of this study revealed that how a client is perceived and how each client is handled differently can help address the issues of several clients. Therefore, a successful CRM deployment would result in increased customer satisfaction and retention. To boost the company's competitiveness, the organization must identify the various needs of its customers and tailor its policies to meet those needs. By integrating technology, processes, and people, customer relationship management, as described by Faed (2010), develops a company's ties with both customers and rivals in order to increase the firm's market participation. CRM aims to promote customer loyalty and retention while also boosting revenue for the business.

In order to maintain a customer's loyalty to a business, Two crucial elements of a successful CRM deployment are customer happiness and satisfaction. Each perspective of the CRM framework is assessed against a group of linked criteria, according to Kim et al. In light of this, a case study of a South Korean internet retailer that offers 30,000 products across 12 categories was carried out. This business was listed as South Korea's 18th-best online mall. data gathered through questionnaires, expert interviews, and blog analysis. The findings demonstrate that eliminating all ambiguities and hidden issues at the highest level of strategic management is crucial for boosting customer happiness, customer loyalty, and business profit. It would be possible to communicate precisely within an organization by using a single, explicit language. Bohling et al. (2006)

developed a set of criteria for the effective adoption of CRM based on a survey of 100 organizations working in diverse industry sectors like manufacturing, communications, finance, and others. These standards are grouped into major categories:

- Project-oriented
- Internally monitored indicators, staff approval
- Metrics with an external focus, client happiness, and loyalty The results show that the following are the most crucial externally oriented criteria:
- Demonstrated impact of customers on loyalty and satisfaction measurable growth in sales
- Better perception and information
- Measurable cost reduction
- Enhancement of worker efficiency.

Attention to detail the CRM paradigm, according to Wang and Lo (2004), is based on two viewpoints. It does so by measuring two things: relationship quality (such as happiness and loyalty) and client performance (such as repeat purchases, cross-selling, up-selling, and client acquisition rate).

Client devotion (Wang & Lo, 2004). 400 randomly chosen clients of two Chinese security businesses were used to gather the data. The research demonstrates that consumer behavior both emotional and practical—has a beneficial impact on customer happiness and that CRM aspects are responsible for this relationship. The conclusion of this study demonstrates that CRM-based consumer behavior has a favorable impact on patronage and brand loyalty.

Zineldin (2006) developed a triangle strategy that links quality, CRM, and customer loyalty and boosts the competitiveness of the company. To quantify customer happiness and loyalty, this research had to meet two requirements: first, the data from the customer database and CRM strategy had to be well-structured, and second, the system's capacity had to be sufficient to provide enough data for an accurate analysis. The study's findings suggest that a well-designed CRM strategy can be used to assess the level of client retention by looking at any changes in a company's services or products over time. Researchers can determine what modifications to CRM strategy are required to increase customer happiness and loyalty when interaction, infrastructure, and environmental

factors are related to the quality of products and processes. The following publications were assessed in order to become familiar with the topic of customer relationship management in order to demonstrate the originality of this study and the gap it would fill in customer retention research.

The term "management" is most commonly used to describe a business-customer relationship. CRM is often viewed as a business strategy that enables companies to:

A, understand the customers

B, retain customers through a better customer experience

C, Win new customers

D, gain new contacts and customers

E, increase profitability

F, reduce customer management cost

Business success is defined by a company's ability to build and maintain long-term, profitable relationships with its customers. Good customer relationships are at the core of the success of banks and other companies. Therefore, CRM is best suited to support businesses. It uses people, processes, and technology to gain insights into the nature of customers in order to improve customer service., profitability more customers/customers, and higher customer share. According to Kotler and Keller (2006:139), marketers need to engage with customers, inform them, engage them, and even energize them in the process. The fierce competition in the banking sector challenges entrepreneurs to find better ways to improve relationship marketing in companies. Today's market suggests that marketers focus not only on sharing but also on customer satisfaction and mutual satisfaction.

The shift to relationships and happiness is a result of the rise of the global economy and service economy that has forced marketers to seek greater customer loyalty. When it comes to managing customer relationships, banks face several problems. Any finance company's customer relationship management strategy should focus on integrating people, processes and technology to maximize the value of change. In light of the above,

this investigation aims to identify and identify the causes of the problems to provide them with solutions through professional procedures. Against this background the. The following issues were identified:

- 1) The relationship between clients and bankers is very bad while bankers don't have a good relationship with their clients e.g., B. by giving them complete information when there is an operational problem on the one hand, and sometimes they have no explanation as to why efficient services cannot be delivered.
- 2) Banks struggle with trained professionals who are properly trained to perform efficient banking functions. Therefore, customers cannot get fast and efficient services.
- 3) The problem of delay in transactions, especially when transferring funds, and in most cases, money transfers result in late payments.

Swift (2001), referenced in Rahimi (2007:18), asserts that CRM has a number of advantages for businesses. He claims that one of these regions is where the advantages are frequently found:

- i. Lower cost of client acquisition: Since there are savings to be made in marketing, mailing, contact, follow-up, fulfillment, services, and other areas, the cost of customer acquisition would go down.
- ii. The number of long-term clients would expand, negating the need for as many new customers to be attracted in order to maintain the same level of revenue.

Reduced sales costs are a result of current clients' higher responsiveness, which brings us to the point

- iii. Additionally, partnerships become more effective, and marketing campaign expenses are decreased with improved channel and distribution expertise.
- iv. Enhanced customer profitability: Customers will be more profitable when their share of the wallet grows, upselling, cross-selling, and follow-up sales increase, and there are more referrals since existing customers are more satisfied.

v. Increased customer loyalty and retention: As customers remain longer and make larger and more frequent purchases, customer retention rises. Additionally, customers are taking more initiative, which strengthens the bond between them and the business, and as a result, customer loyalty rises.

vi. Customer profitability analysis: the business would learn which customers are lucrative, which customers are unlikely to ever become profitable, and which customers could become profitable in the future. This is crucial because the secret to any business's success is focusing on finding profitable consumers and keeping them around once you've discovered them. Not all consumers are important; some could even pose a threat to the company. This will occur when customers drain a business's time, energy, and resources without generating enough income to cover their costs (Budhwani,2002).

All cited studies on the influence of customer relationship management on customer loyalty conclude that the development of customer relationships is an important factor in customer loyalty. Whether it's a strategy or not, it shows that companies are more successful in their endeavors to retain clients when they have developed relationships with them and handled them well. Most newspapers consider customer relationships to be a key factor in customer satisfaction, with satisfaction leading to customer retention.

2.5 Conceptual Framework of Relationship Marketing

Before we begin examining the conceptual underpinnings of CRM, it would be useful to define what CRM is. In the marketing literature, the terms customer relationship management and relationship marketing are used interchangeably. As Nevin (1995) points out, these terms have been used to reflect a variety of issues and perspectives. Some of these topics offer a narrow perspective of functional marketing, while others offer a broader perspective and are more paradigmatic in their approach and direction.

A narrow perspective of customer relationship management is database marketing, which emphasizes the promotional aspects of marketing related to database efforts (Bickert 1992). Based on a review of the relevant literature, many researchers have pointed to a positive impact of the CRM dimension, i.e.

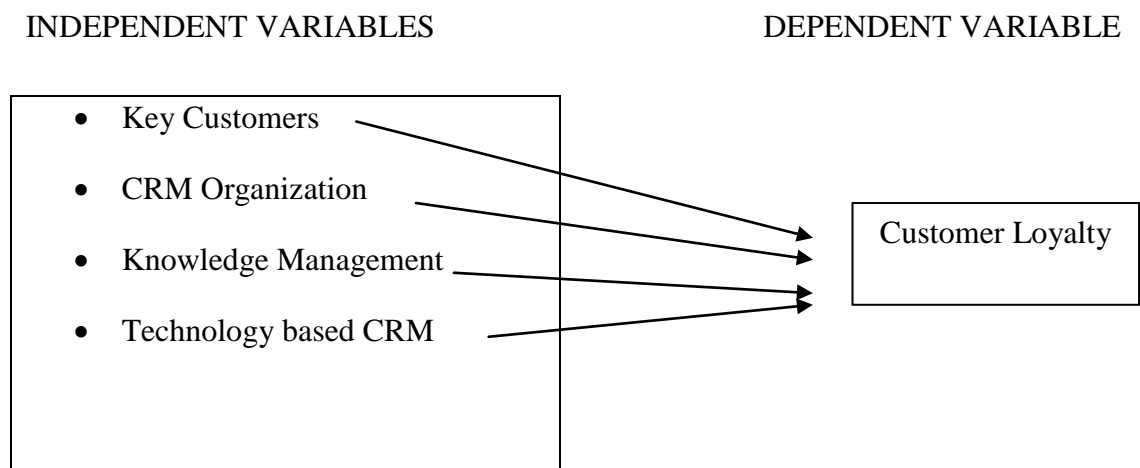


Figure 2-1A conceptual model for measuring the relationships between the four CRM measurement constructs and Customer Loyalty, Adopted from (Ergunda, 2003: 2)

2.6 Research Gaps

Customer Relationship Management (CRM) has become a crucial aspect of modern business in the digital age there is lack of key customer focus ,technology based CRM,CRM origination and knowledge management . It aims to enhance customer experience, improve customer satisfaction, and ultimately build customer loyalty. In the case of Zemen Bank S.C. in Addis Ababa, the implementation of CRM strategies has been instrumental in establishing and nurturing relationships with customers also there are problem . However, despite its widespread adoption, there are still studies gaps focused on the strategies to implement CRM which need to be explored and addressed. Also, there exist certain literature gaps in understanding the specific impact of CRM in building customer loyalty. This research seeks to address these gaps by examining the existing literature and exploring the various factors that contribute to the effectiveness of CRM in cultivating customer loyalty. Through this study, one can identify potential solutions and strategies to maximize the benefits of CRM and ultimately enhance customer loyalty in the banking sector. By doing so, it is possible to develop a

comprehensive understanding of CRM's role in enhancing customer relationships within the context of Zemen Bank and draw insights for further improvement.

CHAPTER 3 RESEARCH METHODOLOGY

3.1 Introduction

The methodology of the study will be discussed in this chapter taking into account the research approach, the type of research, the sample and sampling procedures, the data collection source, the data collection methods, and the study's validity and reliability.

3.2 Research Approach

There are two research philosophies that might be utilized to classify the study. These include both quantitative and qualitative research. Qualitative research is defined as studies that do not attempt to quantify their findings through summary or statistical analysis. It seeks to describe numerous behavioral facets as well as other parts of the social and human sciences. The data in this kind of research typically takes the form of descriptions rather than numerical values. These frequently include in-depth interviews, panel discussions, and informal observations.

The systematic and scientific study of quantitative phenomena, properties, and correlations is known as quantitative research. The creation and application of mathematical ideas, models, and hypotheses pertaining to natural events is the goal of quantitative research. A general hypothesis or statement that suggests a broad relationship between variables serves as the customary starting point. Therefore the researcher chose quantitative research to describe CRM application in Zemen Bank by collecting quantitative data from customers of the bank. In addition the effect of the independent variables (CRM dimensions) on the dependent variable customer loyalty is quantitatively measured by this study.

3.3 Research Design

The three types of research are exploratory, explanatory, and descriptive. A descriptive study aims to explain and interpret what already exists. Descriptive research's primary objective is to characterize the current situation.

When we come across a problem that is well-known and has a description, we conduct explanatory research. An explanation study thus seeks to comprehend phenomena by identifying and evaluating the causal connections between them. When there are few or no prior studies to draw on for data, exploratory research is conducted. As a result this study has applied explanatory research design to investigate the effect of the CRM (independent variables) in terms of key customer, knowledge management, CRM organization and CRM based technology on customer loyalty (dependent variable) also used descriptive research design .Therefore this study served as both a description and an explanation.

3.4 Sample and Sampling Methodology

3.4.1 Target Population

All Zemen Bank clients are included in the target population of this research. The survey covered all private and/or commercial customers of Zemen Bank. As a percentage of all clients only 119,609 were included in the study.

3.4.2 Sampling Method

Since it was difficult for the full population of the bank to be present at once, convenience sampling, a non-probabilistic sampling technique, was used to select the sample. Convenience sampling, often referred to as accidental sampling or opportunity sampling, is the practice of choosing a sample from the population that is close by, simple to reach, or handy. Customers of the bank receive questionnaires. Due to its proximity to the majority of ZB branches and the ease with which the researcher may conduct the study there given the limited time and financial resources available, Addis Ababa was selected for the study, which covers Grades A and B.

Customers of the banks can receive the questionnaires at any time of the day. The right respondents must be included in order to confidently make generalizations about the constructs being studied. To ensure that Zemen Bank S.C. customers provided the necessary number of responses, 399 questionnaires were issued.

3.4.3 Sample Size

The method of purposive sampling was used. A study unit sample that is chosen purposefully from a predetermined group is known as purposive sampling. The simplified formula percentage from Yamane (1967:886) is used to determine sample size. E = +5% and a 95% confidence interval is assumed.

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

Where n= number of sample size 399

N= Total number of study population size=119,609

e= Level of precision =0.05

The sample included 30 staff members who work in the customer relationship management divisions of the main office and the eight branches, as well as 369 clients who had a business relationship with one of the branches. The Planning, Research, and Business Development Department (PRDD) of the Bank provided information on the number of customers at each branch, as shown in Table 3-1. According to Miaoulis and Michener (1976), in addition to the purpose of the study and population size, the three criteria that are typically needed to determine the appropriate sample size are the degree of precision, level of confidence or risk, and degree of variability in the attributes being measured.

The range in which the true value of the population is thought to fall is known as the precision level, which is also referred to as sampling error. This range is frequently stated in percentage points, such as 5%. Based on these assumptions, the authors have developed methods for calculating sample sizes for various populations. Accordingly, a maximum of 399 replies must be acquired for a population of more than 119,609 people at a 95% confidence level and +/- 5% precision level. Using the same methodology, 399 questionnaires were created for this study and proportionately distributed to each of the 20 branches in order to collect the necessary number of responses from ZB customers. While 20 branches and the Head Office's (20) workers who work in the customer relationship department each received 30 questionnaires

Table 3-1 Sample Size Proportion

Grade	Branch	Approximate No of customers (Target Population) and staff in each selected branch	Percentage	Sample Size
A	Main Branch	30,500	25	100
A	Bole Branch	12,500	10	40
A	Meskel flower	6,200	5	20
B	Bolemedhanialem Branch	6,000	5	20
B	Arada Branch	8,000	7	28
B	22 Branch	7,800	6	24
B	CMC Branch	8,500	7	28
B	Bisrategebriel Branch	4,000	3	12
B	Gotera branch	3,250	3	12
B	Wollosefer branch	3,000	3	12
B	Jacros Branch	2,500	2	8
B	Telemedhanialem Branch	4,000	3	12
B	Wossen branch	3,620	3	12
B	Atlas Branch	4,500	4	16
B	BoleRwanda Branch	2,411	2	8
B	Mexico Branch	2,228	2	8
B	Jemmo Branch	3,300	3	12
B	Olympia Branch	2,000	2	8
B	Lebu Branch ^I	3,200	3	12
B	Lideta Branch	2,100	2	8
	TOTAL	119,609	100	399

(Source: Own Survey,2023)

3.5 Source of Data Collection

When gathering data, there are two different sorts of sources: primary and secondary data sources. The goal of the study is directly tied to primary sources. Primary data

includes any information received throughout the course of the study that can be directly related to the study's goal, including information gathered both personally and information gathered from a third party with a similar goal. On the other hand, secondary data includes pertinent information that has been gathered for a different reason but from which a valuable conclusion can be drawn. Both primary and secondary data sources will be used in the study. An empirical study is used to gather primary data that is pertinent to the goal.

An empirical study was made by asking them a series of questions about CRM. Secondary data that is incidentally related to the objective of the study was gathered through a theoretical study made up of books, research theses, articles, the internet, manuals, and yearly reports.

3.6 Data Collection Instrument

Key Customer Focus, CRM Organization, Knowledge Management, and Technology-based CRM are the four behavioral elements of CRM that the surveys' statements are expressly meant to measure.

Three components make up the questionnaires. The first component of the form includes questions meant to gather demographic information from respondents, while the second piece uses a five-point Likert scale to rate Zemen Bank's CRM procedures. The third part evaluates ZB customers' loyalty. When the customers arrived at the chosen branches, they completed the structured surveys.

3.7 Validity and Reliability of the Study

3.7.1 Validity of the Study

Validity is the degree to which the data collection process correctly calculates what it is supposed to quantify. It is necessary for the pilot to test the questionnaire in order to ensure its validity, the contents of the questionnaire were reviewed by the advisor of this study, corporate managers and marketing managers of Zemen bank to check the suitability of the questions, the language (style of expression) and the suggestions

implemented to enhance the questionnaire. Finally, after having made all the requisite corrections, it was found reasonable to distribute them to the targeted respondents.

The CRM best practices scale includes distinct best practices that are only applicable to the CRM field, as defined by renowned scholars such as (Sin et al., 2005). Since the statements were developed after a thorough analysis of academic and professional literature, construct validity is presumed to hold.

3.7.2 Reliability of the Study

According to Carmines and Zeller (1979), reliability refers to how consistently an experiment, test, or measurement process produces the same results throughout time. It is obvious that there is always a risk of inaccuracy when measuring anything. In reality, no field of science ever achieves the ideal of error-free measurement. Even if we conducted the same study with the same sample, two sets of measurements might not perfectly match. The variation of the real score divided by the variance of the actual measured score is what is known as the reliability ratio. The outcome ranges from 0 to 1, and the majority of commonly used scales have reliabilities between 0.65 and 0.8. Generally speaking, we may state that a study's dependability is a prerequisite for the results being understandable and generalizable. The dependability estimation approach utilized should match the intended uses of the scores (Ghiselli 1981, cited in (Flynn 2001)).

Internal consistency reliability is a way of evaluating the reliability of the present study and is used to analyze the consistency of outcomes across items inside a test. Cronbach's alpha or the split-half approach is typically used to accomplish this (Carmines and Zeller 1979, p. 11). In these methods, a whole set of items is divided into halves and the scores of the halves are connected to get an estimate of reliability. Because there is no requirement for a second test, internal consistency measurements have the benefit of being widely employed in practice.

CHAPTER 4 DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1 Introduction

This chapter presents the main findings, analysis, and discussion of the population sample based on the data provided by Zemen Bank S.C. clients. The collected primary data will be presented. The information received from the respondents was summarized using the frequency distribution. The pooled data was then analyzed using description, correlation, and regression to test the hypothesis and answer the research questions. The data were analyzed using IBM SPSS Statistics 27.

The target group of this study was the customers of the selected branch of Zemen Bank S.C. The questionnaires were distributed and collected at a single point within 12 days. A total of 399 questionnaires were distributed to the customers of the bank in various locations, and 375 responses were returned. Of these, 13 could not be used because they were incomplete. Thus, the study ultimately used 362 questionnaires with a response rate of 90.7%, a sufficient number to conduct the Saunders 2002 study.

Table 4-1 Respondents Response Rate

Distributed Questionnaire	Returned	Unreturned	Incomplete	Response Rate (%)
399	375	24	13	90.7%

4.2 Analysis of Reliability of the Questionnaire

Before performing any statistical analysis, reliability analysis was performed. Internal consistency of overrun factors and questionnaire survey reliability are important aspects to judge whether the survey results are appropriate or not. This was done by using statistical software named SPSS to check Cronbach alpha. Generally, Cronbach alpha has a value between 0 and 1. The higher the value higher the reliability and internal consistency. Overall, Cronbach alpha for the questionnaire was found to be 0.850, which ensures high reliability and internal consistency of data collected (Table 4-2).

Table 4-2 Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.850	0.822	28

4.3 Background of the Respondents

Table 4-3 below presents the results of the demographic background of the respondents. As can be seen from the table, 58.3% of the respondents are male with female making up the remaining 41.7%. The majority in terms of gender are male. 69.9% of the respondents indicated that they are using the bank services for personal reasons and the remaining 20.5% and 9.7% of the respondents indicated that they are using the services for both personal and business purposes, respectively. In addition, the results of the survey show that 61% of the respondents used the bank for more than ten years, while the remaining 29.3% and 9.7% used the service for five years or less. The majority of respondents (35.1%) used saving and checking account services; while 30.7%, while 15.7%, 9.4%, 5.8%, 2.2%, and 1.1% used saving accounts, checking accounts, business accounts, saving and checking, and ATM, and remittances respectively.

According to Table 4-3, 76.2% of respondents have income levels larger than 30,000 ETB, while the remaining 21.8% and 1.9% of respondents have income levels between (10,000-30,000) and (2000-10,000), respectively. The majority of respondents (57.2%), visit the bank within a week, whereas 35.6% and 7.2% of them do so occasionally. Daily. 28.5% of respondents have accounts with other banks, compared to 71.5% who do not. Several respondents (71%) have very good loyalty, 24.6% have good loyalty and the remaining 4.4% have not-so-strong loyalty to Zemen Bank, respectively; making 71% of them highly devoted customers.

Table 4-3 Demographic Data

Variables	Categories	Frequency	Percent
Gender	Male	211	58.3
	Female	151	41.7
	Total	362	100
Use Bank Service	Personal	253	69.9
	Business	74	20.4
	Both	35	9.7
	Total	362	100
Years you use the bank	<5	35	9.7
	5-10	106	29.3
	>10	221	61
	Total	362	100
Service you need from the bank	Saving account	111	30.7
	Checking account	57	15.7
	Business account	34	9.4
	Remittance	4	1.1
	ATM	8	2.2
	Saving and checking	127	35.1
	Saving, checking, and ATM	21	5.8
	Total	362	100
Income level	2000-10000	7	1.9
	10000-30000	79	21.8
	>30000	276	76.2
	Total	362	100
How often do you visit the bank	Daily	26	7.2
	Within a week	207	57.2
	Sometimes	129	35.6
	Total	362	100
Have you an	Yes	103	28.5

account in another bank	No	259	71.5
	Total	362	100
Describe your loyalty to Zemen bank	Not good	16	4.4
	Good	89	24.6
	Very good	257	71
	Total	362	100

(Source: IBM SPSS Statistics 27)

4.4 CRM Practices Level

Determining how CRM practices affect fostering consumer loyalty is the main goal of this study as measured by four dimensions. For this, the customers of Zemen Bank S.C. were asked to rate the level of CRM practices on a 5-point Likert scale. The data collected is analyzed as presented in the following section.

The mean and standard deviation of respondents' ratings were determined using descriptive statistics, and the analysis was performed using this mean and standard deviation among respondents. The mean is the most widely used indicator of central tendency. This is calculated by dividing the sum of the values of all items in a sequence by the total number of items, as shown in Table 4-4.

Table 4-4 Level of Practice of the Dimensions /Descriptive Statistics/

	Mean	Std. Deviation	N
LOYALTY	1.2325	0.24286	362
KC	1.5083	0.29434	362
CRM	1.8052	0.34787	362
KNOW	2.1223	0.33087	362
TECNO	1.9055	0.58723	362

(Source: IBM SPSS Statistics 27)

Key customers (1.5083), CRM organizations (1.8052), knowledge management (2.1223), and technology-based (1.9055) are reasonably significant in influencing CRM in creating customer loyalty, based on each independent variable's mean and standard deviation, as shown in Table 4-4. Customer's Perception: CRM Dimensions: Level of Practice Zemen Bank S.C. has been performing well in knowledge management as compared to the other dimensions, as shown in Table 4-4, with a mean score of 2.1223 and it is performing at the lowest level in key customers, with a mean score of 1.5083.

The standard deviations of key customers and knowledge management CRM ease of use are 0.29 and 0.33, respectively a lesser standard deviation value was acceptable. Therefore, it is possible to infer from the above table's mean and standard deviation values for each variable that respondents' levels of agreement with the idea asked for in the questionnaire were crucial and had an impact on CRM's ability to cultivate devoted customers.

4.5 Correlation Analysis

Correlation analysis was used to examine the link between the dependent variable (customer loyalty) and the independent variables (key customers, CRM organization, knowledge management, and technology-based CRM). The correlation coefficient was looked at to determine the strength of the association between the various variables. The strength of the linear link between two variables is gauged using the Pearson correlation coefficient. The relationship between all the variables is also indicated, along with its direction, strength, and importance. The range of the Pearson correlation coefficient is from -1.00 to 1.00. A relationship between two variables is said to have a negative correlation value when one variable's value increases while the other decreases. There is no correlation when the value is 0.00, and there is a perfect correlation when the value is 1.00.

Table 4-5 Correlation Matrix

		KC	CRM	KNOW	TECNO	LOYALTY
KC	Pearson Correlation	1	0.269**	0.176**	0.375**	0.340**
	Sig. (2-tailed)		0.000	0.001	0.000	0.000
	N	362	362	362	362	362

The Effect of CRM (Customer Relationship Management) in Building Customer Loyalty: The Case of Zemen Bank S.C Addis Ababa

CRM	Pearson Correlation	0.269**	1	0.079	0.579**	0.475**
	Sig. (2-tailed)	0.000		0.135	0.000	0.000
	N	362	362	362	362	362
KNOW	Pearson Correlation	0.176**	0.079	1	0.016	0.023
	Sig. (2-tailed)	0.001	0.135		0.755	0.668
	N	362	362	362	362	362
TECNO	Pearson Correlation	0.375**	0.579**	0.016	1	0.730**
	Sig. (2-tailed)	0.000	0.000	0.755		0.000
	N	362	362	362	362	362
LOYALTY	Pearson Correlation	0.340**	0.475**	0.023	0.730**	1
	Sig. (2-tailed)	0.000	0.000	0.668	0.000	
	N	362	362	362	362	362

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

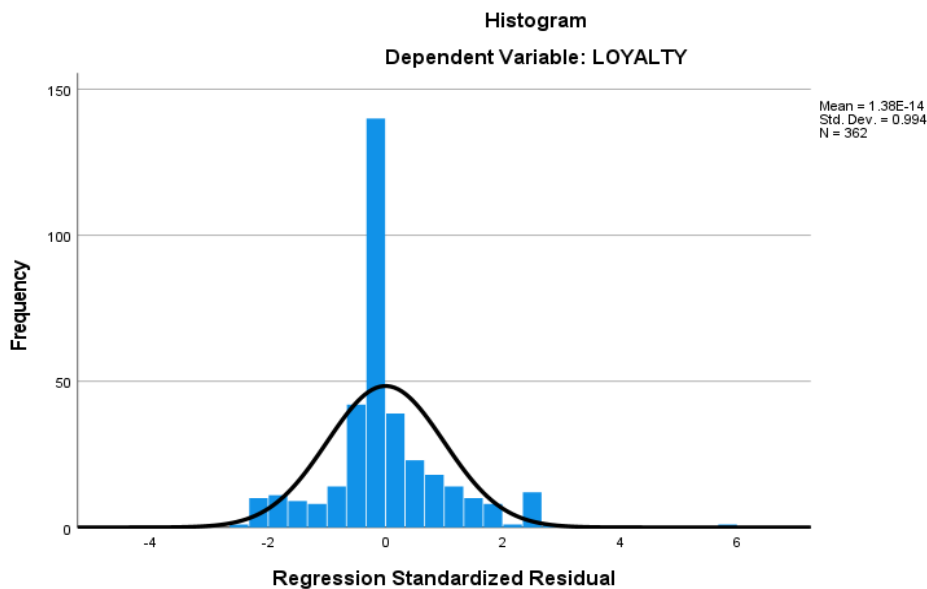
(Source: IBM SPSS statistic 27)

To prove the existence and significance of the correlation, the researcher used vicariate correlation. The Pearson correlation coefficient, which runs from -1.0 to +1.0, indicates the strength and direction of the relationship between the two variables (Field, 2005). To ascertain the degree and direction of the relationships between CRM characteristics and customer loyalty, a correlation analysis was conducted using Pearson's correlation coefficient (r). The correlation efficiency is classified into the following groups: Strongest is classified as > 0.5, moderate strength as 0.3 to 0.49, and weak strength as 0.1 to 0.29. The correlation of a two-tailed test reveals a statistically significant difference at level p.

Table 4.5 presents the correlation matrix of the dependent and independent variables. As can be seen from the table, all values are positive which indicates that there is a positive correlation between each variable. Moreover, the correlation analysis results revealed that there is a strong correlation between Loyalty and Technology-based CRM dimension. However, there is a weak correlation between knowledge management CRM dimension and Loyalty.

4.6 Normality Test Assumption

Using the Normal Probability Plot (NPP) and histogram tests, the normality of the data, skewness, and Kurtosis values were examined. Many statistical tests require a determination of the data's normality since parametric testing assumes normal data as a fundamental tenet. Analyzing normalcy can be done in two ways: visually and mathematically. The standardized Skewness distribution result and the kurtosis result must fall within the range of 1 for the numerical evaluation of normality (Hair et al., 1998).



IBM SPSS statistic 27

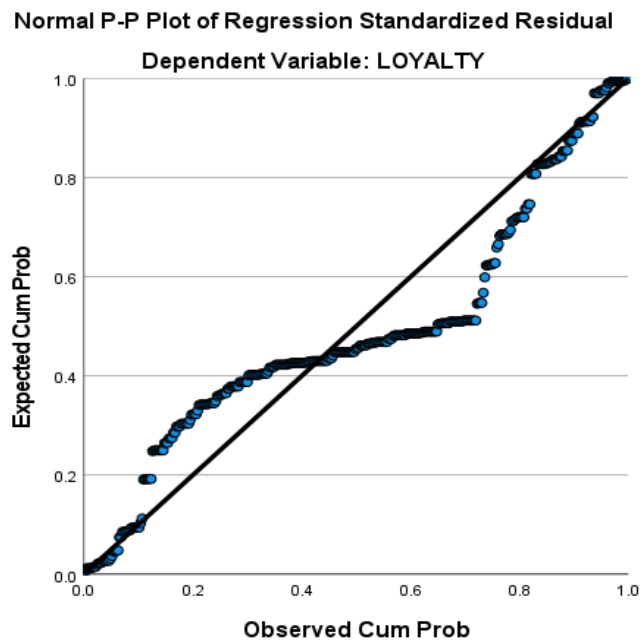
Figure 4-1 Histogram Regression of Standardized Residual

Figure 4.8 presents a histogram of the normal distribution curve. The plot of the normal distribution on the histogram for the data indicates that the distribution curve of the data approximately matches the normal distribution curve. Therefore, it can be assumed that the data are normally distributed

4.7 Linearity of Assumption

Linearity is the strength of the relationship between the change in the independent variable and the change in the dependent variable. Plots of the regression residuals using

SPSS software version 27 were used to examine the association between customer loyalty and the independent variables (key customers, CRM organization, knowledge management, and technology-based CRM). The residuals p-plot, as shown in Figure 4.9 below, shows no significant deviation in the residuals' spread, suggesting that the assumptions are reasonable for these data. This graph demonstrates that a dependent variable and an independent variable have a linear relationship. This shows that the researcher's attempt to predict a linear relationship is supported by this outcome.



(Source: IBM SPSS statistic 27)

Figure 4-2 Normal point plot of standardized residual

4.8 Multi-Collinearity Test Assumption

The independent variables' multicollinearity was examined using the diagnostics variance inflation factor (VIF) and tolerance. As a general rule, a variable is considered to be very collinear if its VIF exceeds 10 or if its tolerance is 0.1 or less (Murray et al., 2012). In general, multicollinearity is present when VIF is larger than 10 and tolerance is less than 0.10.

Table 4-6 Coefficients

Model

Co linearity Statistics

	Tolerance	VIF
1		
KC	0.828	1.208
CRM	0.658	1.519
KNOW	0.961	1.041
TECNO	0.609	1.642

a. Dependent Variable: LOYALTY

The tolerance and variance inflation factor (VIF) scores for each of the four independent variables were reported, as the result shown in Table 4-6 above. Therefore, there is no multicollinearity problem since VIF is less than 10 and tolerance is greater than 0.1. Thus, the explanatory variables which have been incorporated in this study are the basic factors affecting customer loyalty.

4.9 Regression Analysis of Results

The purpose of the regression analysis was to determine the relative significance of the effects of key customers, CRM organization, knowledge management, and technology-based CRM on the dependent variable. Therefore, the overall regression model and its ANOVA were summarized as follows in this study.

4.10 Model Summary

Table 4-7 Model Summaries

Model Summary^b

Model	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.542	0.537	0.16533	

a. Predictors: (Constant), TECNO, KNOW, KC, CRM

b. Dependent Variable: LOYALTY

As reported in the model summary in Table 4-7above, the fitted R-squared is 0.537, indicating that 53% of the variance in the dependent variable (customer loyalty) was accounted for by the independent variables used in the model. This means that 53% of the variance in customer loyalty was influenced or explained by the drivers used in the

model, and the remaining 47% of the variance in customer loyalty can be explained by other factors not accounted for in the model and some random errors. Therefore, the suggested independent variables (key customer, CRM organization, knowledge management, and technology-based CRM) together are good explanatory variables of customer loyalty.

4.11 ANOVA (Analysis of Variance)

In this study, ANOVA was used to discuss the overall objective and demonstrate the combined impact of the independent variables (key customer, CRM organization, knowledge management, and technology-based CRM) on the dependent variable, customer loyalty. This research is often used to determine the model's suitability for estimating the factors that influence customer retention.

Table 4-8 ANOVA

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11.534	4	2.883	105.491	0.000 ^b
	Residual	9.758	357	0.027		
	Total	21.292	361			

a. Dependent Variable: LOYALTY

b. Predictors: (Constant), TECNO, KNOW, KC, CRM

ANOVA Regression Result

The data collected from Zemen bank customers using the service showed a clear positive significant regression, as can be seen in Table 4-8 with the regression results of ANOVA, since $p=0.000$, which was the case. This indicates that the model is suitable for estimating the factors influencing the CRM service. This suggests that the acceptability of customer loyalty is significantly influenced by key customers, the CRM organization, knowledge management, and technology-based CRM. However, this does not mean that any of these influencing variables have the same influence on the dependent variable. CRM implementation. The result of the signals from the multiple regression analysis showed that the explanatory variables affecting the dependent variable vary.

4.12 Regression Coefficient Analysis

Regression coefficient analysis shows the effect of the independent variable on the dependent variable. The significant value of key customers, CRM organization, knowledge management, and ease of use of technology-based CRM. This means that the four independent variables mentioned above have a large effect or influence on customer retention.

Table 4-9 Customer Variable Retention

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.538	0.074		7.243	0.000
	KC	0.062	0.032	0.075	1.900	0.058
	CRM	0.051	0.031	0.073	1.661	0.098
	KNOW	-0.005	0.027	-0.007	-0.198	0.843
	TECNO	0.273	0.019	0.660	14.367	0.000

Dependent Variable

LOYALTY According to the coefficient analysis, in Table 4-9, the effect of each independent variable on the dependent variable remains constant at (0.538), while key customers (0.062), CRM organization (0.051), knowledge management (-0.005), and technology-based CRM (0.273) are statistically significant because the four previous independent variables have a value less than alpha ($p < 0.05$). We can say that prior knowledge has a negligible impact on customer loyalty.

Based on Table 4-9, the beta interpretation is expressed below. The beta technology-based CRM coefficient is 0.273 and this value refers to how a one-unit increase in a technology-based CRM can result in a 0.273-unit increase in customer loyalty acceptance. Likewise, a one-unit increase in key customer and CRM organization can result in a 0.062 and 0.051 unit increase in loyalty, respectively. While the coefficient of the beta value of the knowledge management ($\beta = -0.005$). This implies that knowledge

management was negatively associated with customer loyalty and became statistically significant when other explanatory variables remained constant. In other words, a 0.005-unit loss in customer loyalty can be caused by a one-unit increase in knowledge management . As indicated in Table 4-9, technology-based CRM has the highest beta value (0.273) which is among the predictor variables that contribute most to the variation in customer loyalty, depending on key customer, CRM organization and knowledge management. This means that technology-based CRM makes the most significant contribution to explaining the variation in the dependent variable (customer loyalty) when all other predictors in the model are held constant.

Regression Equation

$$Loyalty = 0.538 + 0.273(TECNO) + 0.062(KC) + 0.051(CRM) - 0.005(KNOW)$$

4.13 Hypothesis Testing Using Multiple Regressions

Since the correlation analysis does not allow a correct decision about the relationship between variables, several regressions were used to test the independent variable hypothesis. In this study, the hypothesis relates to the individual effect of the four independent variables on customer loyalty. The verification of these hypotheses leads to the fulfillment of the objectives of this study. This section details the analysis of the results for each independent variable and their importance in influencing customer loyalty. In addition, the discussion analyzes the statistical findings of the study based on previous empirical evidence.

- H1o: Zemen Bank's key customer focus dimension does not significantly affect client loyalty.
- H1a: A key customer focus dimension has significantly affects Zemen Bank's customer loyalty.

As observed in the above table, the major customer focus dimension has a significant p-value ($p > 0.05$) and a moderate beta value. Therefore, the study accepts the null hypothesis that loyalty in Zemen Bank is not significantly impacted by the major customer focus factor.

- H2o: In Zemen Bank, the knowledge management dimension does not significantly impact on customer loyalty.
- H2a: At Zemen Bank, the knowledge management factor significantly influences loyalty.

The knowledge management dimension has a negative beta value and p-value of 0.843 which is ($p > 0.05$) as indicated in the above table. As a result, the study accepts the null hypothesis that knowledge management has no impact on Zemen Bank employees' loyalty.

- H3o: The CRM organization component has no appreciable impact on customer loyalty at Zemen Bank.
- H3a: Zemen Bank's customer loyalty is significantly impacted by the CRM organization component.

The CRM Organization dimension has a p-value that is significant at ($p > 0.05$). As a result, the study accepts the null hypothesis that CRM Organization has little bearing on fostering client loyalty.

- H4o: At Zemen Bank, client loyalty is not significantly impacted by the technology-based CRM dimension.
- H4a: A CRM dimension based on technology significantly affects loyalty

The table above shows that the technology-based CRM dimension's p-value is significant ($p < 0.05$) and that its beta value is positive. As a result, the study accepts (supports) the alternative hypothesis that Zemen Bank S.C.'s technology-based CRM significantly increases customer loyalty.

CHAPTER 5 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study findings that were analyzed and discussed in the preceding chapter are summarized, conclusions, and suggestions in this chapter.

In addition, possible recommendations were made on the basis of the study results.

5.2 Summary of the Main Result

This study's primary objective was to identify the characteristics of (independent variables) that affect customer loyalty at various Zemen Bank branches and to quantify the degree to which they do so. According to the demographic data, the majority of respondents (58.3%) were male and the majority of respondents (69.9%) used a personal account. We might infer from this that even if the bank serves business clients, customers prefer to use it for personal needs. The majority of respondents (61%) have been customers of the bank for more than ten years, which further suggests that the bank has long-term relationships with its clients. The percentage of respondents who utilize the checking and savings account service is high 35.1%.

The majority of respondents (57.2%) visit various Zemen Bank branches in a single week (71.5%). 71% of respondents are extremely loyal customers, who are the bulk of those questioned.

CRM has four behavioral components that are based on several academic works. Examples of these behavioral traits include the primary key customer focus, CRM organizations, knowledge management, and technology-based CRM. To ensure a company's better performance, it is imperative that all of these dimensions function in a systematic manner within the firm. Zemen Bank's performance was evaluated by the respondents. The four behavioral aspects within were assessed using a Likert scale to determine the impact of CRM on fostering customer loyalty. The following conclusions are formed in light of the findings presented above: Findings indicate that the knowledge

management emphasis dimension has the greatest mean score of all the dimensions (2.1223), followed by the technology-based CRM (1.9055), the CRM organization (1.8052), and the important customers (1.5083) with the lowest mean score.

The bank can endeavor to enhance all dimensions, especially on the dimension key with the lowest score, as all the mean values indicate there is potential for development. The results of this study showed that the most important element influencing the development of customer loyalty services with a beta (B) value was perceived technology-based CRM. According to Table 4.4's correlation analysis, Key customers, CRM organizations, knowledge management, and technology-based CRM are all correlated, as shown in Table 4.4. all at low to moderate levels that is key customers and technology-based CRM is at a moderate level. The other two, CRM organization and knowledge management, are negatively correlated with customer loyalty. This association suggests a negative link, meaning that as one variable rises, the other will fall. Table 4.5 presents the correlation matrix of the dependent and independent variables. As can be seen from the table, all values are positive which indicates that there is a positive correlation between each variable. Moreover, the correlation analysis results revealed that there is a strong correlation between Loyalty and Technology-based CRM dimension. However, there is a weak correlation between knowledge management CRM dimension and Loyalty.

In Table 4-9, technology-based CRM has the highest beta value (0.273) which is among the predictor variables that contribute most to the variation in customer loyalty, depending on key customer, CRM organization and knowledge management. This means that technology-based CRM makes the most significant contribution to explaining the variation in the dependent variable (customer loyalty) when all other predictors in the model are held constant

5.3 Conclusion

Starting with the demographics, the majority of respondents (58.3%) were men, and the Zemen bank was favored more for personal use. Many of the respondents utilize both checking and savings accounts, and the majority have been customers of the bank for more than ten years. Both the respondent's income and account balance at the bank are

over birr 30,000. Within a week, most responders visit the bank. The defendant who used the bank didn't have any other accounts.

Since the majority of respondents expressed loyalty to the bank, it is likely that the CRM is functioning properly. Understanding the interactions between key customers, the CRM organization, knowledge management, and technology-based CRM is the goal of this study.

Key customer, Knowledge management, technology-based CRM, and CRM organization were moderately related to customer loyalty, according to the study. It simply means that there is a link between the independent and dependent variables, combined with a considerable amount of unpredictability affecting one or both variables. Knowledge management and other CRM organizations display a negative association, suggesting that one variable rises while the other falls, and vice versa. Customer loyalty was found to be negatively impacted by the knowledge management of CRM. According to this finding, customer loyalty declines when the importance of knowledge management, and vice versa. For this reason, it is possible that clients' information should be handled properly to have loyal customer. The third purpose made the assumption that, as predicted by the hypotheses, technology CRM hypothesis is the only Alternative hypothesis that have significance in building customer loyalty. The other hypothesis are null. Which indicate that the three dimensions does not have any effect in building customer loyalty. A null hypothesis can only be rejected not proven.

The thing to be concluded is that the sample size may be too small or the effect was so difficult to measure that no firm conclusion can be made.

5.4 Recommendations

Finance and banking firms need to design and develop a business strategy as well as a supporting infrastructure for that plan in order to successfully deploy CRM practices (Kwamena, 2013). This study looked at the CRM's persuasive elements that link customers to banks. The researcher's conclusion and study findings led to the following advice for Zemen Bank S.C. to consider:

- The bank should make an ongoing effort to enhance the impact of CRM dimensions, especially on CRM based technology dimension, as this have a big impact on customer satisfaction. the client. Client loyalty is substantially influenced by the deepening of the emotional connection with the primary client, as the study's findings demonstrated. Zemen Bank must therefore completely implement the essential technology to satisfy and to have loyal customers.
- Banks should pay close attention to further enhancing the systems for handling complaints because they have the biggest influence on customer loyalty. For instance, keep a tight eye on the workplace, plug any loopholes for future issues, and strive for a win-win outcome in the event of a conflict to reduce the risk of one occurring. An HR management complaint can result in corporate success and secure long-lasting competitive advantages through devoted client devotion.
- Increased client loyalty results from high levels of customer satisfaction. Increased purchase intent, word-of-mouth referrals, profit, market share, and ROI are all promises of increased customer loyalty, which is a huge competitive advantage. The management of the bank must raise frontline employees' awareness of CRM as a result.
- Last but not least, the study is not promising as much as you hoped .there may be other things of value in your technique that worthy sharing .negative finding are sometimes just important as positive findings further researches should be conducted on parameters other than those used in this study.

5.5 Direction for Additional Research

Before attempting to generalize the findings of this study, we can discuss and admit some of its limitations. The study focuses on analyzing the relationship between CRM aspects and customer loyalty . As this study was carried out at a single bank and has limitations in breadth, more research is advised to determine the impact of CRM dimensions on customer retention and loyalty. The study found a relationship between location and the stores where the data was collected. Therefore, additional research with a larger sample size is required to fully understand the problems at other commercial banks in the Ethiopian environment. CRM is a broad term, so there are numerous additional factors that are related to it that might have an even bigger impact than the ones covered in this study. In order to better understand the problem, data collection using various components reveals additional variables that could have an impact on customer loyalty. Any business organization can implement CRM, and the factors influencing customer retention in the banking industry may not be significant in other

industries, leaving lots of potential for future studies to investigate the use of CRM other researchers should conduct use other parameters or variables used in this study .

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APPENDIX A



ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF COMMERCE MARKETING MANAGEMENT EXTENSION
PROGRAM
THE EFFECT OF CRM (CUSTOMER RELATIONSHIP MANAGEMENT)
IN BUILDING CUSTOMER LOYALTY: THE CASE OF ZEMEN BANK S.C,
ADDISABABA

Questionnaire to be filled by Zemen Bank S.C (ZB S.C) Customer's

Purpose of the questionnaire

Dear Respondents, My name is Melat Mekonnen I am a postgraduate student at Addis Ababa University School of Commerce. This questionnaire is prepared to collect primary data from the customers of the Zemen Bank S.C. to assess **The Effect of Customer Relationship Management (CRM) in building Customer Loyalty** for the partial-fulfillment of an MA in Marketing Management from Addis Ababa University School of Commerce. I request your help to spend some minutes filling out the provided questionnaire. The responses are to be kept confidential and will be used for academic purposes only. In addition, all personal data shall be treated collectively rather than on a personal level.

Part 1. General and Demographic Information

Please put a \surd mark accordingly

- Please indicate your gender.
Male Female
- For What Purpose do you use bank Services?
Personal Business Both
- For how many years have you used the Bank?
< 5 years 5-10 years > 10 years
- Which service do you need from the Bank? (You can indicate more than one)
Saving Account
Checking Account
Business account
Remittance
ATM
Saving and checking Accounts
Saving and checking Accounts and ATM
- Income level
2000-10000 10,000-30,000 >30,000
- How often do you visit the bank
Daily within a week sometimes
- Do you have an account in another bank also?
Yes No
- How do you describe your loyalty to ZemenBank?
Not good Good Very Good

Part 2. Customer relationship management in building customer loyalty

2.1 Questions related to key customers /Independent variable /

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

Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. The Bank provides customized services and products to its key customers.					
2. The Bank strives to constantly surprise and delight its key customers.					
3. The Bank strengthens the emotional bonds with its key customers by wishing them on important occasions.					
4. The bank shows all the necessary concerns of its key customers regarding financial transactions					
5. The Bank uses the concept of 'Relationship Pricing' in pricing its services.					

2.2 Questions Related to CRM Organization /Independent Variable/

The Effect of CRM (Customer Relationship Management) in Building Customer Loyalty: The Case of Zemen Bank S.C Addis Ababa

Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. The bank's top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the bank.					
2. The Bank commits time and resourcesto managing customer relationships					
3. CRM responsibilities of customer contact employees are clearly defined.					
4. The Bank policy is fast & reliable.					
5. The Bank employees are professionals.					
6. Bank has convenient locations for all its customers					

2.3 QuestionsRelated to Knowledge Management/Independent Variable/

Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. The Bank has a well-developed privacy policy to ensure the confidentiality of data collected from customers.					
2.The Bank has a differential reward system that rewards customers based on their profit/ revenue contribution					
3. The Bank has effective customer recovery strategies including guarantees for service failures.					
4. The Bank takes customer feedback seriously and replies to them.					

5. The Bank uses information from customers to design or improve our services					
6. The Bank has effective customer recovery strategies including guarantees for service failures.					
7. The Bank's top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the Bank					
8. The Bank commits time and resources to managing customer relationships.					

2.4 Questions Related to Technology-Based CRM/Independent Variable/

Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. The Bank's information systems are designed to give comprehensive data about all aspects of its customers so that the Bank can be responsive to them.					
2. The Bank gives technology-based service to its customers					
3. The bank uses modern technology that makes it different from its competitors					
4. The bank Provides adequate network coverage.					

The Effect of CRM (Customer Relationship Management) in Building Customer Loyalty: The Case of Zemen Bank S.C Addis Ababa

5. Employees have technological knowledge/ skills in solving customer problems					
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2.5 Questions Related to customer loyalty /Dependent Variable/

Item	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. I am a loyal customer of the bank.					
2. The bank always comes to my mind at the time of need for bank service.					
3. I would always recommend the bank to someone who seeks my advice					
4. I feel safe with Zemen BankS.C					
5. Employees have technological knowledge/ skills in solving customer problems					
6. Even if close friends recommended another Bank, my preference for ZB S.Cwould not change					