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**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGEMENT
POSTGRADUATE PROGRAM**

A STUDY ON

**FACTORS AFFECTING ADOPTION OF CUSTOMER RELATIONSHIP
MANAGEMENT IN THE BANKING INDUSTRY: THE CASE OF
DASHEN BANK S.C.(In Addis Ababa City)**

**A Thesis submitted to Addis Ababa University School of Commerce Marketing
Management Graduate Program in partial fulfillment of the requirements for the Degree
of Masters of Arts in Marketing Management.**

**BY
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*June, 2017
Addis Ababa, Ethiopia*

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Declaration

I, Kidist Adugna, hereby declare that the project entitled **Factors affecting adoption of customer relationship management in the banking industry the case of Dashen Bank S.C.** is my original work and has not been presented for a degree in any other university and that all sources of material used for the project have been duly acknowledged.

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Signature

Certification

This is to certify that Ms. Kidist Adugna has completed her project work entitled Factors affecting adoption of customer relationship management in the banking industry the case of Dashen Bank S.C. As I have evaluated, her project is appropriate to be submitted as a partial fulfillment requirement for the award of Degree in Masters of Marketing Management.

Mesfin Workineh(PhD)

Project Adviser

Signature

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Acronyms

CRM: Customer Relationship Managemt

DB: Dashen Bank

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Abstract

Establishing strong relationships with customers is the most important success code of any business. Organizations have understood that customers are their most important assets and view customer relations (CR) as profitable transactions and also as opportunities requiring management. CRM is a business strategy which attracts, retains and elevates the customers. Proper implementation of this strategy will enable the organizations to perform the said three tasks with lower costs. The purpose of this study is to identify factors which affect adoption of customer relationship management in the banking industry. In order to obtain adequate information from employees, quantitative research approach is used. Regarding to the sampling technique, researcher used cluster sampling technique in order to select the geographic area of the study. In addition, purposive sampling technique is used for selection of employees (only Branch Managers, senior customer relationship managers, customer relationship managers, and customer relationship officers are included in the study). Accordingly, the researcher has selected 117 respondents from the four districts (which include branches and district offices), the corporate office, premium branch and one special branch of Dashen Bank in Addis Ababa and 117 questionnaires were distributed and out of it 103 questioners were filled and returned.

The study used descriptive and inferential statistics technique to analyze the data and arrive at its findings. And to assist the computation; statistical package for social science (SPSS) soft ware version 20.0 was used.

The outcome of descriptive statics shows that technology, investment and data quality affect the Bank's CRM adoption Process. In addition, the correlation analysis showed that there is a positive relationship between the dependent variable (customer relationship management) and the independent variables (knowledge of CRM, technology, data quality and quantity, investment and top management commitment and involvement).

In hypotheses test section, all formulated hypothesis to analyze factors affecting adoption of Customer relationship was accepted and which shows that knowledge of CRM, technology, data quality and quantity, investment and top management commitment and involvement influence adoption of CRM in the banking industry.

Keywords: CRM, Knowledge of CRM, Technology, Data, Investment, Top management involvement.

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Customer relationship management (CRM) has been in use for only a few years. It is focused on the development of customer centric business culture in other words to win and keep customers by creating and delivering better value to their customers than their competitors do (Berndt and Tait, 2013).

Knowing company's customers better will enable the company to serve them better and keep them loyal forever. This is the main theme of Customer Relationship Management (CRM). However, the understanding of the meaning of CRM is still incomplete and growing. CRM can be understood as a business philosophy, a business strategy, a business process, or a technological tool (Fakhri, Navid & Maroofi, 2013). As a business philosophy CRM is a relationship orientation, customer retention and superior customer value created through process management. As a business strategy CRM is a customer-focused business strategy that aims to increase customer satisfaction and customer loyalty by offering a more responsive and customized services to each customer.

CRM as a business process was defined as a macro-level i.e., highly aggregated process that subsumes numerous sub-processes, such as prospect identification and customer knowledge creation. As a technology, CRM is an enabling technology for organizations to foster closer relationships with their customer (Fakhri, *etal*, 2013).

For many organizations CRM became popular to overcome issues of increased competition, expanding markets and increasing customer expectations. The objective of CRM is to create a customer oriented organization that maximizes customer value and long-term organizational profitability through realization of mutual beneficial, durable relationship with customers. With a CRM approach the organization is able to treat its customers on an individual and unique basis. Better serving the customer improves long-term customer loyalty, satisfaction and retention (Mehta, 2013).

Since the markets are becoming more and more complex and complicated, customers' demands for having products with lower price and better quality increase. Meanwhile organizations try to find answers for questions like: who are their current customers, who and where their potential customers are, what benefits their customers are expecting from them and What are

their customers' preferences, needs and problems . Therefore for being able to compete in this competitive business environment, organizations are trying to have access to newer type of knowledge and capabilities. Along with this competitive transition to a knowledge intensive environment, firms are becoming more dependent on detailed knowledge of their customers for improving their CRM objectives and finally their long-term business success (Fakhri,*etal* ,2013).

CRM is the strategy which enables the banks to analyze the customer profiles, to detect their needs and potential profitability areas and establish the necessary actions to achieve customer satisfaction, competitive advantage and thus the profitability. From the customer's points of view, the competition brings them various choices and increases their bargaining power. Today, customers are looking for various benefits from a bank; better service, lower transaction fees, higher interest rates, a sign of prestige, new products access from different channel and etc. this scheme forces the banks to look for new ways a satisfy customers before any other bank or financial institution does (Pokharel,2011).

Since CRM concept is at infant stage in Ethiopia, its expansion and adoption require significant awareness level, and will face many challenges regarding to Technology, knowledge of CRM, adequate investment, management commitment and quality data.

CRM technology includes all computer technologies that are used by organizations to build long term and strong relationship with their customer (Mohammed, Rashid and Tahir, 2014). CRM technology is important strategic tool of an organization to attain success in CRM application owing to the basic structure of information technology and information from customer's database (Bavarsad and Hosseinipour, 2013).

The other is knowledge of CRM; this factor is dealt with people or the company's administrators who are involved in drawing up the policies and driving CRM into success. The staff is required to be familiar with and to comprehend the CRM and organizational strategies and vision and also be informed of the customer oriented services' values and the consequences of the building and maintaining good relationship between customers and organization (Bavarsad and Hosseinipour, 2013).

Management commitment and leadership is the other important factor. The leaders' role has to be facilitator for implementing CRM. Effective Leadership skills result in CRM success. Innovative mangers works with his team, makes decisions by consulting his team, whilst still

maintaining control of the group as well as appreciate all the feedbacks in the organization related with CRM implementation and strategies and tries to integrate people into it (Pokharel, 2011).

The other factor which influence adoption of CRM is data, building relationships with customers requires data on the customer. If data is to be used, it has to be clean and timely, and the impression is gained that organizations have extensive data on their customers (Viljoen, Bennett, Berndt and Zyl, 2005). There for investigating factors influencing adoption of CRM is the foundation of this research ground.

1.2 Statement of the Problem

The banking sector is becoming increasingly competitive around the world. This is particularly true in the area of small-medium business banking. Further, the core and actual product being offered to business customers could be considered reasonably homogenous. Consequently, there is an increased need for banks to differentiate themselves from competitors at the augmented product level. One way that this might be achieved is to develop longer-term relationships with their key customers (Taleghani, Gilaninia and Mousavian, 2011).

Customers are the focal point in the development of successful marketing strategy. Marketing strategies both influence and are influenced by consumers affect and cognition, behavior and environment. In the banking field a unique relationship exists between the customers and the bank, because of various reasons and apprehensions like financial burdens, risk of failure, marketing inertia etc. Many banks are still following the traditional ways of marketing and only few banks are making attempts to adapt Customer Relationship management (priya, 2015).

According to Payne (2006) there are six major factors that affecting the adoption of CRM namely lack of skill, inadequate investment, poor data quality and quantity, failure to understand the benefits of CRM, lack of leadership and top management, and technological related problems.

A study conducted by Pokharel (2011) summarizes different challenges faced by Banks in implementation of CRM like lack of skilled people, using right technologies, Getting management sponsorship, quality of customer data, determining right time for customer needs, using customer data more intelligently.

Currently there are sixteen private commercial banks and two state owned banks operated in Ethiopia. But most of them still following the traditional ways of marketing and only few banks are making attempt to adapt customer relationship management. Thus, aim of this research is to discover the factors that affect adoption of CRM in Dashen Bank S.C.

1.3 Research Questions

Based on the above statement of the problem, the study will attempt to address the following questions.

Main Question

What Factors are affecting banks in adoption of Customer relationship management?

Sub-questions

1. Do employees of the bank has adequate knowledge regarding to Customer relationship management?
2. What is the effect of Technology in implementation of Customer relationship management?
3. To what extent is data quality affect implementation of customer relationship management?
4. How does inadequate investment affect Banks from adoption of Customer relationship management
5. What is the effect of leadership and top management involvement in the implementation of Customer relationship management?

1.4 Objective of the Study

1.4.1 General Objectives

The main objective of this study is to investigate factors that affect adoption of Customer Relationship management in the banking industry and provide the necessary recommendations to overcome challenges which affect or influence adoption of customer relationship management.

1.4.2 Specific Objectives

Specific objective of the study are the following:

1. To evaluate whether the employees of the bank have competent knowledge and expertise about customer relationship management.

2. To identify whether the bank owns necessary technology adequate to implement customer relationship management activities.
3. To examine the data quality and quantity of the bank that is used in customer relationship management implementation.
4. To assess whether the bank deployed adequate investment to adopt customer relationship management.

1.5 Significance of the Study

- ◆ The study's findings and recommendation are important to the managers and top managements of the bank. Because it draws their attention to some of the point where corrective action needed and enable them to make such correction.
- ◆ It will help in creating a better understanding on customer relationship management and factors affecting adoption of customer relationship management in the banking industry.
- ◆ Furthermore, this research is presumed to enrich the knowledge of the reader on factors affecting adoption of customer relationship management in the banking industry; which will in turn give a way for other researchers to conduct detailed researches on the topic.

1.6 Scope of the Study

Dashen Bank S.C operates twelve districts. It will be a hard task to cover all districts in this study due to time and financial constraints. The research is, therefore, limited to branches of Dashen Bank in Addis Ababa, the four district offices, premium branch, one special branch and the corporate office.

When conducting the study the researcher limited the scope only to the five factors (knowledge of customer relationship management, technology, data quality and quantity, adequate investment and top management involvement) that are influencing the bank in adoption of CRM in the case of Dashen Bank S.C by taking branches, District offices and corporate office.

Furthermore, in this study only branch managers, customer relationship managers and customer relationship officers are included in the study since the researcher believes that they have better knowhow regarding the study area.

1.7 Definition of Terms

Customer relationship management (CRM) –is a business strategy that can maximize the profitability and revenues for a company as well as customer satisfaction by organizing around customer segments (Simo and Bregasi, 2013).

Customer retention –is the continuous attempt to satisfy and keep current Customers actively involved in conducting business (Elaine K. Harris, 2013).

Customer satisfaction-The extent to -which a product’s (service) perceived performance, matches a buyer’s expectation (Philip Kotler, 1999).

1.8 Limitation of the Study

The potential limitation in conducting this study includes lack of relevant and exhausted related research works on the subject in Ethiopia. Besides some Branch managers are not willing to fill in the questioner and give information.

In addition, other commercial Banks operated in Ethiopia who starts to adopt CRM is not included or considered in the study.

1.9 Organization of the Study

The study organized in to five chapters. The first chapter deals with background of the study, statements of the problem, objective of the study, the research questions, significant of study, Scope of the study, limitation of the study, definitions of terms and organization of the research. The second chapter presents previous related research & other literatures done on customer relationship management. The third chapter explains types and source of data that will be used for the study, sampling techniques used to determine the sample size, method of statistical data analysis tools and collection. The fourth chapter presents the analysis and result of the study which is arrived using descriptive and inferential statistical tools. The last chapter presents summary, conclusion, recommendation and future research area of the study.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1 Introduction

This chapter aims to provide a review of related literature. In line with the objectives of this study, and covers concepts related customer relationship management.

In this section of the study, theoretical and the conceptual framework of the study will be reviewed and rigorously addressed, specifically, from theoretical literature review, concepts of CRM, evolution of CRM, CRM in the banking industry, types of CRM, importance of CRM to the organization, and different CRM models will be reviewed. Moreover, the empirical literature review will assess related studies on CRM. Finally, the conceptual framework of the study will be presented.

2.2 Theoretical Literature Review

2.2.1 Concepts of CRM

Customer relationship Management (CRM) appears to be a simple and straightforward concept, however, at present, a number of different conceptual understandings are associated with the term "Customer Relationship Management (CRM). These understandings range from IT driven programs designed to optimize customer contact to comprehensive approaches for the establishment and design of long-term relationships (Pokharel, 2011).

According to payen (2005) CRM is a strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of IT and relationship marketing strategies to deliver profitable, long-term relationships. Importantly, CRM provides enhanced opportunities to use data and information both to understand customers and implement relationship marketing strategies better. On the other hand, Chen and Popvich(2003) argues that customer relationship management (CRM) is a combination of people, processes and technology that seeks to understand a company's customers and it is an integrated approach to managing relationships by focusing on customer retention and relationship development. Similarly, Vasiliu(2012) claims that, CRM concept adopted in the banking industry hold to integrate people, processes and technology to meet total customer before determining during and after a sale product or service.

Buttle(2009) in his book states that CRM is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted

customers at a profit. It is grounded on high quality customer related data and enabled by information technology.

Although most writers state CRM as a strategy, a process, technology, Soliman (2011) points out additional concepts CRM as ability and a philosophy.

The concepts of CRM

Point of view	Description	Success requirement	Concept
As a process	Improving the relationships between the seller and the buyer; this relationships must be strong and enduring.	The institution should have the ability to discover the customer's desires and to respond to them.	CRM is creating and enhancing the engagement and relationships with the external parties, specially the agents and end-consumers.
As a strategy	The value of the life period of the customer with the institution determines the amount and kind of resources that the organization can invest in a relationship.	The institution should assess its relationship with the customer continuously. It should assign priorities in dealing with him/her on basis of the quantitative profitability during the life period of the customer.	CRM is the investment of the companies in the customers who are expected to be valuable for the institution, and the reduction of investment in the valueless customers of the company.
As a philosophy	Customer retention can be better achieved through focusing on establishing relationships and maintaining them.	The customer should be the focus of the attention of the institution, which should be oriented towards understanding the changeable needs of the customer.	CRM is not a temporary project, but a work philosophy, which aims at putting the customer in the focus of the attention of the organization.
As an ability	Profitable and long-term relationships only arise when the companies are able to customize its behavior continuously towards every customer.	The company should possess a group of tangible and intangible resources, which the company uses to flexibly remodel its behavior towards the customer continuously.	CRM means the desire and ability of the institution to custom its behavior towards every customer, on the basis of the information the customer tells and what the institution knows about that customer.
As a technology	Knowledge management and reaction represent the main resources that the institution needs to establish profitable and long-term relationships with the customer.	The institution should be directed with the functional method, and also the user's acceptance of the technology applied by the institution in order to establish the customer's knowledge and reaction management.	CRM is the technology used to integrate sales systems, marketing systems and information systems to establish relationships with customers.

Source- Soliman (2011)

2.2.2 The Evolution CRM

CRM has emerged as one of the latest management buzzword. Merchants and traders have been practicing customer relationship for centuries. Their business was built on trust. They could customize the products and all aspects of delivery and payment to suit the requirements of their customers. They paid personal attention to their customers, knew details regarding their customers' tastes and preferences, and a personal rapport with most of them. In many cases, the interaction transcended the commercial transaction and involved social interactions.

The industrial revolution changed these relationship-oriented practices. Business adopted mass production, Mass communication and mass distribution to achieve economies of scale. Manufacturers started focusing on manufacturing and efficient operation to cut costs. Intermediaries like distributors, wholesalers, and retailers took on responsibilities of warehousing, transportation, distribution and sale to final customers.

This resulted in greater efficiencies and lower costs to the manufacturers but brought in many layers between them and the customers. The resulting gap reduced direct contacts and had a negative impact on their relationships.

The post- industrial era (information era) saw the re-emergence of relationship practices. Marketing academics Sheth and Paravativar, 1995 cited in Shainesh and Sheth ,2014, identified the following factors for this shift in orientation.

Advances in Technology

The advances in information communication and production technologies have helped marketers come closer to their customers. Firms operating in diverse sectors ranging from packaged goods to services started using these technologies to know their customers, learn more about them and then build stronger bonds with them through frequent interactions. Marketers could gain knowledge about customers, which helped them respond to their needs through manufacturing, delivery and customer service. Technology also enables customers undertake some of the responsibilities, normally performed by marketers, like ordering and product use related services. Technology enabled marketers overcome several long felt shortcomings mass marketing like inefficiencies of mass marketing, lack of fast ,effective and interactive modes of customer contact ,feedback and information(Sheth and Paravativar, 1995 cited in Shainesh and Sheth ,2014).

Intensive completion

In competitive market, especially the one that were maturing and witnessing slow or no growth, marketers found it more profitable to focus on their existing customers. Studies have shown that it costs up to 6-8 times more to attract a new customer than to retain an existing customer Gruen. 1997 cited in Shainesh and sheth, 2014. Marketers now started focusing on the life time value of customers. They are moving away from just trying to sell their products to understanding customer needs and wants and then satisfying their needs .This has led to a relationship orientation which creates opportunities

to cross sell products and services over the lifetime of the customer (Sheth and Paravatavar, 1995 cited in Shainesh and Sheth ,2014).

Growing Importance of services Sector

One of the characteristics of the service industries is the direct interaction between the market and the buyer. In services the provider is usually involved in the production as well as delivery directly. Similarly, the customer are directly involved in the purchase and consumption of these services. These direct contacts create opportunities for better understanding. A better appreciation of needs as well as constraints and emotional bonding and all of which facilitate relationship building. Therefore, it should come as no surprise when one sees the service firms pioneering many of the customer relationship initiatives. Firms operating in the financial services, hospitality business, telecom, and airlines are the early adopters and extensive users of CRM practices (Sheth and Paravatavar, 1995 cited in Shainesh and Sheth ,2014).

Adoption of Total Quality Management (TQM)

The adoption of total quality management programs have helped companies offer quality products and services to customers at the lowest prices. To enable this value proposition, organizations needed to work closely with their customers, intermediaries as well as suppliers thus fostering close working relationships with members of the marketing system.

Other developments such as an increase in the number of demanding customers, increased fragmentation of markets and generally high level of product quality forced businesses to seek sustainable competitive advantages. A competitive advantage is sustainable only when it is not easily replicated. One such sustainable competitive advantage is the relationship that a firm develops with its customers (Sheth and Paravatavar, 1995 cited in Shainesh and Sheth, 2014).

2.2.3 CRM in Banking Industry.

There are a lot of arguments developed by different authors why banking system uses CRM. The studies have demonstrated that long-term customer relationship is necessary for many banks to update with continuous changes inside and outside their environment (Simo and Bergasi, 2013).

According to Simo and Bergasi(2013),in the current competitive world the aim of banking marketing strategy is not only to find the best customers, but also to build the long-term collaboration with them and to optimize customer satisfaction. The use of CRM in banking marketing as a tool of coordination and development emphasizes the relationships with the customer. This tool can be compounded of many applications in order to achieve a double growth: the market share and financial profit.

Vasiliu(2012), argues that once customers have established a relationship with a bank, they will continue to purchase banking products from the same bank, partly because of inertia. If their needs grow, they will call and more banking services. Bank will start selling on the other diagonal (cross-selling), could spark a customer who opens an account of it, to try and other services, such as bank loans. Costs of servicing a customer kept dropping time or negotiable. Transactions with a client again become routine, no longer need so many papers, many resolved more quickly. There is a relationship of trust which saves both parties time and money. Very satisfied customers will recommend the bank and other potential customers. Long-term customers are less bothered by the increases of margins and interest imposed by the banking market.

Muro, Magutu and Getembe(2013) also claim that, currently Commercial banks face increasing competition from new players and alternative sources of funds. In response, they work harder to ensure that their clients feel valued and receive high-quality service that promotes client loyalty. Customer relationship management (CRM) system provides the foundation and tools commercial banks need to implement processes that maximize opportunities and to craft a client experience that differentiates them from competitors.

Muro *etal* (2013) in addition, stats that, CRM system enables a bank to develop a deep insight into its clients' needs and preferences. It also helps them automate multi-step processes, track performance, and collaborate better as a team.

2.2.4 Types of CRM

According to Payen(2005) there are three types of CRM

Operational CRM – This is the area that is concerned with the automation of business processes involving front-office customer contact points. These areas include sales automation, marketing automation and customer service automation. Historically, operational CRM has been a major area of enterprise expenditure as companies develop call centers or adopt sales force automation systems. CRM vendors focus on offering an increasingly wide range of operational CRM solutions.

Analytical CRM – This involves the capture, storage, organization, analysis, interpretation and use of data created from the operational side of the business. Integration of analytical CRM solutions with operational CRM solutions is an important consideration.

Collaborative CRM – This involves the use of collaborative services and infrastructure to make interaction between a company and its multiple channels possible. This enables interaction between customers, the enterprise and its employees.

2.2.5 The Importance of CRM to an Organization

The primary focus of any CRM strategy is to enable the organization to create and retain profitable customers. Most strategies evolve around three aspects, namely customer profitability, customer acquisition and customer retention, due to the reduced costs associated with retaining customers rather than obtaining new customers (Viljoen, Bennett, Berndt and Zel, 2005).

Customer profitability

Customer profitability tracks the financial performance of customers with respect to all the costs associated with a transaction. Profitability is determined in the light of the lifetime value of the customer to the organization, taking into account the income and expenses associated with each customer over time. The tracking of profitability is made more accurate through the use of technology (Viljoen, Bennett, Berndt and Zyl, 2005).

Customer acquisition

A great deal of time and money is spent on attracting new customers, but few resources are focused on retaining customers. The cost of attracting a new customer is estimated to be five times the cost of keeping a current customer happy. The cost of attracting a new customer is often higher than the customer's lifetime value with the organization. It is clear from the above that an emphasis on customer acquisition without focusing on the resulting relationship with the customer is a waste of money to the organization (Viljoen, Bennett, Berndt and Zyl, 2005).

Customer retention

Retention involves ensuring that the customer remains loyal to the organization and, in so doing, both parties are able to receive substantial benefits. Organizations can increase their profitability. Customers who receive excellent service remain loyal and provide free advertising by talking about the organization's products and services (Viljoen, Bennett, Berndt and Zyl, 2005).

2.2.6 Models of CRM

A number of comprehensive CRM models have been developed. The following are popular models of CRM

2.2.6.1 The IDIC model

The IDIC model was developed by Peppers and Rogers in 2004 (Grazdane, 2013), the consultancy firm; The IDIC model suggests that companies should take four actions in order to build closer one-to-one relationships with customers:

- **identify** who your customers are and build a deep understanding of them
- **differentiate** your customers to identify which customers have most value now and which offer most for the future
- **interact** with customers to ensure that you understand customer expectations and their relationships with other suppliers or brands
- **customize** the offer and communications to ensure that the expectations of customers are met.

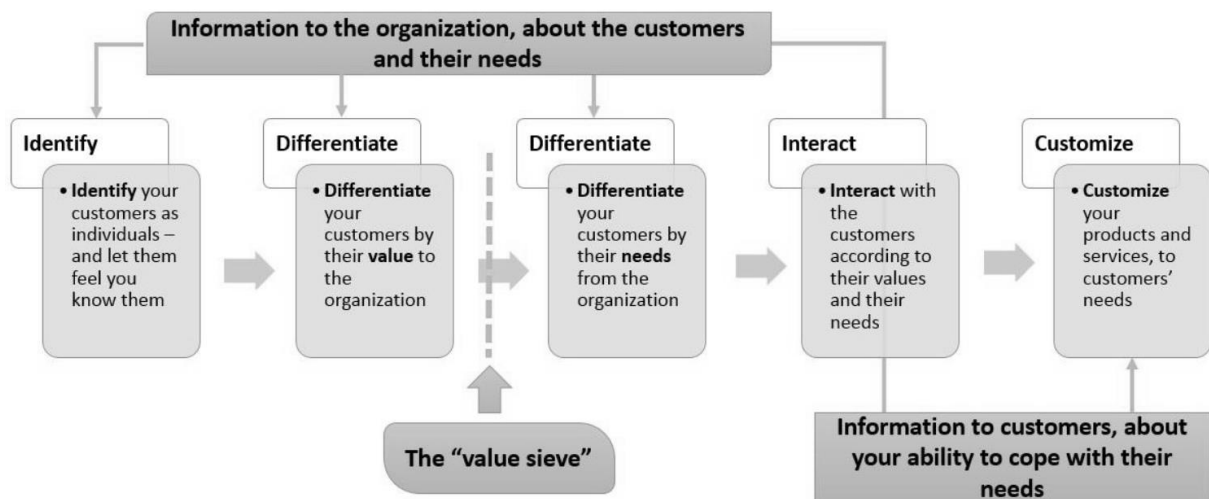


Fig 2.1- The IDIC Model (Grazdane, 2013),

The IDIC methodology presents not a model but a general overview on how customer relationships should be managed. It doesn't take into account a complex organization structure and don't offer connection between all units of the company in terms of building and implementation of customer-oriented strategy. The model has four main determinants mainly

concentrated on “serving selected customer groups customers at a profit” where all steps are geared towards successful segmentation and tailored proposition (Grazdane, 2013).

This model offers great approach and philosophy for customers’ segmentation and tailoring offers according different customer groups. But it doesn’t explain the whole work of an organization, and the role of different organization silos in a value creation for the customer, as well as technology role in building CRM based approach. In terms of CRM as a business strategy, such variables as environment or organization structure should be taken into consideration as well (Grazdane, 2013).

2.2.6.2 The QCi model

The QCi model shown in Figure 2 is also a product of a consultancy firm. The model’s authors prefer to describe their model as a customer management model, omitting the word ‘relationship’. At the heart of the model they depict a series of activities that companies need to perform in order to acquire and retain customers. The model features people performing processes and using technology to assist in those activities (Buttle, 2009).

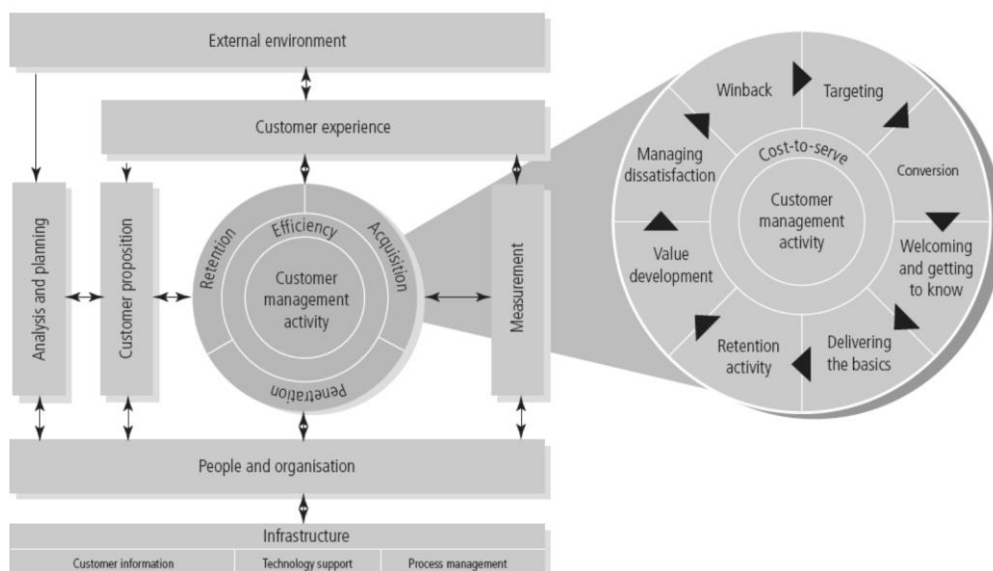


Fig 2.2-The QCi customer management model (Buttle, 2009)

2.2.6.3 The CRM value chain

This model consists of five primary stages and four supporting conditions leading towards the end goal of enhanced customer profitability. The primary stages of customer portfolio analysis, customer intimacy, network development, value proposition development and managing the customer lifecycle are sequenced to ensure that a company, with the support of its network of suppliers, partners and employees, creates and delivers value propositions that acquire and

retain profitable customers. The supporting conditions of leadership and culture, data and IT, people and processes enable the CRM strategy to function effectively and efficiently (Buttle, 2009).

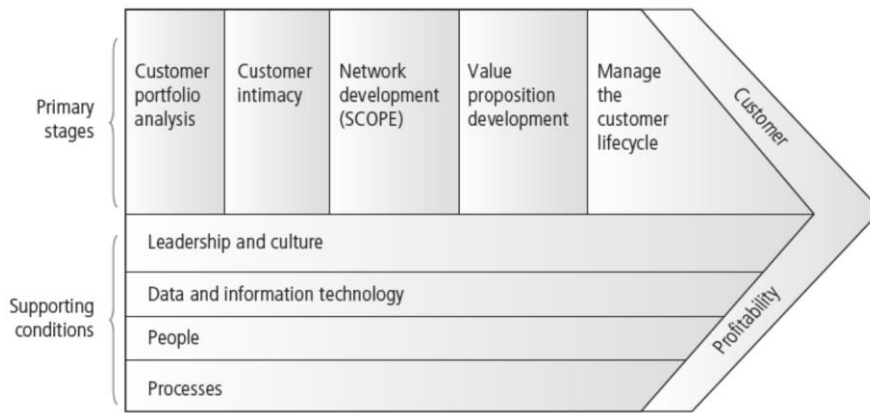


Fig-2.3 the CRM value chain (Buttle, 2009).

The CRM Value Chain model discusses mainly value chain, not the whole organization network, as well as misses performance measurement variable. The model also puts people factor as human resources management process in middle-importance supporting condition section. Such approach won't benefit for optical retail business where all activities are organized around retail units. A model for such business should put people and organization to a more significant place within a model (Grazdane, 2013).

2.2.6.4 Payne's five-process model

The fourth comprehensive model was developed by Adrian Payne. This model clearly identifies five core processes in CRM: the strategy development process, the value creation process, the multichannel integration process, the performance assessment process and the information management process. The first two represent strategic CRM; the multichannel integration process represents operational CRM; the information management process is analytical CRM.

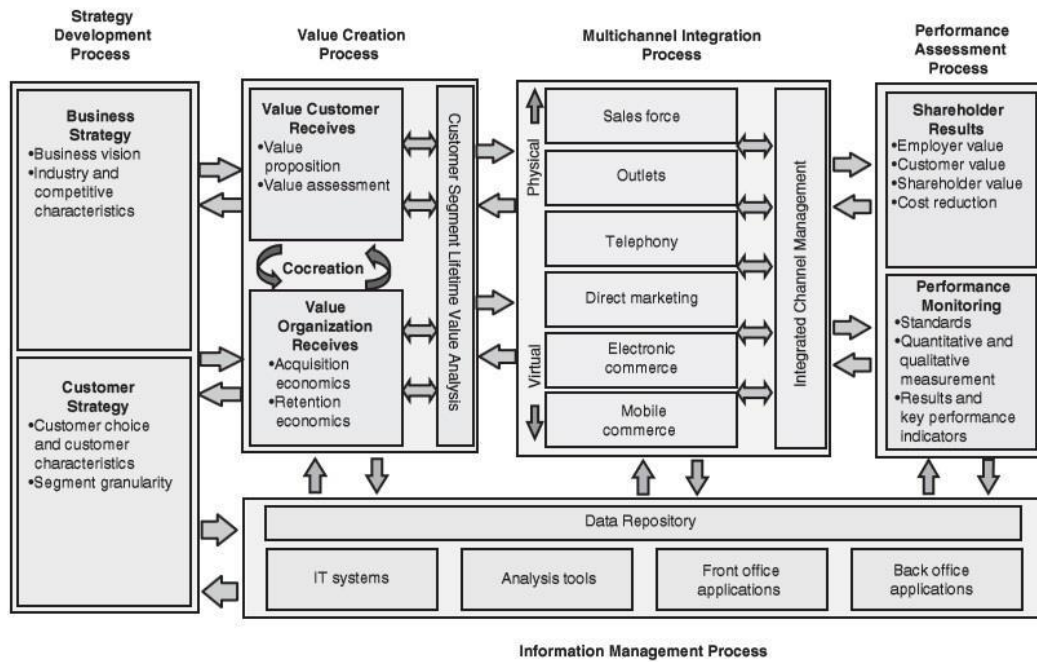


Fig 2.4 Payne’s five-process model (Payne & Frow, 2005)

According to Payne and Frow (2005) the five processes have the following functions:

The strategy development process: The strategy development process has a dual focus on the organization’s business strategy and its customer strategy. This process not only shapes the nature of the other four key CRM processes but, more importantly, it defines the overall objectives and parameters for the organization’s CRM activities.

The value creation process: The value creation process is concerned with transforming the outputs of the strategy development process into programs that both extract and deliver and co-produce (or co-create) value.

The multi-channel integration process: The multi-channel integration process starts with the identification of the most appropriate channel options for specific segments; and is then concerned with creating an outstanding customer experience within and across all channels.

The information management process: The information management process is concerned with the collection and collation of customer information from all customer contact points and gaining customer insight that can be used to enhance the quality of the customer experience.

The performance assessment process: The performance assessment process ensures that the organization’s strategic CRM objectives are being delivered to an appropriate and standard.

2.2.6.5 The Gartner competency model

Gartner Inc. is a leading IT research and advisory company that employs some 1200 research analysts and consultants in 75 countries, and has a significant place in CRM research.

The model suggests that companies need competencies in eight areas for CRM to be successful. These include building a CRM vision, developing CRM strategies, designing valued customer experiences, intra and extra-organizational collaboration, managing customer lifecycle processes, information management, technology implementation and developing measures indicative of CRM success or failure (Buttle, 2009).



Fig 2.5 Gartner models (Grazdane, 2013)

2.3 Empirical Literature Review

Regarding earlier related studies, there are few studies which are carried out on the factors affecting CRM of which the researcher will discuss some of them.

Among the studies on the industry (The Banking Industry), a study by Nebyou Dawit (2014) as a Master’s Thesis was reviewed. The purpose of the study was to identify the challenges of adopting customer relationship management by Commercial Bank of Ethiopia. The findings of the study identified budget related challenges, technological related challenges, skill related challenges, lack of adequate involvement from the top management side, lack of quality data, and the lack of understanding the benefits of CRM by the bank's employees. Of all, budget and technological related problems are the most serious and affecting the adoption process significantly.

A study conducted by Fakhri, Navid and Maroofi (2013) to identify factors affecting Customer relationship system identifies that, relationship market orientation to consumer, CRM strategy, Information technology, Knowledge management, organizing, and technology and communication channel influence customer relationship management.

Similarly, Bavarsad and Hosseinipour(2013) studies were reviewed and the aim of the study was to identify factors influencing CRM. And the study reveals that Management's Commitment, Human resource knowledge, information technology, knowledge of CRM influence on CRM.

Another study was conducted by Usman and Mahina (2016) with the title of “the Adoption of Customer Relationship Management System by Commercial Banks in Nigeria and Its Effects on Customer Retention” and the aim of the study was to determine the factors that affect the adoption of CRM strategies in Nigerian banks. And the study found out that the adoption of CRM ensures the professional behavior of the employees of the bank and developed and improved new products for the customers. Regarding CRM adoption challenges, highly rated included need for further training of IT staff to efficiently operate the CRM systems.

Mehta (2013) conducted a research on critical success factors for successful customer relationship management; the study analyzes the critical success factors of customer relationship, based on research of the previous studies in western countries, and the researcher found out that, the implementation of customer relationship management require relevant business departments to work cooperatively as one integral component, all the business process should be customer oriented. The other finding of the study is, human factor is a sensitive and complex issue that any information system has to address. The study also found out that, without the communications and understanding of senior managers, the customer relationship management project always leads to failure.

A study conducted by Arab, Selamat, Ibrahim and Zamani(2010) with the title “a survey of success factors for customer relationship management”. In order to identify the success factor for CRM, the researchers use previous related literature, like journal and books. And the researchers found twenty success factors. And the factors are grouped in to three: the process component, the human component and the technological component.

The process component dominated seven success factors: marketing, sales, services, define and communicate CRM strategy, customer involvement, personalization process, time and budget management.

The human component has two parts: the client aspects and the organizational aspects. Value, satisfaction, and retention and loyalty are categorized into the client aspects. The organizational aspect has three sub-categories. Change in culture and no culture conflict is categorized into the

culture category. Skilful staff and consideration of employee's importance are categorized into the role played. Top management commitment and support, define and communicate CRM strategy, assurance of top management commitment for CRM are categorized into the managerial level.

The technological component dominated six factors: sales force automation (SFA), software for CRM, data warehouse and data mining, help desk, call centers, internet influence.

2.4 Conceptual framework

2.4.1 Factors affecting adoption of CRM

Studies have been made to identify the CRM's important components. In this respect, Buttle (2004) cited in Bavarsad and Hosseinipour (2013) named four factors having impact on the chain values of CRM including people, leadership and organizational culture, data and Information Technology (IT) as well as process. According to Chen & Popovich (2003) cited in Bavarsad and Hosseinipour (2013), the key factors for CRM include technology, people and process. In addition Pokharel (2011) summarized the challenges faced by many of the banks whilst implementing CRM which include, Getting management sponsorship, quality of customer data, alignment issue (alignment of people and processes), lack of skilled people, determining the right time for customer needs, using customer data more intelligently, incorporating customer data and customer preferences to the customer database, using right technologies.

In this paper the researcher will make surveys about the factors which affect the adoption of CRM in the Banking sector.

2.4.1.1 Technology

CRM technologies enable an organization to present a single point of contact to its customers. This point of contact retains the previous interactions of the customer with the organization and uses this information to tailor its future interactions (Shainesh and Sheth, 2014).

According to Buttle (2014) a key consideration in effective CRM is the way in which the system is constructed, or the 'architecture'. Unlike purely internal systems, CRM systems must be able to operate in the office, out of the office and over the web. They must tie together multiple communication channels, each using very different technologies (web, e-mail, telephone), and they must perform well enough, and be flexible enough, to suit a constantly changing, potentially growing user community.

Technology also refers to computing capabilities that allow a company to collect, organize, save, and use data about its Customer. The CRM technological aspects include data warehouse, software customization, process automation, helpdesk, call centers and internet (Arab, Selamat, Ibrahim and Zamani, 2010).

Software for CRM: CRM software helps organizations implement effective Customer Relationship Management. CRM software works across all corporate departments to help harmonize customer-centric thinking in the every part of organization (Arab, Selamat, Ibrahim and Zamani, 2010).

Help desk: the help desk is an information and assistance resource that spot problems with computers or similar products and it is justified and well comprehended function which helps with the development of the strategy (Arab, Selamat, Ibrahim and Zamani, 2010).

Call centers: modern call centers are a mix of traditional technology (telephone platforms), and the new Internet developments (Arab, Selamat, Ibrahim and Zamani, 2010).

Data warehouse and data mining: data warehouse is a repository that in an organization is used for electronically stored data and designed to facilitate reporting and analysis. Data Mining is the automated discovery of extracting patterns in data (Arab, Selamat, Ibrahim and Zamani, 2010).

A study conducted by Fakhiri, Navid and Maroofi, 2013 reveals that, technology plays the role of enabler in CRM deployment and allows firms to achieve greater customization and better service at lower cost. Information technologies influences CRM and in customers point of views; the more the Information technologies, the better the CRM.

Berndt and Tait ,2013, also states that the success of any CRM initiative depends largely on ensuring that the most appropriate facilitator with regard to CRM technology has been selected to assist the organization in utilizing CRM successfully. The system must be flexible and easy to customize, be available for individual concurrent users, permit future functionality without additional module having to be purchased and require a low level expertise to maintain it, especially if maintenance is to be carried out internally.

H1: Technology is positively related and has an influence in the adoption of CRM.

2.4.1.2 Knowledge of CRM

It is hard to overestimate the importance of people to the success of CRM. People design and implement the CRM strategy, they use CRM software to help them run campaigns and events, and to sell to and service customers. Further, basic human skills such as showing empathy and

responding are vital to delivering excellent experience in interaction with customers (Buttle, 2014).

The staff is required to be familiar with and to comprehend the CRM and organizational strategies and visions and also be informed of the customer-oriented services' values and the consequences of the building and maintaining good relationship between customers and organization (Bavarsad and Hosseinipour, 2013).

According to Payen, 2005, lack of skills in building and using the new IT-based CRM system are a major barrier to the implementation of CRM. Analytical skills in asking the right questions of the CRM system, was identified as being of special importance in making the most of the CRM investment.

H2: Knowledge of CRM is positively related and has an influence in the adoption of CRM.

2.4.1.3 Data quality and quantity

According to Payen, 2005, organizations at different stages of CRM development experience different issues with respect to data quality and data quantity. For companies at an early stage of CRM development data quality is a key issue. The extent of data quality problems and the amount of work necessary to remedy them surprised many managers. More advanced companies tend to have undertaken data cleansing and De-duplicating; for these organizations data quantity is a greater problem than data quality.

H3: Data quality and quantity is positively related and has an influence in the adoption of CRM.

2.4.1.4 Adequate investment

Gaining adequate funding for CRM requirements is an important issue for organizations, particularly as many of the projects expanded dramatically in cost and sometimes in scope. Some organizations had overcome the problem of funding by adopting what was referred to as a 'quick wins' approach. By structuring their CRM implementation projects to deliver quick wins and visible benefits at incremental stages, such as improvements in customer service or higher response rates to campaigns, they were able to demonstrate immediate progress and returns. This helped to improve internal buy-in and motivate other parts of the business to extend the CRM systems within their own areas (Payen, 2005).

H4: Adequate investment is positively related and has an influence in the adoption of CRM.

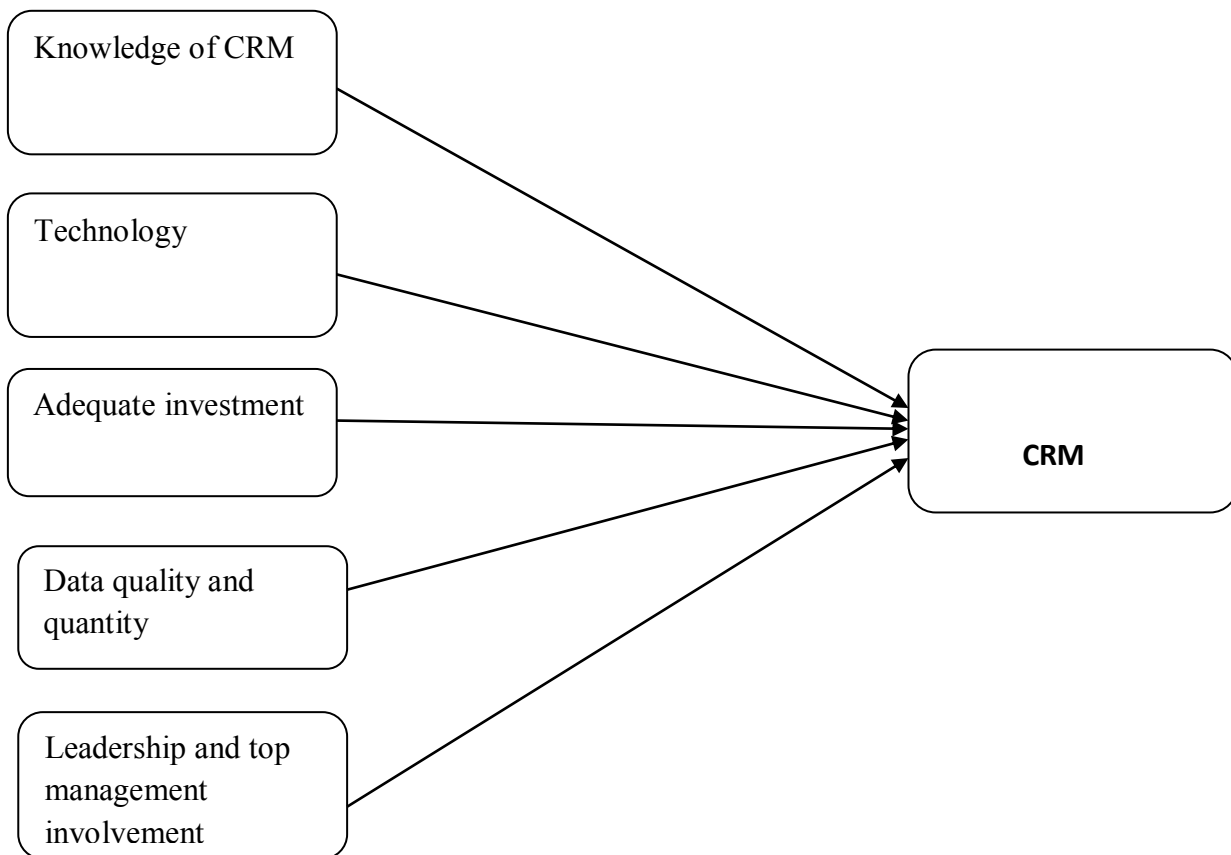
2.4.1.5 Leadership and top management involvement

Bavarsad and Hosseinipour, 2013 stated that management commitment is support CRM implementations through generating an organizational environment that acknowledges CRM as an important element of business strategy and by involving in activities that demonstrate their commitment to CRM implementation.

A lack of top management involvement and leadership of CRM activities is a further barrier to CRM success. Enlightened CEOs should view themselves as ‘chief customer officer’ also. Their role is to ensure a high level executive, ideally at Board level, acts as a sponsor and champion for the company’s CRM activities and that the importance of transforming the company’s relationships with customers through CRM is understood and shared by the Board and senior management (payen, 2005).

H5: Leadership and management involvement is positively related and has an influence in the adoption of CRM.

Conceptual Frame work



Source- Based on Bavarsad and Hosseinipour,(2013) and Payen(2005)

2.5 Summary of the chapter

Customer relationship management is a strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customer segments. Many scholars describe CRM differently some of them define it as a process the other as a strategy, as a philosophy as an ability or as a technology.

There are different factors that contribute for emergence of CRM like advances in technology, intensive competition, growing importance of service sector and adoption of total quality management.

The use of CRM in banking marketing is needed to orientate the bank on financial performance in determinant environment. Adopting CRM will benefit banks in cost saving, revenue enhancement, decreasing marketing and promotional expense, increase efficiency , helps to provide faster response to the customer and this leads to customer satisfaction and also help to increase the market share in the industry.

There are a number of Comprehensive CRM models developed by scholars and consultancy firms which are designed to help companies in adoption and implementation of CRM. These includes the IDIC model, QCi model, the CRM value chain model, Payen's five process model and Gartner competency model.

Adopting CRM is not easy task for the company. There are many factors which influence the adoption of CRM, which include Information Technology that the company used in order to facilitate CRM, Knowledge of CRM, quality and quantity of data which helps the company in order to segment and know their customers better, inadequate investment and lack of leadership and management involvement.

CHAPTER THREE: METHODOLOGY OF THE STUDY

Under this chapter, the research methodologies carried out are discussed. It covers research approaches and design, sampling design, sources of data collection, data collection instrument, methods of data analysis and research ethics.

3.1 Research Approach

According to Creswell (2014) there are three basic types of research approaches, quantitative, qualitative, and mixed approach.

Qualitative research is an approach for exploring and understanding the meaning individuals or groups ascribe to a social or human problem. The process of research involves emerging questions and procedures, data typically collected in the participant's setting, data analysis inductively building from particulars to general themes, and the researcher making interpretations of the meaning of the data. The final written report has a flexible structure. Those who engage in this form of inquiry support a way of looking at research that honour an inductive style, a focus on individual meaning, and the importance of rendering the complexity of a situation (Creswell,2014).

Quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analyzed using statistical procedures. The final written report has a set structure consisting of introduction, literature and theory, methods, results, and discussion. Like qualitative researchers, those who engage in this form of inquiry have assumptions about testing theories deductively, building in protections against bias, controlling for alternative explanations, and being able to generalize and replicate the findings (Creswell, 2014)

Mixed methods research is an approach to inquiry involving collecting both quantitative and qualitative data, integrating the two forms of data, and using distinct designs that may involve philosophical assumptions and theoretical frameworks. The core assumption of this form of inquiry is that the combination of qualitative and quantitative approaches provides a more complete understanding of a research problem than either approach alone (Creswell 2014).

According to Choy (2014), quantitative survey approach can be administered and evaluated quickly; in addition numerical data obtained through this approach facilitate comparisons between organization and groups as well as allowing determination of the extent of agreement

or disagreement between respondents. Therefore in this study the researcher used quantitative method.

3.2 Research Design

A research design is simply the framework or plan for a study that is used as a guide in collecting and analyzing the data. It is a blueprint that is followed in completing a study. Research design is the blue print for collection measurement and analysis of data. Actually it is a map that is usually developed to guide the research (Pandey & Pandey, 2015).

According to Sekaran (2013) Studies may be either exploratory in nature or descriptive, or may be conducted to test hypotheses. Kumar (2011) also states that from the perspective of its objectives, research can be classified as descriptive, co relational, explanatory or exploratory.

An exploratory study is undertaken when not much is known about the situation at hand, or no information is available on how similar problems or research issues have been solved in the past. In such cases, extensive preliminary work needs to be done to gain familiarity with the phenomena in the situation, and understand what is occurring, before we develop a model and set up a rigorous design for comprehensive investigation (Sekaran, 2013).

A descriptive study is undertaken in order to ascertain and be able to describe the characteristics of the variables of interest in a situation (Sekaran, 2013). Descriptive study attempts to describe systematically a situation, problem, phenomenon, service or program, or provides information about, or describes attitudes towards an issue (Kumar, 2011).

Studies that engage in hypotheses testing usually explain the nature of certain relationships, or establish the differences among groups or the independence of two or more factors in a situation (Sekaran, 2013).

In an explanatory study the main emphasis is to clarify why and how there is a relationship between two aspects of a situation or phenomenon (Kumar, 2011). This research is explanatory in nature in that the researcher collects data from target groups and analyzes it in order to explain the relationship between the dependent variable and the independent variables.

3.3 Sampling Design

Sampling is the process or technique of selecting a suitable sample for the purpose of determining parameters or characteristics of the whole population. Sampling design can be probability or non probability (pandy and pandy, 2015). Cluster sampling is one of the probability sampling design in which the researcher divide the sampling population into groups (based upon visible or easily identifiable characteristics), called clusters, and then to select

elements within each cluster (kumar, 2011). In this study the researcher use cluster sampling technique in order to select the geographic area of the study. In addition, purposive sampling technique is used for selection of employees (only Branch Managers, Customer relationship managers and customer relationship officers are included in the study). Purposive sampling is one of the non probability sampling types. The purposive sampling is selected by some arbitrary method because it is known to be representative of the total population, or it is known that it will produce well matched groups. The idea is to pick out the sample in relation to criterion which is considered important for the particular study (pandy and pandy, 2015)

The populations of the study are employees of Dashen Bank S.C. Currently Dashen bank is organized by districts. Up country branches are divided in to eight districts namely; Mekele District, BahirDar District, Dessie District, Adama District, Dire Dawa District, Jimma District, Hawassa District and Wolaita District. Each districts found in the up country has three CRM's. In Addis Ababa there are four districts namely North Addis District, South Addis District, East Addis District and West Addis District. In this study the researcher select all customer relationship managers and customer relationship officers assigned in the four districts found in Addis Ababa city, the corporate office (which holds all corporate customers, up country and city), one special branch (Dashen main Branch), Premium Branch and nine grade 3 and 4 branches and Branch managers . The number of CRM's, CRO's and Branch Managers found in Addis Ababa city is depicted in the table below.

	Branch and offices	Position	No. of CRMs, Managers and CROs
Branch		Branch Managers and customer service managers	80
Corporate		Senior Customer Relationship managers	12
Districts	North Addis District Office	Customer Relationship Managers	4
	South Addis District Office		4
	East Addis District Office		3
	West Addis District Office		3
Special Branch	Main Branch	Customer Relationship Officers	1
Grade 3 & 4 Branches	Golla Branch		1
	Megenagna Branch		1

	Bolemedhanialem Branch		1
	Lebu Branch		1
	Messalemia Branch		1
	Tana Branch		1
	Bole Branch		1
	Yerer Ber Branch		1
	Premium Branch		1
	Kera Branch		1
Total Samples			117

3.4 Source of Data

Data can be obtained from primary or secondary sources. Primary data refer to information obtained firsthand by the researcher on the variables of interest for the specific purpose of the study. Sources of primary data are individuals, focus groups, panels of respondents specifically set up by the researcher and from whom opinions may be sought on specific issues from time to time (Sekaran, 2013).

Secondary data refer to information gathered by someone other than the researcher conducting the current study. Secondary data can be obtained from, company records or archives, government publications, industry analyses offered by the media, web sites, the Internet, and so on (Sekaran, 2013).

In this research the researcher used primary and secondary data. The primary data are collected using a questionnaire. The secondary data gathered by reviewing pervious researchers work in the area of study.

3.5 Data Collection Instrument

Data can be collected in a variety of ways, in different settings field or lab and from different sources. Data collection methods include interviews(face-to-face interviews, telephone interviews, computer-assisted interviews, and interviews through the electronic media); questionnaires that are either personally administered, sent through the mail, or electronically administered; observation of individuals and events with or without videotaping or audio recording; and a variety of other motivational techniques such as projective tests (Sekaran, 2013).

In this study the researcher used questioner method. The questioners were distributed to branch managers, customer relationship managers found in corporate office and district offices and also to customer relationship officers found in eleven branches of Dashen Bank S.C in Addis Ababa city.

3.6 Data Analysis Method

For the analysis of the primary data, descriptive and inferential statistical analysis techniques are employed. With regards to the descriptive analysis percentages, frequencies, means and standard deviation are calculated. This analysis revealed the demographic profile of Customer relationship managers, Customer relationship officers and Branch managers in Addis Ababa city as well as the mean score and standard deviation of the twenty four attribute.

With regards to inferential statistics, correlation as well as a regression analysis is used to investigate the most important questions and objectives of this study and to arrive at the core findings of the study with regards to the hypotheses forwarded. The correlation analysis reports on the magnitude and direction of relationships between variables in the study. These variables are the five independent variables (knowledge of CRM, technology, data quality and quantity, investment and top management involvement) and the dependent variable (CRM).

A multiple regression analysis is employed in order to investigate the influence of the hypothesized factors on CRM. This has enabled hypotheses testing revealing which of the hypothesized independent variables have a statistically significant influences on CRM.

3.7 Research Ethics

As this study required the involvement of persons, (employees) different ethical issues were addressed. The consideration of these ethical issues is necessary for the purpose of ensuring the privacy of participants as well as the confidentiality of respondents' data. In order to secure the consent of the selected participants, the researcher clarifies the purpose of the study and the role of participants in completion of the study. The researcher also informs participants that their participation in the study is based on their willingness, and the idea and comments they raise are highly honored and kept confidential. In the final result of the research paper personal information are not included, only the summery of relevant data that helped in answering the research questions are incorporated.

3.8. Validity and Reliability

Reliability

Reliability refers to the consistency or dependability of a measurement technique, and it is concerned with the consistency or stability of the score obtained from a measure or assessment over time and across settings or conditions. If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error (Marczyk,G., Dematteo,D.and Festinger,D.2015). The most widely used method for estimating internal consistency reliability is Cronbach’s alpha. Cronbach’s alpha is functions of the average inter correlations of items and the number of items in the scale. (Kimberlin,L.C and Winterstein,2008).

The reliability in this study as assessed by coefficient alpha, was found to be 0.945 (table 3.1), as indication of acceptability of the scale for further analysis.

Table 3.1- Reliability test

Reliability Statistics	
Cronbach's Alpha	N of Items
.943	29

Source: Survey data (2017)

Validity

Validity is a very important and useful concept in all forms of research methodology. Its primary purpose is to increase the accuracy and usefulness of findings by eliminating or controlling as many confounding variables as possible, which allows for greater confidence in the findings of a given study (Marczyk,G., Dematteo,D.and Festinger,D.2015).

There are four distinct types of validity (internal validity, external validity, construct validity, and statistical conclusion validity) that interact to control for and minimize the impact of a wide variety of extraneous factors that can confound a study and reduce the accuracy of its conclusions(Marczyk,G., Dematteo,D.and Festinger,D.2015).

In relation to the study two validity measurements are used. The first one is Content validity which is the extent to which a measuring instrument provides adequate coverage of the topic under study. In this case this study, the researcher used factors which is tested by researchers in order to assess factors affecting CRM. The second one is Statistical conclusion validity

which examines the extent to which conclusions derived using a statistical procedure is valid. The right statistical tools were used in order to test the hypothesis and also to conclude the study.

Chapter Four: Data Presentation, Analysis and Interpretation

4.1 Introduction

This chapter tries to analyze and discuss the data collected using the appropriate statistical techniques mentioned in chapter three. It addresses the research questions raised in the first chapter and tests the hypotheses postulated based on the literatures in chapter two. The first part of this chapter reports the demographic characteristics of the respondents. The second part is the main part of the chapter that analyzes the data collected using the structured questions. Finally, the data collected using the questioner will be analyzed.

4.2. Demographic Profile of the Respondent

Table 4.1 below presents the summarized characteristics of respondents of the 'Employee Questionnaire' who are mainly involved in the CRM activities of Dashen Bank S.C. The male respondents constitute the largest share of the gender composition representing 75.7 % of the respondents while 24.3 % were female employees.

In terms of educational level, 89.6% of the respondents were first degree holders, 17.5 % were second degree holders and the remaining 1% is Diploma holder.

The respondents are of different ages, and are categorized into four main groups. The sample population is largely dominated by the age group of 31-39 (69.9%) followed by the group comprising the age group of 40-49 (18.4%). This indicates that most of the sample populations are between 31 and 39. The rest of the respondents consist of the age group below 30(10.7%) and the group 50 and above which is 1% of the sample population.

Finally, among the employees of the bank who are involved in this study, 68 % were Branch managers, 1 % were customer service manager, 8.7 % were senior customer relationship manger, and the rest 12.6 % and 9.7 % were customer relationship mangers and Customer relationship officers respectively.

Table 4.1 Demographic Profile of the Respondents

No.		Frequency	Percentage
1	Gender		
	Female	25	24.3
	Male	78	75.7
2	Age(in years)		
	Below 30	11	10.7
	31-39	72	69.9
	40-49	19	18.4
	50 and above	1	1.0
3	Education Level		
	Diploma	1	1
	First Degree	84	81.6
	Masters and above	18	17.5
4	Job Title		
	Branch Manager	70	68
	Customer Service Manager	1	1
	Senior Customer Relationship	9	8.7
	Customer Relationship Manager	13	12.6
	Customer relationship officer	10	9.7

Source: Survey Data (2017)

4.3 Factors Affecting Adoption of Customer Relationship Management

The data was collected to seek the perception of employees that work under the title of branch manager, senior customer relationship manager, Customer relationship manager, customer service manager, and customer relationship officer of CRM in Dashen Bank S.C.

The descriptive statistics of the mean scores and standard deviation of 24 attributes discussed in the subsequent five tables in each category.

4.3.1 Knowledge of CRM

The mean rating and the standard deviation of the of respondents' evaluation of Knowledge factor is presented on Table 4.2. Respondents overall mean rating was 4.13.

Among the listed factor in the knowledge of CRM dimension, having knowledge of CRM technologies scored lowest mean which is 3.42. However, Knowledge of Customer relationship management requires knowing and understanding customers need and serves them properly with respect scored the highest mean and the standard deviation ranges from 0.441 to 1.005 which shows the deviation of the variable from the mean score. In general, one can observe from the overall mean representing the five dimensions that, employees of DB have better understanding of customer relationship management.

Table 4.2 Descriptive Statistics-Knowledge of CRM

	N	Mean	Std. Deviation
Knowledge about customers and CRM is responsibility of all employees who has direct contact with customers as well as who process and use customer data.	103	4.60	.530
Knowledge of Customer relationship management requires knowing and understanding customers need and serves them properly with respect.	103	4.78	.441
I have the basic knowledge concerning the concept of Customer relationship management and customer handling.	103	4.40	.632
I have knowledge of Customer relationship management technologies and apply in all CRM processes.	103	3.45	.936
I have knowledge of CRM technologies and apply in all Customer relationship management processes.	103	3.42	1.005

Source: Survey Data (2017)

4.3.2 Technology

CRM applications take full advantage of technology innovations with their ability to collect and analyze data on customer patterns, interpret customer behavior, develop predictive models, respond with timely and effective customized communications, and deliver product and service value to individual customers. Using technology to “optimize interactions” with customers, companies can create a 360 degree view of customers to learn from past interactions to optimize future ones (Chen and Popovich, 2003)

The collected data is used to assess the extent to which technological related factors the employees working in customer relationship management areas perceive technological related issues as the factor that affect the adoption of CRM in DB.

The table Below shows that, the Bank maintains a complete database of its customers results in the high mean score of 3.20 whereas the lowest mean score is for the Bank’s information systems are designed to give a absolute data about all aspects of its customers with the mean score of 2.64. However, the overall mean scored shows that 2.88 and the standard deviation range from 0.909 to 1.051. This means (implies) that majority of the respondents inclined to

disagree on the banks exertion in installing and maintaining technology in the banks CRM system.

Table 4.3 Descriptive Statistics-Technology

	N	Mean	Std. Deviation
The Bank has the necessary technologies which help to support the Customer relationship management strategy.	103	2.89	.949
The Bank’s information systems are designed to give a complete data about all aspects of its customers.	103	2.64	.938
The bank regularly updates and improves the existing Customer relationship management related technology.	103	2.80	.943
The Bank is active in developing new technologies that support utilities for manipulating and analyzing data about customers.	103	2.91	.909
The Bank Maintains a complete database of its customers.	103	3.20	1.051

Source: Survey Data (2017)

4.3.3 Data quality and Quantity

Customer relationship management is a process consisting of monitoring clients, collecting proper data, management and evaluation of data and finally real advantage of the extracted data in their interactions (Amir, Yousef and Asma, 2014)

This dimension is concerned with identifying factors challenging the adaptation of customer data into intelligence in order to understand customer’s needs and trying to meet their needs accordingly. To assess employees' perception regarding the data related issues, Six items were used which were responded on five point Likert scale that goes from strongly disagree to strongly agree points.

Based on the responded questionnaires, therefore, a descriptive statistics is calculated resulting in a mean and standard deviation score where the highest mean indicates a high level of agreement and the lowest signifying high level of disagreement.

As the table below presents, there are no problems in collecting customer data from customers and other sources secured the least mean figure while the bank has well developed privacy

policy scored highest mean score .And the standard deviation ranges from 0.906 to1.151.

Table 4.4 Descriptive Statistics-Data quality and Quantity

	N	Mean	Std. Deviation
The bank use customer data which is collected from internal and external data sources.	103	2.98	.980
The bank uses modern technologies to collect customer data.	103	2.83	.954
There are no problems in collecting customer data from customers and other sources.	103	2.48	.906
The bank makes a periodic checking and real time updates of customer data.	103	2.65	.936
The bank owns a data ware house which holds all customer data, which includes customer address, business place and other important information.	103	2.90	1.151
The bank has a well developed privacy policy to ensure confidentiality of data collected from customers.	103	3.59	1.098

Source: Survey Data (2017)

4.3.4 Adequate Investment

This dimension appraises the extent to which inadequate investment affect the adoption of CRM in DB. The dimension is comprised of three items responded on a five point Likert scale where the highest being strongly agree and the lowest representing strongly disagree.

The table below shows that deploying adequate resource on CRM and committing budget on time represent the highest and the lowest mean figures, respectively. From the data presented One can say that, even if the bank commit resource on CRM the timing of the budget allocation and the checking of the budget whether it spent on CRM or not is poor and it is still a factor which affect CRM adoption.

Table 4.5 Descriptive Statistics-Adequate Investment

	N	Mean	Std. Deviation
The bank Commits adequate resource and time in managing customer relationship	103	3.24	.934
The bank allocates budget for customer relationship management activities timely	103	2.93	.832
The bank has a mechanism to check whether the budget is spent on intended Customer relationship management activity.	103	2.94	.838

Source: Survey Data (2017)

4.3.4 Leadership and Top Management Involvement

Top management support is positively linked to CRM impact and their plan has been identified in almost all success factors studies as a crucial factor that ensures the successful implementation of CRM. The CRM manager and related staff should be trained about the concepts of CRM and how to apply them to their day-to-day works. Top managers must define clear CRM strategy and alignment of this strategy to the company's strategy and make sure that the organization managers also use CRM system. There is a role of those in the top management positions to sell and to convince those under their supervision, of the results and benefits of the CRM strategy (Arab, Selamat, Ibrahim and Zamani, 2010).

This dimension is concerned with identifying the extent to which top level managers are involving constructively to support the adoption process of CRM within the company. In this regard, to assess employees' perception five items were used which were responded on five point Likert scale that goes from strongly disagree to strongly agree points. Based on the responded questionnaires a descriptive statistics is calculated resulting in a mean and standard deviation score where the highest mean indicates a high level of agreement and the lowest signifying high level of disagreement.

Table 4.6 Descriptive Statistics-Leadership and top management involvement

	N	Mean	Std. Deviation
The banks top management provides guidance for building and maintaining customer relationship as a major goal of the bank.	103	3.54	0.926
The Banks top managements are highly engaged throughout the Customer relationship management process.	103	3.33	0.954
Top management supports the Customer relationship management by providing the necessary training to employees who works to support customers and work hard to install important technological tools.	103	3.31	0.908
Top management helps the employees by incorporating customer relationship management in to his/her daily communication and sharing the necessary data.	103	3.23	0.899
Top management gives sufficient emphasis to customer relationship management in order to create long term relationship with customers and customer loyalty.	103	3.50	0.948

Source: Survey Data (2017)

The above table shows that, the banks top management provides guidance for building and maintaining customer relationship as a major goal of the bank results in the high mean score of 3.54 whereas the lowest mean score is for top management helps the employees by incorporating customer relationship management in to his/her daily communication and sharing the necessary data with the mean score of 3.30. The standard deviation ranges from 0.899 to 0.954.

4.4 Correlation Analysis

A Correlation is a measure of linear relationship between variables (Field, 2005). A positive correlation indicates the extent to which those variables increase or decrease in parallel; a negative correlation indicates the extent to which one variable increases as the other decreases (Zaid, 2015).

A coefficient of +1 indicates that the two variables are perfectly positively correlated, so as one variable increases, the other increases by a proportionate amount. Conversely, a coefficient of

-1 indicates a perfect negative relationship: if one variable increases, the other decreases by a proportionate amount. A coefficient of zero indicates no linear relationship at all and so if one variable changes, the other stays the same (Field, 2009).

✓ **Bivariate Correlation**

A bivariate correlation is a correlation between two variables (Field, 2009). It measures the strength and direction of their relationship, the strength can range from absolute value 1 to 0. The stronger the relationship, the closer the value is to 1. Direction of The relationship can be positive (direct) or negative (inverse or contrary); correlation generally describes the effect that two or more phenomena occur together and therefore they are linked (Zaid, 2015).

Table- 4.7 Correlation matrix between factors affecting adoption of CRM and CRM

	Knowledge	Technology	Data	Investment	Management	CRM
Knowledge	1					
Technology	.367**	1				
Data	.324**	.750**	1			
Investment	.251*	.588**	.659**	1		
Management	.318**	.616**	.624**	.730**	1	
CRM	.502**	.794**	.792**	.782**	.791**	1

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

Source: Survey Data (2017)

According to table 4.7 Pearson correlation matrix shows all the independent variables(knowledge, technology, data, investment , Management) have moderate and strong associations CRM with a value of 0.502,0.794, 0.792,0.782 and 0.791 respectively.

4.5 Regression analysis

Regression analysis is a way of predicting an outcome variable from one predictor variable (simple regression) or several predictor variables, multiple regressions, (Field, 2009).

When there is a single continuous dependent variable and a single independent variable, the analysis is called a simple linear regression analysis. This analysis assumes that there is a linear association between the two variables. Multiple regression is an extension of simple linear regression. It is used when we want to predict the value of a dependent variable (target or criterion variable) based on the value of two or more independent variables (predictor or explanatory variables). Multiple regressions allows to determine the overall fit (variance explained) of the model and the relative contribution of each of the predictors to the total variance explained (Zaid, 2015).

Mathematically, the multiple regression model is represented by the following equation:

$$y_i = (b_0 + b_1 x_{i1} + b_2 x_{i2} + \dots + b_n x_{in}) + \epsilon_i$$

Y is the outcome variable, b_1 is the coefficient of the first predictor (X_1), b_2 is the coefficient of the second predictor (X_2), b_n is the coefficient of the n th predictor (X_n), and ϵ_i is the difference between the predicted and the observed value of Y for the i th participant.

4.5.1 Assumptions testing for regression analysis

A parametric test is one that requires data from one of the large catalogue of distributions that statisticians have described and for data to be parametric certain assumptions must be true (Field, 2009).

No perfect Multicollinearity

Multicollinearity is an unacceptable high level of intercorrelation among the independents such that the effect of the independent cannot be separated. Under multicollinearity, estimates are unbiased but assessments of the relative strength of the explanatory variable and their joint effect are unreliable. (that is beta weights and R squares cannot be interpreted reliably even though predicted values are still the best estimate using the given interdependent).

✂ **Tolerance** – is defined as $1 - R^2$, where R^2 is the multiple R of a given independent regressed on all other independent variables. If the tolerance value is less

than some cut off value, usually .20, the independent should be dropped from the analysis due to multicollinearity (Garson, 2012).

✧ **Variance Inflation Factor (VIF)** - The VIF may be used in lieu of tolerance as VIF is simply the reciprocal of tolerance. The rule of thumb is that $VIF > 4.0$ when multicollinearity is a Problem. Some autors use more lenient cut-off $VIF \geq 5$ when multicollinearity is a problem (Garson, 2012).

Table 4.8-Melticollinearity Test Table

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
1 Knowledge	.848	1.179
Technology	.390	2.567
Data	.360	2.781
Investment	.398	2.515
Management	.403	2.478

a. Dependent Variable: CRM

Source: Survey Data (2017)

From the above table one can understand that all the predictors have VIF value less than 4 and also a tolerance of $>.20$ there for we can conclude there is no multicollinearity.

Linearity

Testing for non linearity is necessary because correlation, regression and other members of the general linear model (GLM) assume linearity. Variety of methods are available to test normality, graphical methods, curve fitting with R-squared difference tests, ANOVA test of linearity, eta the correlation ratio , adding of non linear terms to a model and Ramsays RESET (Garson, 2012). For the purpose of this research, the researcher used Anova test of linearity.

ANOVA test of linearity.

One can compute an ANOVA table for the linear and non linear components of any pair of variables (Garson, 2012).

4.9 ANOVA test of linearity Table

			Sum of Squares	df	Mean Square	F	Sig.
		(Combined)	35.327	87	.406	17.570	.000
CRM * Factors.aff.CRM	Between Groups	Linearity	30.918	1	30.918	1337.813	.000
		Deviation from Linearity	4.409	86	.051	2.218	.042
	Within Groups		.347	15	.023		
	Total		35.674	102			

Source: Survey Data (2017)

From the above table one can understand that the test for linearity has a significance value smaller than 0.05, indicating that there is a linear relationship between CRM and the other independent variables (Knowledge, Technology, Data, Investment and management).

Normality

A normal distribution is assumed by many statistical procedures. There are different methods to check normality like skew and kurtosis, Shapiro- wilk’s W test, Kolmogoror-Smirnov D test, and Graphical method(Garson, 2012).

- ✓ **Skew-** is the tilt (or lack of it) in distribution. A common rule of thumb test for normality is to run statistics to get skewness and kurtosis, and then divide by the standard errors. Skew should be within the +2 to -2 range when the data are normally distributed.
- ✓ **Kurtosis-** is the peakedness of a distribution. A common rule of thumb test for normality is to run descriptive statistics to get skewness and kurtosis then the use of the criterion that kurtosis should be within the +2 to -2 range when the data are normally distributed.

4.10 Normality Test Table

Descriptive Statistics							
	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
CRM	103	3.3922	.59139	-.114	.238	.076	.472
Knowledge	103	4.1282	.44971	-.073	.238	-.670	.472
Technology	103	2.8893	.80864	-.192	.238	.181	.472
Data	103	2.9045	.76005	-.586	.238	.394	.472
Investment	103	3.0388	.75016	-.401	.238	.798	.472
Management	103	3.3825	.75048	-.586	.238	.834	.472
Valid N (listwise)	103						

Source: Survey Data (2017)

According to the above table both Skewness and Kurtosis is within acceptable range.

Data Independence

Independent observations are assumed by most statistical procedure including multiple regression, logistic regression and members of the General linear model. In some cases it means that data from different participants are independent, which means that the behavior of one participant does not influence the behavior of another (Field, 2009).

This test can be done using Durbin-Watson coefficient. The Durbin-Watson statistics should be Between 1.5 and 2.5 for independent observation (Garson, 2012).

4.11 Durbin Watson Statistics table

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.932 ^a	.869	.863	.21923	1.726

a. Predictors: (Constant), Management, Knowledge, Data, Investment, Technology

b. Dependent Variable: CRM

In the above table the Durbin- Watson statistics shows the result is within the acceptable range.

Homoscedasticity Test

Homoscedasticity means the relationship under investigation is the same for the entire range of the dependent variable. When the homoscedasticity assumption is met, residuals will form a paperless cloud of dots (Garson, 2012).

Table 4.12 Model summery

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.932 ^a	.869	.863	.21923

a. Predictors: (Constant), Management, Knowledge, Data, Investment, Technology

Source: Survey Data (2017)

R- Multiple *R* is the correlation between the observed values of *Y* and the values of *Y* predicted by the multiple regression models. Therefore, large values of the multiple *R* represent a large correlation between the predicted and observed values of the outcome. A multiple *R* of 1 represents a situation in which the model perfectly predicts the observed data (Field, 2009).

R square-it is the amount of variation in the outcome variable that is accounted for by the model (Field, 2009).

Adjusted R Square - a measure of the loss of predictive power or shrinkage in regression. The adjusted R² tells us how much variance in the outcome would be accounted for if the model had been derived from the population from which the sample was taken (Field, 2009).

Interpretation-As indicated in the above table 4.12 ,the independent variables predict the dependent variable with R square =86.9% with adjusted R Square 86.3 % the remaining 13.1% are other extraneous variables that can affect adoption of CRM. Table 4.13- ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	31.012	5	6.202	129.053	.000 ^b
	Residual	4.662	97	.048		
	Total	35.674	102			

a. Dependent Variable: CRM

b. Predictors: (Constant), Management, Knowledge, Data, Investment, Technology

Source: Survey Data (2017)

The F Ratio-the F-ratio is a measure of the ratio of the variation explained by the model and the variation explained by unsystematic factors. In other words, it is the ratio of how good the model is against how bad it is (how much error there is) (Field, 2009).

In the above table 4.13, the ANOVA test, it is noticed that F value of 129.503 is significant at 0.000 levels. Therefore, from the result, it can be concluded that with 86.9 % of the variance (R-Square) in adoption of CRM is significant and the model appropriately measures the construct.

Table 4.14- Regression result of Factors affecting adoption of CRM and CRM.

Coefficients ^a						
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
	(Constant)	.026	.206		.128	.899
1	Knowledge	.257	.052	.195	4.897	.000
	Technology	.190	.043	.260	4.418	.000
	Data	.160	.048	.206	3.358	.001
	Investment	.207	.046	.263	4.510	.000
	Management	.196	.046	.249	4.310	.000

a. Dependent Variable: CRM
 Source: Survey Data (2017)

unstandardized regression coefficient- Indicates the strength of relationship between a given predictor, *i*, and an outcome in the units of measurement of the predictor. It is the change in the outcome associated with a unit change in the predictor.

Regression equation of CRM

$$Y=0.26+0.257X_1+0.190X_2+0.160X_3+0.207X_4+0.196X_5+e$$

Where,

Y, CRM

X₁, Knowledge

X₂, Technology

X₃, Data

X₄, Investment

X₅, Management

4.5.2 Hypothesis Testing

From the above analysis, the proposed hypothesis are tested as following

H1. Information technology is positively related and has an influence in the adoption of CRM.

According to the achieved results; there is a significant and positive relationship between Information technology and CRM with a *p* value of 0.000026 and a regression coefficient of 0.190. Therefore, it can be stated that there is a strong relationship between CRM and technology, and the regression coefficients between the two stated variables is direct (positive). As a result, it can be said that technology influences CRM and in the company's

point of view; The more the Technology the company use, the better the CRM, therefore, the hypothesis is accepted.

H2. Knowledge of CRM is positively related and has an influence in the adoption of CRM.

According to the achieved results; there is a significant and positive relationship between CRM and Knowledge with p value of 0.000004 and a regression coefficient of 0.257. Therefore, it can be stated that there is a strong relationship between CRM and Knowledge, and the regression coefficients between the two stated variables is direct (positive). As a result, it can be said that Knowledge influences CRM, therefore, the hypothesis is accepted.

H3. Data quality and quantity is positively related and has an influence in the adoption of CRM.

According to the achieved results; there is a significant and positive relationship between quality data and CRM with a P value of 0.001 and a regression coefficient of 0.160. Therefore, it can be stated that there is a strong relationship between CRM and quality data, and the regression coefficients between the two stated variables is direct (positive). As a result, it can be said that quality data influences CRM, therefore, the hypothesis is accepted.

H4. Investment is positively related and has an influence in the adoption of CRM.

According to the achieved results; there is a significant and positive relationship between investment and CRM with a p value of 0.000018 and a regression coefficient of 0.207. Therefore, it can be stated that there is a strong relationship between CRM and Investment, and the regression coefficients between the two stated variables is direct (positive). As a result, it can be said that investment influences CRM, therefore, the hypothesis is accepted.

H5. Leadership and top management involvement is positively related and has an influence in the adoption of CRM.

According to the achieved results; there is a significant and positive relationship between Organizing and CRM with P value of 0.000039 and a regression coefficient of 0.196. Therefore, it can be stated that there is a strong relationship between CRM and leadership and top management, and the regression coefficients between the two stated variables is direct (positive). As a result, it can be said that leadership and top management influences CRM, therefore, the hypothesis is accepted.

4.5.3 Discussion

Hypothesis one measures the influence of technology on customer relationship management. It was found that there is a significant and positive relationship between technology and CRM. The results of this study are consistent with the findings of Bavarsad and Hosseinipour(2013), Fakhiri, Navid, Maroof (2013), Nebyou(2014). These studies all reported that technology have influence or impact on Customer relationship management. And the studies stats that the more the Technology the company use, the better the CRM.

Hypothesis two hypothesized that Knowledge of CRM is positively related and has an influence in the adoption of CRM. The results of this study are consistent with the findings of Bavarsad and Hosseinipour(2013) and Nebyou(2014).These studies reported that Knowledge of customer relationship have an influence on customer relationship management. Employees play a key role in the success of CRM. All staff must encourage willingness to share and learn new work structure and systems and training programs. As the knowledge of the employees regarding Customer relationship management increase, they will serve their customer well and adoption of CRM will be easy.

Hypothesis three was established that, data quality and quantity is positively related and has an influence in the adoption of CRM and the finding supports this hypothesis. The results of this study are consistent with the finding of Nebyou(2014). Bad data is not just an annoyance it is a real, make-or-break cost for many companies. According to Payen(2005), For companies at an early stage of CRM development data quality is a key issue.

Hypothesis four hypothesized that investment is positively related and has an influence in the adoption of CRM. The results of this study are consistent with the findings of of Nebyou(2014). This study reported that data quality was consistently found to have impact on customer relationship management.

Hypothesis five proposed that top management involvement is positively related and has an influence in the adoption of CRM and the finding supports this hypothesis. The results of this study are consistent with the findings of Bavarsad and Hosseinipour(2013) and Nebyou(2014), which reveals that management commitment is to support CRM implementations through generating an organizational environment that acknowledges CRM as an important element of business strategy.

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Chapter Overview

In the previous chapter the analysis of the data collected in this study was presented while in this chapter the summary of the findings and conclusion will be drawn from the analysis. The recommendation will be illustrated in the final section of this chapter based on the findings.

5.2 Summary of major finding

Based on the data analysis the major findings are summarized as follows

- ✓ A total of 117 questionnaires were distributed but 103 questioners were filled and returned. Among the total population 75.7 %of the respondents are male and 24.3 %of the respondents are female. 10.7 % of respondents are below 30 years old, 69.9 % of respondents are between 31-39 years old,18.4 % of the total respondents are within the age group 40-49 and Only 1% of the respondent is above 50 years old. Regarding to educational background 1% of respondent is diploma holder, 81.6 % of the total respondents are degree holder, among the total population 18.4 % of the respondents are master's holder. In relation to their job title 68% of the total respondents are branch Managers. 12.6 % of the respondents are Customer relationship managers, 8.7 % of the respondents are senior relationship managers and the rest 9.7 % of the respondents are customer relationship officers.
- ✓ From data analysis the Cronbach's Alpha for this study is 0.943 which shows that there is internal consistency among the variables.
- ✓ The computed mean scores helps to measure which factors affect the adoption of customer relationship management in DB and the result shows technology, data and investment influence CRM of the bank more. The result of the data analysis shows knowledge of CRM with mean score of 4.13, technology, 2.88, Data quality and quantity 2.9, investment 3.03 and management 3.38.
- ✓ The correlation result shows that technology, data, investment, and management are positively and strongly correlated with customer relationship management and Knowledge of CRM moderately correlated with customer relationship management.
- ✓ The result of regression analysis showed that knowledge of CRM, Technology, Data quality and quantity, Investment and leadership and top management involvement

influence customer relationship management with beta value of 0.257, 0.190, 0.160, 0.207, and 0.196 respectively.

- ✓ Based on the data analysis the entire hypotheses made were tested ,knowledge of CRM, Technology, Data quality and quantity, Investment and leadership and top management involvement are positively related and have an influence on customer relationship management so the hypotheses are accepted. In general all the assumptions made were accepted.
- ✓ The finding indicate that 86.9 % of customer relationship management is influenced by knowledge of CRM, Technology, Data quality and quantity, Investment and leadership and top management involvement. However, the remaining percentage is influenced by other extraneous variables that are not included in this study.

5.3. Conclusion of the study

According to literatures in order to attract customers, first their requirements and expectations are identified and then, services are developed based on such requirements and expectations. If an organization imagines be aware of customer's opinions on its products and industry, probably it has an isolationistic view of the market. In this respect, identifying CRM success components and factors which influence CRM will help the firms appreciate customer requirements and expectations and consequently, promote sales and market share as well as increased customer satisfaction and loyalty. The major objective of this study was to assess factors affecting the adoption of CRM in banking industry.

As per the foregoing findings, the following conclusions are drawn;

- In the adoption process of CRM, the employees of Dashen Bank have no such significant difficulties in understanding what CRM is about, its benefits and also serving their customers. This study identified that knowledge of employees about CRM are not significantly affect Dashen Bank in adoption of CRM. Concerning technology related dimensions, the employees perception were that the bank face lack of technologies which support the CRM. Regarding quality and quantity data, there is a problem of collecting quality data from internal and external sources, lack of modern technologies to collect data, and also a data warehouse. Among the factors identified, top managements of the bank are in somehow working better in adoption of CRM. Therefore it can be inferred that although the bank is facing the problem of installing

CRM technology, data quality, and investment, employees have better knowledge regarding Customer relationship management and top management of the bank also evolved well in the CRM adoption.

- The correlation result shows that technology($r=0.794$), quality data($r=0.792$), investment($r=0.782$) and management($r=0.791$) are positively and strongly correlated with customer relationship management and knowledge of CRM($r= 0.502$), moderately correlated. This shows that technology is more influence adoption of CRM than the other listed factors.
- Based on hypothesis testing there are significant and positive relationship between the independent variables(knowledge of CRM, technology, quality data, investment and management) and the dependent variable (customer relationship management) there for all the hypothesis are accepted and the researcher concludes that the above listed factors have influence on customer relationship management adoption of the banking industry.

5.4 Recommendation

Based on the results of the analysis and conclusion made the following recommendations are forwarded by the researcher.

- ✓ Even if Knowledge of CRM gets the highest mean score, Bank should invest on employees. Employees should get necessary training regarding CRM and CRM technologies. Enhancing employee skills and knowledge, education boosts motivation and commitment of employee.
- ✓ A main component of any CRM strategy entails the facilitation of two-way interaction between individual customers and the organization about every aspect of the relationship, enabling the organization to adjust its strategy, including product design, customer service and channel preferences. In order to do all this there should be Technology, The Bank should install necessary customer relationship management technologies. This technologies include internet, data warehouse technologies, CRM software, call centers, help desk and others.
- ✓ Correct, complete, up-to-date and therefore high quality customer data in the CRM system is just as important as the system itself. The key to a satisfactory customer

relationship is therefore not only the CRM system but also high data quality. If the company does not succeed in achieving and maintaining a high data quality in the system, the potential of the CRM system cannot be fully utilized: long-term customer retention and increased efficiency when working with customer data therefore remain theoretical. There for Dashen Bank should collect and hold quality customer data, use modern technologies in order to collect data and should make a periodic checking and real time updates of customer data.

- ✓ Traditionally most resource allocation decisions have focused on operating expenses however CRM also requires a huge investment in order to train employees, installing CRM technologies, and collecting quality data and even to create strong relationship with customers. Therefore the bank should invest on customer relationship management in order to adopt CRM and maximize its return.

- ✓ Lastly the recommendation of the researcher is that managements should engage in CRM and give more attention for adoption and implementation of the CRM strategy.

5.5 Future areas of research

In this research, the researcher chose a quantitative research approach, for further research, the researcher also recommended qualitative research approach which may help to get an all-around perspective to factors affecting adoption of customer relationship management. In addition in this research the researcher investigate factors affecting adoption of CRM in the banking industry in relation to employee's perception, but researchers can include perception of customers regarding topic. Furthermore, researchers can investigate factors affecting adoption of CRM by incorporating other factors which influence adoption of CRM and by using other CRM models.

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Appendix

Addis Ababa University - School of Commerce

The Department of Marketing Management

Questionnaire to the Employees of Dashen Bank .

Dear respondent,

I am conducting a research which shall be submitted in partial fulfillment of the requirements for Master's Degree in Marketing Management; the aim of the study is to explore information regarding Factors Affecting Adoption of Customer Relationship Management in the Banking Industry.

The information you provide in response to the items in the questionnaire will be used as part of the data needed for a study of Factors Affecting Adoption of Customer Relationship Management in the Banking Industry.

I would like to assure you that the information you provide will be accessible only to the investigator and it will be kept confidential. Your involvement is regarded as a great input to the quality of the research results. Hence, I believe that you will provide your assistance by participating in the study.

For more information, you can contact me using the following address:

Kidist Adugna,

E-mail - kidistadugna@yahoo.com

Mobile Phone +251912 17 42 05

Thank you in Advance for your cooperation.

Part I. Demographic Information

Please complete the section by ticking in the box provided.

1. Gender: Male Female

2. Age: below 30 1-39 40-49 50 and above

3. Educational background: Diploma First Degree Second degree and above

4. Job Title

Branch Manager

Customer Service Manager

Senior Customer Relationship Manager

Customer Relationship Manger

Customer Relationship Officer

Part II. Factors that affect the adoption of CRM

Instruction: Please indicate your level of agreement or disagreement for each question by **encircling** the appropriate number.

Where,

1 -Strongly disagree;

2 - Disagree;

3 - Neutral;

4 -Agree;

5 -Strongly Agree

Elements		Level of agreement				
		Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
K1	Knowledge about customers and customer relationship management is responsibility of all employees who has direct contact with customers as well as who process and use customer data.	1	2	3	4	5

K2	Knowledge of Customer relationship management requires knowing and understanding customers need and serves them properly with respect.	1	2	3	4	5
K3	I have the basic knowledge concerning the concept of Customer relationship management and customer handling.	1	2	3	4	5
K4	I have knowledge of Customer relationship management technologies and apply in all Customer relationship management processes.	1	2	3	4	5
K5	The bank provided me continuous training which designed to develop employee skills required for acquire and deepening customer relationship.	1	2	3	4	5
T1	The Bank has the necessary technologies which help to support the Customer relationship management strategy.	1	2	3	4	5
T2	The Bank's information systems are designed to give a complete data about all aspects of its customers.	1	2	3	4	5
T3	The bank regularly updates and improves the existing Customer relationship management related technology.	1	2	3	4	5
T4	The Bank is active in developing new technologies that support utilities for manipulating and analyzing data about customers.	1	2	3	4	5
T5	The Bank Maintains a complete database of its customers.	1	2	3	4	5
D1	The bank use customer data which is collected from internal and external data sources.	1	2	3	4	5
D2	The bank uses modern technologies to collect customer data.	1	2	3	4	5
D3	There are no problems in collecting customer data from customers and other sources.	1	2	3	4	5
D4	The bank makes a periodic checking and real time updates of customer data.	1	2	3	4	5
D5	The bank owns a data ware house which holds all customer data, which includes customer address, business place and other important information.	1	2	3	4	5

D6	The bank has a well developed privacy policy to ensure confidentiality of data collected from customers.	1	2	3	4	5
I1	The bank Commits adequate resource and time in managing customer relationship.	1	2	3	4	5
I2	The bank allocates budget for customer relationship management activities timely.	1	2	3	4	5
I3	The bank has a mechanism to check whether the budget is spent on intended Customer relationship management activity.	1	2	3	4	5
M1	The banks top management provides guidance for building and maintaining customer relationship as a major goal of the bank	1	2	3	4	5
M2	The Banks top managements are highly engaged throughout the Customer relationship management process.	1	2	3	4	5
M3	Top management supports the Customer relationship management by providing the necessary training to employees who works to support customers and work hard to install important technological tools.	1	2	3	4	5
M4	Top management helps the employees by incorporating customer relationship management in to his/her daily communication and sharing the necessary data.	1	2	3	4	5
M5	Top management gives sufficient emphasis to customer relationship management in order to create long term relationship with customers and customer loyalty.	1	2	3	4	5
C1	The Knowledge employes acquire about Customer relationship management and customer relationship management technologies are important to adopt customer relationship management.	1	2	3	4	5
C2	I think the effective use of Customer relationship technologies helps for better adoption of customer relationship management.	1	2	3	4	5
C3	Deployment of adequate finance on customer relationship management will bring successful adoption of customer relationship management.	1	2	3	4	5

C4	I think the use of quality customer data helps for better adoption of Customer relationship management.	1	2	3	4	5
C5	In my opinion top management commitment and support of Customer relationship management assists for better adoption of CRM.	1	2	3	4	5

Thank You

