



Addis Ababa University
College of Business and Economics
Department of Management
Executive Master of Business Administration

**CUSTOMER RELATIONSHIP MANAGEMENT AND ITS INFLUENCE
ON CUSTOMER SATISFACTION: THE CASE OF COMMERCIAL BANK
OF ETHIOPIA**

BY: ALEMAYEHU HABTEMARIAM SEBOKA

March 2018
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ADVISOR: Dr. WORKNEH KASSA

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF EXECUTIVE-MASTERS IN
BUSINESS ADMINISTRATION**

March 2018

Addis Ababa, Ethiopia

DECLARATION

I, the undersigned, declare that this research paper is my original work and that all sources of the materials in the research paper have been duly acknowledged. The matter embodied in this thesis work has not been submitted earlier for award of any degree or diploma to the best of my knowledge and belief.

Name: Alemayehu Habtemeriam Seboka

Signature: _____

Date: _____

Certification

This is to certify that Ato Alemayehu Habtemariam Seboka Id. No. GSE/0547/08 has carried out this research work on the topic entitled „**Customer Relationship Management and its influence in customer satisfaction: The case of Commercial Bank of Ethiopia**’ under my supervision. This research work is original and has not presented for a degree in any university, which all sources of materials used for the study have been duly acknowledged and it is sufficient for submission for the partial fulfillment for the award of Master of Arts in Business Administration (Management).

Dr. Workneh Kassa _____

Advisor Signature Date

Internal Examiner Signature Date

External Examiner Signature Date

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LIST OF ABBREVIATIONS

ATM	Automatic Teller Machine
CBE	Commercial Bank of Ethiopia
CSQ	Customers Satisfaction Questionnaire
SAQ	Self Administered Questionnaires
IT	Information Technology
SPSS	Statistical Package for Social Science
BPR	Business Process Reengineering
CRM	Customer Relationship Management
SFA	Sales Force Automation
HR	Human Resources
WFA	Work Flow Automation
POS	Point of Sales
MIS	Management Information System
CATS	Customers Account and Transaction Service
CPC	Central Processing Center
CSA	Central Statistical Agency
SD	Standard Deviation
ANOVA	Analysis of Variance
TS	Trade Service

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ABSTRACT

The main aim of this study was Customer relationship management and its influence on customer's satisfaction: The Case of CBE. Questionnaires for customers are developed by using Likert scale approach to rate their responses and the data were collected from 400 sample branch customers who were selected randomly from 10 sample bank branches and interview was also used to collect data from managers of the sample bank branches.

The collected data were organized and analyzed using SPSS version 22. Further, the collected data were analyzed through descriptive statistics, to investigate the relationship between customer relationship components (independent variables) and customers' satisfaction (dependent variables). The questionnaires were consisted of three parts: respondents' demographic characteristics, customer relationship management components (sales force automation, service quality, human resource, marketing, years of service relationship and work flow automation) and customers' satisfaction.

The descriptive statistics result of the sample CBE branches revealed that the respondent customers are highly satisfied with the average results of the sales force automation of component of customer relationship management by 319 (79.8%). It is followed by human resource and service quality i.e. 278 (69.5%) and 277 (69.3%) respectively. It was found that 194 (48.5%) of the respondents are not satisfied with years of experience with the bank. Thus, the researcher recommended that: managerial efforts have to be raised in order to increase customer satisfaction by fully implementing and making follow-up the six CRM components in all branches, the bank should design means for communication and integration among the core process in CBE, improving technological infrastructure, net work and power interruption.

Key words: *Customer relationship management, Customer's satisfaction and Banking industry.*

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

The commercial bank of Ethiopia was established in 1942. It pioneered modern banking to the country. Currently, the Bank has more than 33,000 employees. Not only it is the leading bank in Ethiopia but also as one of the African forerunner banks with assets of 384.6 billion Birr at the year-end June 2017, also registered total deposit of 364.8 billion birr and paid capital of 40 billion birr. Currently, CBE has about 13.3 million accountholders. (<http://www.cbe.com> June, 2017 Company Profile).

Besides, the Bank has played an immense role in introducing new businesses like Western Union, Money Transfer and ATM Services to the country. It also has strong correspondent relationship with more than 50 renowned foreign banks and bilateral arrangements with 700 others. (<http://www.thebanker.com>) June 30, 2017. CBE is the government-owned bank which is the largest bank in the banking industry more than 1,160 branches, accounting for more than half of the branch networks, over 60% of the outstanding loans and about 70% of the deposits of the commercial banks, (<http://www.cbe.com> June, 2017 Company profile).

Customer relationship management (CRM) has attracted the expanded attention of practitioners and scholars. The reason is that currently organizations need to use modern techniques such as customer relationship management due to intensified competitive economy and changing environment More and more companies are adopting customer-centric strategies, programs, tools, and technology for efficient and effective customer relationship management (Warner Reinartz, et al, 2004)

Customer relationship management (CRM) is a concept for managing a company's interactions with customers, clients, and sales prospects. It involves using technology to organize, automate, and synchronize business processes. The objectives of CRM are to enhance profitability, income, and customer satisfaction. To attain CRM, many organizations use set of tools, technologies, and procedures to support the relationship with the customer to enhance sales. Therefore, CRM is an issue of strategic business and process rather than a technical one (Dowling, 2002).

As Baker (2003) indicates, all businesses have been affected to some degree and evolution which is happening in the global market place. Now, not only the organizations aim to satisfy the customers but they attempt to do this more efficiently and effectively than their rivals in the competitive market place to attain their goals (Kotler and Armstrong, 2010). The most important goal of an organization is to maintain customer loyalty and focus on customer centric approach in their organizational and marketing strategies (Jain and Singh, 2002).

Bowen and Chen (2001) argue that having satisfied customers is not sufficient. This is because customer satisfaction needs to have direct impact to customer loyalty. Sivadas and Baker-Prewitt (2000) stress that there is a rising recognition that the last objective of customer satisfaction measurement should be customer loyalty. Many organizations merely categorize customer satisfaction measurement as a type of “marketing intelligence” instead of using it as a management tool to build customer service quality improvement processes and increase profit (Linnell, 2006).

To survive in today's competitive economy and changing environment, companies are required to be smarter than before. For this purpose, the use of systems such as customer relationship management is necessary. It tries to meet customers’ needs and demands better and faster, establish quality relationships, retain and attract loyal customers and maintain the organization through collecting and organizing customer data in data bases.

To address these issues and gain a competitive advantage in the banking Industry, the commercial Bank of Ethiopia (CBE), the leading Government bank in the country, introduced the concept of Customer Relationship Management to the banking industry for the first time, in 2004. In 2008 the Bank had also made fundamental and radical changes in its business process by applying the Business Process Reengineering (BPR). (BPR team study proposal 2007, Hammer. M, 1990)

The implementation of the BPR in the CBE has given a top priority to cut out the inordinately elongated work processes. All processes in CATs, Trade Services and Credit Management as well as support services have been remapped in a way they improve customer satisfactions

through shortening of workflows and cut unnecessary costs (BPR team study proposal 2007, Hammer. M, 1990)

In this study, the influence of customer relationship management on customer satisfaction in CBE is investigated. Through identifying the components of customer relationship management, certainty of current relationship, satisfied customers and then retain profitable customers. Long-term relationship with customer is more profitable, since getting a customer will be more expensive than retaining a customer. Satisfied customers will be more inclined to continue their relationship with the organization, while dissatisfied customers will likely turn to alternatives (Nguyen and Mutum, 2012). The ultimate goal of customer relationship management is to maximize the value of every customer for the company, which in turn increases the profitability of the organization (Wiley, 2012.)

1.2 The statements of the problem

The liberalization of the Banking has enabled the private sector to enter the market as a result of which competition has been intensified (NBE Proclamation No, 83/1994). Consequently, customer awareness and demand have increased to an unprecedented level (Zavatta, Samuel 2009). The increase in customers' knowledge, sophistication and the decrease in their loyalty have made competition so severe (Zavatta, et al, 2009). Brown (2000) has noted that the consumer economy is characterized by the difficulty of keeping customers for long time.

Customer Relationship Management has become one of the most important factors to succeed in business to address the unique needs of customers for customized solutions (Brown, 2000). According to (Clemes, 2008) leaving customers demand unaddressed will eventually affect market shares and customer loyalty.

Having realized the impact of the competition and the fall in the market share, CBE has embarked on implementing the Business Process Reengineering (BPR) since 2007 to improve customer satisfaction and regain its lost market share and win the competition (BPR team study proposal 2007, Hammer. M, 1990)

In due process, Customer Relationship Management that has been introduced to the Bank has given due attention and overemphasis to credit management processes. Subsequently, Customer Relationship Managers have been assigned only to Credit Management Process to address the demands of credit customers. The assignments of Customer Relationship Manager to Credit Management processes alone have virtually narrowed the conceptualization of CRM at corporate level. And more importantly its application is believed to have lacked

comprehensiveness. In other words, the scope of the Customer Relationship Management has been defined lopsidedly within the perspectives of fulfilling the demand of credit customers only. The little attention given to other segments of customers like that of CATS, Trade Services and Support Services has created a gap in CRM implementation.

Secondly, the introductions of e-banking ATMs, mobile banking and internet banking have changed the old business model of customer banker relationship. Technology plays a vital role in every aspect of business world. It is important for the customers to have established good communication with the company so that their needs would be catered properly. The utilization of technology in communication is one way to become progressive and to become aware of what is today's latest trend. Technology and CRM as partners would result to a successful and productive type of business. It would also help companies to be more updated so that they would be able to beat the competition and make their company one of the best. Technology integration has many effects for the betterment of CRM.

However, it is notably impossible to detach the ability of adapting technology from the skill and knowledge in the company and the telecom infrastructure (Kassahun, 2016). In the CBE, due to shortage of skilled human resource and deficient telecom infrastructure there exist huge gap in supporting customer relationship management with technology. Besides, there is discernible drawback in coping up with expansion of telecom infrastructure in introducing technology supported banking business models.

On Birritu magazine that quarterly published by NBE, Bank supervision directorate of national bank of Ethiopia revealed that in the area of introduced new technologies in banking industry like mobile and agent banking are challenged by telecom service (*Birritu magazine*, 2014)

In this regard, the research will be carried out to find the relationship between the customer relationship management and its influence on customer satisfaction. Therefore, the aim of this study attempts to review components of customer relationship management (sales force automation, service quality, human resource, marketing, work flow automation and years of services with the bank) taking simultaneously and its effect on customer satisfaction in Commercial Bank of Ethiopia South Addis Ababa District.

1.3 Research questions

The following research questions are formulated to answer the statement of the problem of the study.

1. What looks like the relationship between CRM and customer satisfaction?
2. How does CRM influence customer's satisfactions?
3. What are the challenges in applying effective CRM practices?
4. What could be the solutions to successfully implement CRM?

1.4. Objectives of the study.

1.4.1.General objective of the study

General objective of the study was to review the practices of CRM and its influence on customer's satisfactions.

1.4.2. Specific objectives of the study:

1. To assess the influence of CRM on customer satisfaction in CBE.
2. To identify the challenges of actual implementation of CRM concepts.
3. To find out the relationship between CRM and customer satisfaction.
4. To provide viable recommendations to successfully implement CRM in the banking industry.

1.5. Significance of the Study

The study have been expected to suggest possible solution for the proposed problem that the Banks will employ in order to tackle constraints related to attracting new customers, maintaining current customer and become profitable bank. Moreover, the study will add value to the banks management since it will fill the current gaps that specified in research problem. In addition to the above significances, the study will support the targeted bank to know how to retaining the current customers that have more advantageous than attracting the new customers.It will also be used in increasing the researcher's knowledge and skill in solving related practical problems. The study report will also be used as a source of literature for future researchers.

1.6. Limitations of the Study

The results of this study were dominated by the opinion and ideas of customers of CBE South Addis district grade four Branches. But it was difficult to know whether the respondents are truly given the exact information and the changing of customer preferences and opinions are supposed to be the main limitation that may hinder the successful accomplishment of the paper.

1.7. Scope of the Study

This study was focused on the practices of CRM and its influence on customer satisfaction: The case of CBE, Addis Ababa, Ethiopia. In addition, this study was focused only on CBE South Addis district ten grade four branches and was not included other CBE districts and were not sampled in this study.

1.8. Organization of the Research Report

The research paper has five chapters. The first chapter is introductory or background of the study. The second chapter deals with literature review in which critical review of relevant previous scholars work in the research topic is presented.

The third chapter discusses about research design and methodology that is used to undertake the research. It includes the design of the study, the sample size, source and tool of data collection, instrument development, procedure of data collection and data analysis method. Chapter four discusses the findings of the study with data analysis, presentation and interpretation. Finally, the fifth chapter will include summary of findings, conclusions, and the recommendation.

CHAPTER TWO

REVIEW OF LITERATURE

This chapter consisted of three major parts. These are Theoretical review, Empirical studies and Conceptual Framework for CRM and its influence on customer satisfaction.

2.1 Theoretical review

Customer relationship management (CRM) is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction (Kotler and Armstrong, 2004). It is the combination of customer (The customer is the only source of the company's present profit and future growth), *Relationship*: The relationship between a company and its customers involves continuous bi-directional communication and interaction and *Management*. CRM is not an activity only within a marketing department. Rather it involves continuous corporate change in culture and processes.

The bank system is considered as the backbone of financial system of an economy. The growth and performance of banking system portrays the healthy economic picture of the financial system. Deposits are key factor of banks that affect the return of banks. on the one hand deposit are the chief source of fund by which bank are able to operate their business, enable to lead more and get profit and on the other hand banks have to pay interest on deposit. Advance and investment are other major source for earning revenues. so it is important to maintain good relationship with its customers.

Considering the competitive environment, there is a need for banks to plan their strategies that will differentiate them from another. This can be achieved through the delivery of high service quality and good customer handling. The practice of excellent service quality has been proven that customer satisfaction will significantly lead to customer loyalty (Caruana et al., 2000).

Loyalty is developed over a period of time from a consistent record of meeting, and sometimes even exceeding customer expectations (Teich, 1997). Kotler et al. (1999) states the cost of attracting a new customer may be five times the cost of keeping a current customer happy. Delivering superior service quality to customers in today's business environment is very crucial and important due to the stiff competition in the market. The ability to provide high service quality will strengthen the image, enhance customer satisfaction and retention, attracting new

potential customers via positive word-of mouth and eventually increase the profit of the business (Zeithaml, 1996). The purpose of the expanding customer base banks should focus on simplifying technology customer interface making services more economical from cost point of view and building the trust of customers in the transformed system by implementing risk reducing strategies (Singh and Kaur, 2013).

Customers are a crucial asset for financial services (DeSouza, 1992; Wood, 2007; Gladys *et al.*, 2009). Increasing competition is emphasizing the need to pay attention to customers. As a result, the objective is being able to attract new customers at the same time as financial providers can retain existing ones.

The increasing interest in the area has acted as a catalyst for work on customer retention and, in particular, the impact of customer retention on profitability (Ryals and Payne, 2001; Shi *et al.*, 2009) the pioneering research of Reichheld and Sasser (1990), who showed a high correlation between customer retention and profitability, a new area of investigation was discovered.

In addition to this, Evans *et al.*, (2001) and Gupta and Lehmann (2005) identified two main problems associated with organizations mainly focusing on acquisition. First, many companies have failed to understand the costs associated with customer acquisition, and in many cases, they can be high as to undermine any profit associated with particular costs (Hoffman and Novak, 2000; Reinartz and Kumar 2003). Secondly, there has been a realization that customer defection impacts negatively on profitability and, despite that negative impact, finding new customers to compensate exiting ones is becoming harder and harder.

The competitive climate has changed, successful new products are few and the “me-too” responses from competitors happen faster than before. As a result, retaining and satisfying the existing customers is crucial for bank. Maas and Graf (2008) argue that long-life customers produce higher revenues and margins per customer than lost or newer customers do and therefore total profits should increase over time.

Furthermore, Reichheld and Teal (1996) and Grayson *et al.*, (2008) suggest that customers who have been around long enough to learn a company’s procedures and have acquainted themselves with the full product line will almost invariably get greater value from a business relationship, and therefore it is not surprising that they are less price sensitive on individual items.

2.1.1 Benefits of Customer Relationship Management

Companies have patronized customer Relationship Management across the globe due to its benefits though it is not the only application tool but can be seen as a major success driver. Some of the benefits that a company can attain from CRM are evident in improved more cross-selling and up-selling, improved campaign management, sharper sales targeting, higher sales configuring, better channel sizing, and reduced support costs.

A. Benefits for an Organization

The primary focus of any CRM strategy is to enable the organization to create and retain profitable customers (Swift in Ngai, 2005:583). 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 (Peck, Payne, Christopher & Clark, 2004).

Customer profitability

Customer profitability tracks the financial performance of customers with respect to all the costs associated with a transaction (Gordon, 1998:29). 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 (Gordon, 1998:146). The tracking of profitability is made more accurate through the use of technology.

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 (Kotler, 1997:47). The cost of attracting a new customer is often higher than the customer's lifetime value with the organization (Kotler, 1997:47). 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.

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 (Zeithaml, Bitner&Gremler, and 2006:185). Organizations can increase their profitability by between 20% and 125% if they boost their retention rate by five per cent (Peck et al., 2004:47). Customers who receive excellent service remain loyal and provide free advertising by talking about the organization's products and services (Reichheld&Sasser, 1990:107).

An organization with a primary focus on customer retention should have information about the Customer retention rate and the aspects that affect possible customer defection and migration (Peck et al., 2004:49).

B. Benefits for Customers

There is a more coordinated and professional approach to customer contact. With up-to-date customer information, banks can offer more personalized services. Customers feel empowered if they have greater access to products and services.

C. Benefits for Employees

Employees are empowered with the information to deliver high quality service and meet customer expectations. Employees may have more time to serve customers, as customers will be well informed about the services of the bank.

2.1.2 Customer Relationship Management in Financial Institutions

A service is any act or performance that one party can offer to another that is essentially intangible and does not result in the ownership of anything. Many scholars definition of service agree on its intangibility, inseparability, perishability and variability.

Today,s financial institutions are undergoing great revolutions in its scope of work due mainly to competition and products diversification among the actors in the industry (Oduro-Senyah et al., 2009). Financial institutions are restructuring to fund only those core competencies that are key to their profitability and long-term survival. Managing relationships with their customers is critical to the firm's long-term success (Beckett-Camarata, Camarata, & Barker, 1998). Customer relationship management based on social exchange and equity significantly assists the firm in developing collaborative, cooperative, and profitable long-term relationships (Beckett-Camarata et al., 1998).

CRM from financial institutions perspective is a sound strategy to identify the bank,s most profitable customers and prospects, and devotes time and attention to expanding relationships with those customers through individualized marketing, reprising, discretionary decision making, and customized service-all delivered through the various sales channels that the bank uses (Semih& Ibrahim,2002). The ability to identify profitable customers and then customize marketing on the basis of customer value has enabled many banks to punch above their weight in today,s competitive environment (Beckett-Camarata et al., 1998).

2.1.3 Customer Satisfaction

Customer satisfaction is defined as a customer's overall evaluating of the performance of an offering to date (Gustafson et al., 2005) and is seen as the key to a company's success and long-term competitiveness (Hennig-Thurau & Klee, 1997)

Satisfaction is defined by (Engel et al. 1995) as “a post-consumption evaluation that a chosen alternative at least meets or exceeds expectations”, while (Ranaweera & Prabhu 2003) defined it as “an evaluation of an emotion, reflecting the degree to which the customer believes the service provider evokes positive feelings. Therefore, satisfaction occurs with the enhancement of a customer's feelings when he or she compares his/her perception of the performance of products and services in relation to his/her desires and expectations (Spreng et al., 1996).

Many published works cite customer service as an important antecedent of customer retention. It is regarded as the key to customer retention (Kotler, 1994). Added value was found to have positive effects on customer satisfaction and customer retention. Ndubisi (2006) mentioned that overall customer satisfaction is a key determinant of relationship quality. The author found that service quality, communication (marketing), trust, commitment, and conflict handling are considered customer satisfaction indicators that support repurchase behavior resulting from enhancement of the relationship quality.

The relationship between customer satisfaction and economic returns has received growing attention in the customer satisfaction literature according to its effects on contract renewal, especially in the mobile phone sector (Gerpott et al., 2001). For example, (Yu 2007) examined how individual customer satisfaction impacts customer revenue, customer cost, and customer profitability. The results indicated that several dimensions of customer satisfaction are positively associated with individual customers' repurchasing intentions which positively affect the purchasing behavior. Wetzels & De Ruyter (1998) who reported that committed customers have a much stronger intention to stay in a relationship with a bank, which, in turn, affects a customer's intention to stay/extend their relationship with his/her bank.

Some researchers have previously claimed that customer satisfaction is the core element of long-term consumer behavior. Thus, ongoing satisfaction is required over time in order to keep the existing customer (Oliver, 1980). Conceptually, customer satisfaction comes as a result of accumulative, interaction-based evaluations according to a customer's levels of satisfaction when

his/her expectations of services and products are fulfilled. Also, satisfaction comes as an assessment of the functionality of all direct and indirect utilities of any object purchased and consumed. If the level of fulfillment exceeds the level of expectations, the probability of repeat purchases and contract renewal is high. Accordingly, the opposite expectations occur when there is no customer satisfaction. That is because satisfaction increases the level of confidence in future purchase behavior.

In a competitive market place, understanding customer's needs is very valuable. Therefore, companies are preferring customers over products nowadays. Satisfaction is the main source of

attracting customers (Patterson et al., 1997). Customer loyalty has become a great challenge for companies in the current era (Khalifa & Liu, 2003).

In banking sector, it is very important to understand the factors leading to satisfaction, which will evidently lead to loyalty. The competition is increasing day-by-day regarding services in banking sector. It has been observed that Information Technology is replacing the human labor at a rapid rate (Jun & Cai, 2001).

It has been proved that organizations need to give more consideration towards customer satisfaction (Parasuraman & Grewal, 2000). Mols (2000) argued that the home-based Internet banking might lead to strong relationships with customers because customer expectations have a tendency to change over time. In the same manner, service quality is another important issue while gaining customer satisfaction. Maintaining service quality is extremely necessary in current and highly competitive banking sector (Mefford, 1993). For this, bankers need to identify the attributes affecting customer satisfaction. More research should be conducted to know about the attributes leading to customer satisfaction (Parasurman et al., 1991).

Service quality has a great impact on firm's performance. Between academics customer satisfaction and service quality is considered as a distinct feature and bears great importance (Oliver, 1997).

Most experts agree that customer satisfaction is a short-term measurement tool where as service quality is a long-term tool (Howcroft et al., 2011). Service quality is determined by the comparison made by the customers between their expectations and experiences.

The level of confidence in banks and services offered is a relative matter and differs from one bank to the next according to their experience and length of time with both a specific bank. For example, when a customer starts thinking about depositing more money again and again, he/she

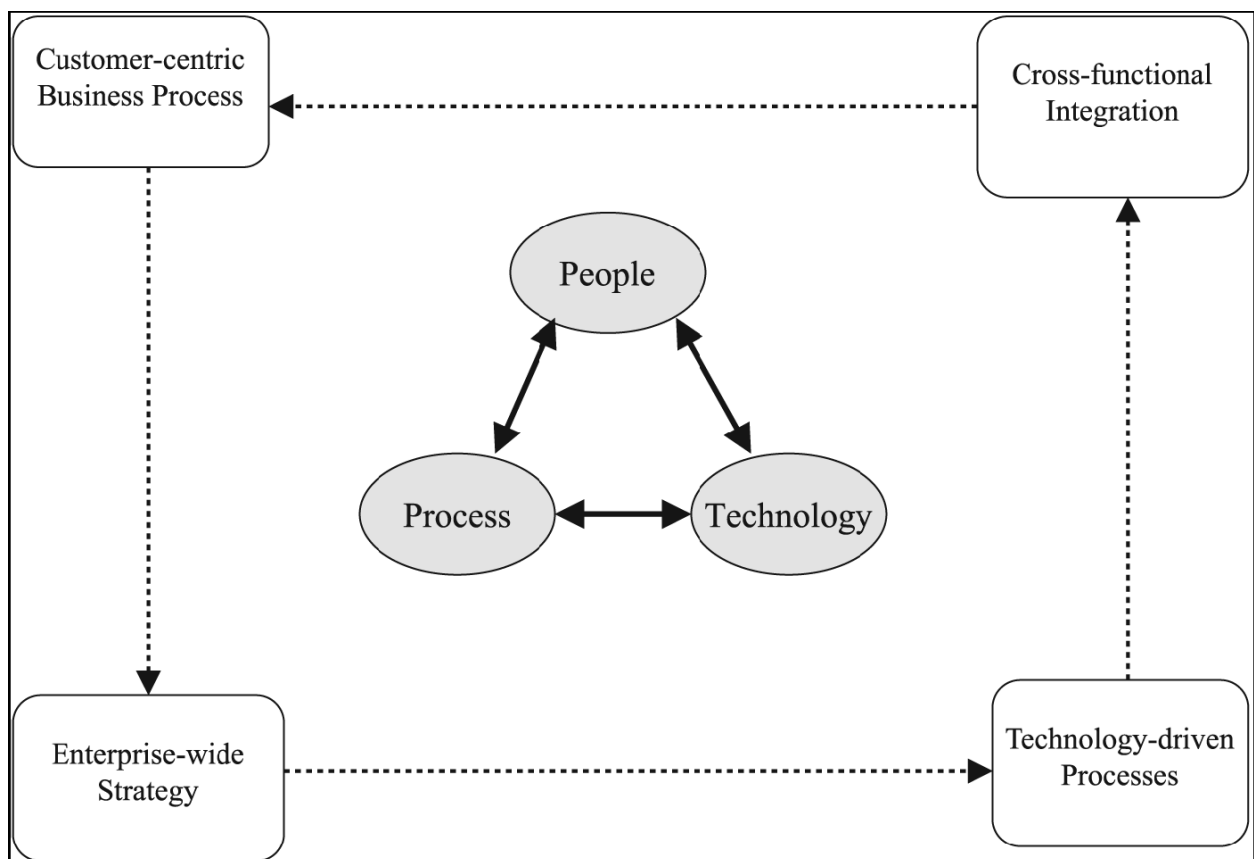
usually relies on satisfaction and assessment levels to differentiate between alternative banks, i.e. current or previous banks (Dick & Basu, 1994).

On reviewing some previous satisfaction and customer retention studies, such as Gremler et al. (2001), it was found that satisfaction may affect retention behavior and post-purchase behavior with the service firm.

2.1.4. The three key dimensions of CRM (People, process and technology)

Customer relationship management (CRM) is a combination of people, processes and technology that seeks to understand a company's customers. It is an integrated approach to Managing relationships by focusing on customer retention and relationship development. CRM has evolved from advances in information technology and organizational changes in customer-centric processes. Companies that successfully implement CRM will reap the rewards in customer loyalty and long run profitability (Chen, IJ. 2003)

Figure 2.1A CRM implementation model (Chen et al, 2003)



The technology factor

Information technology (IT) has long been recognized as an enabler to radically redesign business processes in order to achieve dramatic improvements in organizational performance (Davenport and Short, 1990; Porter, 1987). CRM technology applications link front office (e.g. sales, marketing and customer service) and back office (e.g. financial, operations, logistics and human resources) functions with the company's customer "touch points" (Fickel, 1999). A company's touch points can include the Internet, e-mail, sales, direct mail, telemarketing operations, call centers, advertising, fax, pagers, stores, and kiosks. Often, these touch points are controlled by separate information systems. CRM integrates touch points around a common view of the customer (Eckerson and Watson, 2000).

IT assists with the re-design of a business process by facilitating changes to work practices and establishing innovative methods to link a company with customers, suppliers and internal stakeholders (Hammer and Champy, 1993). 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.

The effective management of information has a crucial role to play in CRM. Information is critical for product tailoring, service innovation, consolidated views of customers, and calculating customer lifetime value (Peppard, 2000). Among others, data warehouses, enterprise resource planning (ERP) systems, and the Internet are central infrastructures to CRM applications.

Business process factor

Mass marketing and mass production were successful as long as customers were satisfied with Standardized products. As more firms entered the market, mass marketing techniques, where the goal was to sell what manufacturing produced, started to lose effectiveness. Target marketing, or segmentation, shifted a company's focus to adjusting products and marketing efforts to fit customer requirements. Changing customer needs and preferences require firms to define smaller and smaller segments (Chen, IJ. 2003).

It has become well known that retaining customers is more profitable than building new relationships. Consequently, relationship marketing was developed on the basis that customers

vary in their needs, preferences, buying behavior, and price sensitivity. Therefore, by understanding customer drivers and customer profitability, companies can better tailor their offerings to maximize the overall value of their customer portfolio (Chen, IJ. 2003).

Reichheld (1996a, b) has documented that a 5 percent increase in customer retention resulted in an increase in average customer lifetime value of between 35 percent and 95 percent, leading to significant improvements in company profitability.

Customer-centric organizations seamlessly integrate marketing and other business processes to serve customers and respond to market pressures. Firms that evolve to this stage will benefit from a marketing-manufacturing interface, resulting in the flexibility to meet changing customer needs efficiently and effectively (Prabhaker, 2001).

The people factor

Implementation of enterprise technology, such as CRM and ERP, requires changes to organizational culture (Al-Mashari and Zairi, 2000). While both technology and business processes are both critical to successful CRM initiatives, it is the individual employees who are the building blocks of customer relationships.

Top management commitment is an essential element for bringing an innovation online and ensuring delivery of promised benefits. Top management commitment, however, is much more than a CEO giving his or her blessing to the CRM project. Furthermore, top management should set the stage in CRM initiatives for leadership, strategic direction and alignment of vision and business goals (Herington and Peterson,2000).

Customer relationship management is a comprehensive approach that promises to maximize relationships with all customers, including Internet or “e-customers”, distribution channel members, and suppliers. Getting to “know” each customer through data mining techniques and a customer-centric business strategy helps the organization to proactively and consistently offer (and sell) more products and services for improved customer retention and loyalty over longer periods of time. Peppers and Rogers (1999) refer to this as maximizing “lifetime customer share”, resulting in customer retention and customer profitability.

2.1.5 The Customer Relationship Management Generic Frameworks/Models

A various range of comprehensive Customer Relationship Management (CRM) models have been developed by different authors. The researcher introduces the main and generic models in this section.

a. THE IDIC Model

The IDIC Model has been developed by Peppers and Rogers (2004) According to IDIC model, companies should take four actions in order to build closer one-to-one relationships with customers:

- **Identifying** who the companies' customers are and building a deep understanding of them.
- **Differentiating** their customers in order to identify which amongst them have most value now and which offer most for the future. Besides, the differentiation can allow the companies to devise and implement customer specific strategies designed to satisfy individually different customer need. The clients represent different levels of value to the company and they their needs are radically not the same from the enterprise. According to Peppers and Rogers (2004), the customer differentiation task will involve an enterprise in categorizing its customers by both their value to the firm and by what needs they have.
- **Interacting** with them in order to ensure that companies understand customer expectations and their relationships with other suppliers or brands. Thus, companies must improve the effectiveness of their interactions with clients. Each successive interaction with a customer should take place in the context of all previous interactions with that customer. A conversation with a customer should pick up where the last one left off. Effective customer interactions provide better insight into customer's needs.
- **Customizing** the offer and communications to ensure that the expectations of customers are met. Indeed, the company should adapt some aspect of its behavior toward a customer, based on that individual's needs and value. To involve a customer in a relationship, a company needs to adapt its behavior to satisfy the customer's expressed needs. This might entail "*mass-customization a product or tailoring some aspect of its service*" (Peppers, Rogers and Dorf, 1999).

b. The Quality Competitiveness Index Model (QCI)

QCI are independent specialists who assist blue chip companies in managing customers. They are both strategic theorist and foremost practitioners (Hewson et al, 2002). The QCI model shown below is described as below. The model is described as a customer management model, omitting thereby the word “relationship”. At the centre of the model, they highlight a range of activities needed by companies to perform in perspective to acquire and retain customers. This model also features people performing processes and utilizing technology to assist in those activities.

c. The Customer Relationship Management CRM Value Chain Model

The CRM value chain is a model which businesses can follow when developing their CRM strategies (Buttle, 2004). This model had been developed by a range of SMEs such as IT, software, telecoms, financial services, retail, media, manufacturing, and construction. This model is built from strong theoretical principles and the practical requirements of business.

The main purpose of this model is, according to Buttle (2004), to ensure that the company builds long-term mutually-beneficial relationships with its strategically-significant customers. Thus, some customers are merely expensive to acquire and service.

d. The Payne’s Five Forces Model

This is a comprehensive model developed by Adrian Payne“ The model identifies five core processes in Customer Relationship Management CRM such as the strategy development process, the value creation process, the multichannel integration process, the performance assessment process and the information management process. They can be grouped into strategic CRM, operational Customer Relationship Management CRM and analytical CRM.

Payne (2006) also introduced a strategic framework/model for Customer Relationship Management CRM consisting of five generic processes such as Strategic Development, Value Creation, Multichannel Integration, Information Management, and Performance Assessment.

e. The Dasai et al /Conceptual Model

The conceptual framework was developed by Dasai et al (2007) in which consideration is driven towards competitive CRM performance from both internal and external perspectives. The dynamic capability for CRM is the key source for competitive CRM performance considering the rapidly changing nature of the business environment today which erodes the values of

f. The Sin et al CRM model

A simple and clear CRM model is presented by Sin, Yim (2005); it presents four elements groups: consumers (customers) characteristics, management of knowledge/data (information about customers), CRM structure (organization structure, organization obligations, sources, human resources, etc.) and CRM substantiation by IT technologies.

Summarizing all the above generic CRM models, it is possible to state that the diagnosis (analysis) of enterprise's customers is a primary stage when creating CRM system. Having analyzed the most useful customers of an enterprise, it is advisable to formulate the appropriate program, which would contribute to the strengthening of current relationship and hence satisfy customers and make the organization profitable.

2.1.6 Components of CRM

There are a number of components of CRM that influence customers' satisfaction. From the theoretical frame works discussed in the above pages and the practical issues observed at the banks operation, the researcher has identified six main components that would influence customers' satisfaction, by holding other components of CRM constant. The components are presented as follows:

2.1.6.1. Sales force automation

Sales force automation (SFA) tools are frequently implemented to facilitate customer relationship management (CRM) process as part of a relationship marketing philosophy. By improving the speed and quality of information flow among the sales person customer, and organization, SFA tools support the sales process. (Speier and Venkatesh, 2002).

It can also be described as the application of information technology to support sales peoples in their selling and/or administrative activities (Morgan and Inks 2001). the system utilize computerized hardware, software and telecommunications technology to capture, access, analyze

and exchange high quality information in order to improve sales force productivity and effectiveness (Jayachandran et al. 2005). It can enhance communication and increase the overall quality of the sales effort through faster access to relevant and timely information. (Jelinek et al., 2006)

Researches in outcomes of sales technology use need to examine the circumstance under which such use leads to higher level of salesperson effectiveness, efficiency and customer satisfaction (Tanner et al., 2005; Parthasarathy and Sohi, 1997). The primary purpose of SFA is to reduce the time spent on support activities and thereby free up the sales force to sell (Rivers and Dart 1999). And also to automate selling and administrative tasks so that sales people and sales managers can perform current activity more efficiently.

2.1.6.2. Customer Service quality

Service quality has gained a great deal of attention from researchers, managers, and practitioners during the past few decades. Many scholars have studied the effect of service quality on customer retention (Oliver, 1980; Lehtinen 1982). Their findings reveal that there is a direct correlation between service quality and satisfaction. Service has many dimensions, definitions, and techniques which may affect its way of production, consumption, and delivery. Kotler & Armstrong (1997) defined service as “any activity or benefit that one party can offer to another that is essentially intangible and doesn’t result in the ownership of anything”. In order to facilitate service quality evaluation, Van Riel et al. (2001) divided service into five components: the core services, facilitating services, supporting services, complementary services, and the user interface, through which the customer accesses the services. Also, there is no unified definition of quality and researchers are continuing to study a variety of quality dimensions in the service context. Gronroos (1984) defines service quality as: “A perceived judgment, resulting from an evaluation process where customers compare their expectation with the service they have received”

The popular service quality definition is obtained by differentiating between the expectation and perception of service quality of the service perceived (Lewis & Booms, 1983; Gronroos, 1984). According to several researchers have highlighted the importance of managing service quality; a firm could thus differentiate its service offerings to deliver better quality than its competitors (Maclaran & McGowan, 1999; Chow-Chua & Komaran, 2002). This would give firms competitive advantages leading to more sales and profits by motivating existing customers to

repeat or extend purchases in order to achieve long-term success. So, the process of managing service quality starts with understanding customers' expectations, because service quality is a perception related concept. This means that firms need to measure how they offer a quality service that meets and exceeds customers' expectations by asking them directly. Service quality can be measure by customer perception and customer expectation

As Parasuraman et al. (1988) agreed on the fact that these dimensions are appropriate ones which help reveal the customers' expectations and perception. This new model is called 'Servqual'. This compound word consists of the two words 'Service' and 'Quality', these five dimensions include:

1. Tangibility: this includes physical facilities, equipment, and the physical appearance of an Employee.
2. Reliability: this refers to the ability to provide the exact required service according to given Specifications and conditions.
3. Responsiveness: the inclination and willingness of the employees to serve customers quickly and properly.
4. Assurance: feelings of trust and confidence in dealing with the organization. This reflects The workers' knowledge and experience and their ability to build self confidence as well as Confidence in the customers themselves.
5. Empathy: understanding the customers' personal needs, taking care of them individually and Showing them all sorts of sympathy and affection, looking at them as close friends and distinguished clients.

2.1.6.3. Human resource

Human resource management involves the effective and correct use of human resource and the skill at specific moment and situation. This require to be make sure that the skill and intellectual level of the professionals match the task undertaken by the person according to the job profile. Especially in service giving organization, service providing involves the direct interaction between the personnel and the customer. So it is important that the person is well skilled to satisfy the customer.

HRM involve hiring the right person with the right skill and most importantly training and motivating employees to fit with the job requirement and creating customer facing staff detailed information about the product as well as customers. Researchers show that customers'

experience of service quality is influenced by employees' experience specifically by their attitude and behaviors. (e.g. Schneider & Bowen, 1995, Schneider, Wheeler and Cox, 1992) Rucci, Kirn & Quinone, 1997 in the research "any person with even a little experience in retailing understand intuitively that there is a chain cause and effect relationship running from employee behavior to customer behavior to profit" and it is not hard to see that behavior depends primarily on attitude (Rucci et al., 1998 p. 84)

Under the function of integration that HR managers have to align HR practices of the organizations with customers' expectation known as customization of HR services. One of the objectives of integration with the customer group is to win customers for life which has direct implications for organizational success (DR.R.AMUTHA; MRS. S.SRIVIDHYA, 2012) This is more relevant for service organizations like hotels and banks, since employees of these organizations have to make a physical contact with customers in serving for their requirements. Kelly (1992) argued that customer contact employees with customer oriented values and beliefs are of significant for the organizations customer focus and customer satisfactions.

2.1.6.4. Marketing

Marketing is management process responsible for identifying anticipating and satisfying customer requirements profitably. It is one of the significant components of CRM which refers to the promotional activities that are adopted by a company in order to promote product and services, brand creating and niching the market, pricing, processing and placing. Marketing involves campaign management, call management and mass email and reporting.

Services marketing cannot be separated from overall management. Service consumer interacts with physical resources and employees of service providers. The service providers are involved in service production. No differences should exist between industrial marketing and service marketing in terms of developing a long lasting relationship between a service provider and his/her customers. Marketers and full time marketers determine the success of those relationships.

Customer Relationship Management is a practice that includes all marketing activities directed toward establishing, developing, and maintaining successful customer relationships. (Jusuf Zekiri & Biljana Angelova 2011) The marketing mind set is that the attraction of new customers is merely the first step in the marketing process" (Berry 1986)

Since the early 1990s, academics and consultants have promoted the idea that marketing practice should focus upon identifying and serving the organization's best customers and prospective customers. In other words, they support the effectiveness versus efficiency argument.

2.1.6.5. Work flow automation

Workflow is the flow of information and control in a non-manufacturing process. Workflow applications vary from simple processing of expense reports to complex loan processing applications. Workflow processes are made up of three distinct categories of activities: value-adding, handoff, and control. Value-adding activities are the ones that matter most to the customer, as they affect the end product of the workflow. Hand-off activities are ones that move work across functional departmental or organizational boundaries. Finally, control activities are the various techniques used to design and execute automated routing procedures and to track the current location and status of projects, jobs, or outputs.

A number of processes run in making a single transaction and this require an efficient cost cutting as well as the streaming of all the process this is called workflow automation. It's not only reduces the excess expenditure but also prevent the repetition of a particular task by different people by reducing the work and work force that is getting wasted for avoidable jobs. Routing out the paper work and form filling are one element of workflow automation. It aimed at minimizing the loss of time and excess effort.

A key objective of workflow automation is to increase the percentage of process time and resources dedicated to value-adding activities by reducing hand-off and control activities and eliminating waste. Automated workflow management uses technology enablers to improve the speed, flexibility, and responsiveness of nonmanufacturing processes. The goal is to use various forms of information technology such as e-mail, imaging, and ecommerce to bridge the gap between activities and locations, eliminating queue Workflow management and its effective automation help transform information from an intangible, illusory concept into a tangible organizational asset.(Arthur Andersen: business performance management, 10th edition)

Automated workflow approaches help a company capture not only the information embodied in a process or document but also the rules that govern their execution.

The bank's priorities were to minimize process time (that is, speed the generation, retrieval,

Routing, review, and approval of loan documentation) and maximize value-added process content (that is, manage a growing workload and maintain high accuracy with minimal growth in staff and storage space).

Organizations consider automating their workflow for a number of reasons, namely: less need for keeping vast amounts of paper; faster throughput of work (higher productivity); higher quality of work achieved through the standardization of procedures; decrease transaction processing error; greater flexibility resulting in improved customer service levels at a lower cost; and the provision of a form of auditing to ensure that tasks are completed properly. (Arthur Andersen: business performance management, 10th edition)

Kvyntana and colleagues (2006) conducted a research to assess socio-demographic factors on patient satisfaction of hospital's service. The results suggest that variables such as age, education and gender, marital status affect satisfaction. In this study age and sex will be used as a control variable to measure customer satisfaction.

2.1.6.6. Year of service with bank (customers relationship duration)

It is important to understand the degree of the impact of relationship duration on relationship strength, because the length and size of customer life time value is a cornerstone of customer relationship management (Phillips et al., 2004). Gremler et al., (2001) reported that strong relationships increase customer satisfaction for service companies, and added that supporting strong interpersonal relationships between employees and customers encourages positive word of mouth behavior. These outcomes enhance a company's market share and return on investment. Moreover, it is assumed or even well known that if any customer used the same supplier for a long period of time then, the length of the period will lead to relationship building between the two parties. This means that such customers may have high levels of cumulative satisfaction and the relationship strength continues growing with the time period. Bove and Johnson, (2000) indicated that strong relationships develop incrementally over time and that relationship duration has a positive effect on relationship strength as trust and commitment increase as the relationship matures.

Kvyntana and colleagues (2006) conducted a research to assess socio-demographic factors on patient satisfaction of hospital's service. The results suggest that variables such as age, education and gender, marital status affect satisfaction. In this study age, sex and education level will be used as a control variable to measure customer satisfaction

In this study the five components of customer relationship management; namely, customer service quality, marketing, sales force automation, workflow automation and human resource management will be used to analyze the level of customer satisfaction for CBE.

2.2 Empirical review

Most of the researches on customer relationship management have been conducted on the data obtained from developed countries. Under this Section certain relevant empirical findings on practices of CRM and its influences on customer satisfactions are reviewed based on both developed and developing countries data.

The USA experiences:

Dwayne D. Gremler, Kevin P. Gwinner , Stephen W. Brown (2001) have conducted a research to check whether interpersonal bonds, or relationships between employees and customers, can significantly influence positive word-of-mouth (WOM) communication in the USA. In this study, they hypothesized and empirically tested the proposition that interpersonal bonds, or relationships between employees and customers, can significantly influence positive word-of-mouth (WOM) communication. To empirically investigate they used a self-report questionnaire format with two sets of respondents, bank customers and dental patients. The bank sample consists of 1,303 respondents randomly selected from among the customers of one district of a large bank in the south western US. In this sample, the average length of time as a customer of the bank was 13.2 years. Additionally, 368 patients of a dental practice in a large, southwestern US metropolitan area also participated in the study. Of these respondents, the average length of time as a patient was 8.7 years. Multi-item scales are used to measure each of the five constructs included in the model, Care, familiarity, personal connection, trust and words of mouth. All items are seven point Likert scales, ranging from 1 (strongly disagree) to 7 (strongly agree). A two-step approach was employed to analyze the data. In the first phase, the measurement model was assessed by performing a confirmatory factor analysis using the CALIS procedure in SAS. The measurement model statistics suggested a good fit of the model to the data in both the bank sample and in the dental sample. All indicator loadings are positive and significant. The statistics also provide evidence of reliability.

They concluded & recommended that Interpersonal relationships between customers and employees might be fostered in order to increase the likelihood of customer WOM behavior and

recommended some strategies a service firm might consider in order to strengthen interpersonal bonds between employees and customers, including four key areas: service design, support systems, employees, and customers.

Frederick F.Reichheld (1996) conducted a study on learning from customer defection. Accordingly he defined customer defection as a complete shift by a customer who closed account or stops buying altogether. When a customer shifts or decrease some purchases and shift to another competitor he called partial defection. He suggested that defection is significant because it pertains to the stream of revenue for the company; the cost of retaining a customer is significantly higher than attracting a new one. Failure to be attentive to defection leaves a company blind to the problems in its business practices that, if addressed, would improve the company's long-term performance.

Moreover, the study revealed that, on average the CEOs of U.S. corporations lose half their customers every five years. It shocks the CEOs themselves, most of whom have little insight into the causes of the customer exodus, let alone the cures, because they do not measure customer defections, make little effort to prevent them, and fail to use defections as a guide to improvements. Yet customer defection is one of the most illuminating measures in business. First, it is the clearest possible sign that customers see a deteriorating stream of value from the company. Second, a climbing defection rate is a sure predictor of a diminishing flow of cash from customers to the company-even if the company replaces the lost customers-because new customers cost money to acquire and because older customers tend to produce greater cash flow and profits than newer ones. By searching for the root causes of the problems, companies with the desire and capacity to learn can identify business practices that need fixing and, sometimes, can win the customer back and reestablish the relationship on firm ground. But if so much useful information can be wrung from a customer loss. He reported that, in ten years of studying customer loyalty, customer defections, and their effects on corporate cash flow and profits, have uncovered principal reasons.

The author found that satisfaction surveys are imperfect and noted certain problems related to satisfaction survey. A company with a high defection rate can also conduct a satisfaction survey that has overwhelmingly positive results. While the author does not completely dismiss surveying, he indicates that companies should not "rely solely" upon them. The primary metric is

lifetime value: the frequency and volume of purchases, share of wallet, length of engagement. Even in industries where purchase frequency is low, there is behavior to be measured between purchases that can help gauge satisfaction (such as how much of the service and repair business is done in the dealer's shop).

Mithas and Frow, (2005) stated that, the role of customer relationship management on customer knowledge and the customer's satisfaction. The necessary data was gathered from experienced managers of Information Technology almost from 300 institutions working in United States of America. The finding showed that the applications of CRM have a positive effect as they contribute to improve the knowledge of the customer and enhance the customer's satisfaction.

Indian experience:

Rathi K N and V.Devan (2016) have intended to know the major customer retention strategies used by Indian banks in today's competitive environment.

The methodology they used for the study was survey method. The investigators prepared a Questionnaire for collecting the opinion from customers and conducted personal interview with the bank officials. The tool was administered among 360 customers of various banks. Proportionate sampling was used to collect data. Statistical techniques such as Mean, Standard deviation, T-Test and correlation are used.

The result of the study revealed that there is no difference between the various customer retention strategies used by banks among its customers. This study concluded and recommended that Customer Retention is an important tool which can be used as a major weapon for attracting new customers and to retain the existing customers.

Kenyan experience:

Elizabeth Ogongo (2014) conducted a study on customer retention strategies adopted by commercial banks in Kenya. The study sought to establish the strategies adopted by commercial banks in Kenya to enhance customer retention and to determine the level of customer retention among commercial banks in Kenya. The study adopted cross sectional research design. A census of all the 44 commercial banks operating in Nairobi as at December 2013 was used. Data was collected using questionnaires which were administered through drop and pick method. Data was analyzed using descriptive statistics, regression and correlation analysis to establish the relationship between the variables. The study found out that level of service quality in the bank was high. The study also found out that customers were satisfied with convenience of branch

location, prices (charges/fees/interest), access to electronic transactions, banks effort to inform customers about new products and services and accuracy of banking records. In addition, the study found out that customers were satisfied with efficiency of customer service and accuracy of transactions. The study also found out that customers were satisfied with the fact that the bank had efficient service, listens and is sensitive to customers' needs. Customers were not satisfied with many branch locations that the bank had. The study finally found out that customers perceived the image of the bank as trustworthy, reliable, stable, distinctive/unique compared to others, widely-known and involved in the community. The study recommends that banks should streamline processes with automated reconciliations and keep their records up-to-date to enhance accuracy of banking records, increasing efficiency and effectiveness. The study also recommended that banks should be involved in more corporate social responsibility activities in order to involve the community and even empower the community. This will enable banks have a good image. In addition, organizing employees into quality circles can be an effective way to identify and address problems. With the main objective of establishing the strategies of commercial banks in Kenya enters into the conclusion that the commercial banks working in Kenya were providing high quality of service and other facilities to their customers so that they did not makes any effort to switch over from their current bank to any other banks.

The Romanian experience:

Moreover, Filip and Anghel (2009), aimed at researching customer level of loyalty toward Romanian organizations acting in the retail banking sector and the factors influencing customers' actions in the relationships with banking institutions including reasons of customer retention. Findings were that the Romanian customers remained in banks relationships due to existence of both favorable attitudes or positive motivations and constraint factors or inertia.

Also loyalty level stated by customers did not only depend on satisfaction but also by other factors like bank's attitude towards its own customers, the level of Customer trust toward the organization or its employees in ensuring financial interests of clients and by the level of customer commitment. The study found out that high level of dissatisfaction by customers determines switching behavior. However, the study failed to show the relationship between customer service, price of banks products, quality of the products developed by banks and customer satisfaction.

The Egypt experiences:

Sadek et al (2011) intended to measure effect of customer satisfaction and loyalty from the customers' point of view as examples of the non-financial performance measures in Egypt banks. The paper is quantitative in nature and consists of two different structured questionnaires using convenience/quota sampling. The first involved 180 employees in order to measure CRM applicability, and the second involved 270 customers to measure the level of customer satisfaction and loyalty. The questionnaire was distributed among a sample of 200 employees that have been chosen at different hierarchical levels to fulfill the required questions. A satisfactory response rate of 90% was achieved, as 180 questionnaires were usable for analysis. On the other hand, the questionnaire was distributed among a sample of 300 banking customers that have been chosen from the selected nine banks in order to measure the level of customer satisfaction and loyalty towards their banks. The questionnaire has been distributed and collected among the banking customers. A satisfactory response rate of 90% was achieved, as 270 questionnaires were usable for analysis. The findings show that the selected banks apply CRM components but the level of application differs from one bank to another.

The Macedonian experience in relation to mobile operators:

Furthermore, BiljanaAngelovaand JusufZekiri (2015) conducted a study on Measuring Customer Satisfaction with Service quality delivered by the three mobile operators in Macedonia Using American Customer Satisfaction Model (ACSI Model) .The study was carried out using a quantitative method of collecting primary data, out of 1150 questionnaires, 1048 were analyzed using Excel and SPSS 17 to administer this study. All the empirical findings were collected from the Primary data and Secondary data. Primary data is the data collected from the use of questionnaires. The Secondary data was collected from the directories of the companies that were used from this study, online articles and journals. In this study structured questions were used to collect data from respondents. The survey questions should find respondents' feelings about overall customer satisfaction, for dimensions service quality, and the importance of service quality dimensions.

The empirical findings from customers' opinions, mobile users of the three mobile operators in Macedonia were not satisfied with service quality offered by the mobile operators. Findings also showed that customer' expectations were higher than customer' perception. The tests proved with 95 % confidence that customers were not satisfied with service quality.

They concluded and recommended that companies can benefit from the fact of knowing how customers perceive the service quality and knowing the way of how to measure service quality. Therefore, the management can use the specific data obtained from the measurement of service quality in their strategies and plans. This will help companies to better understand various service quality dimensions that affect overall service customer satisfaction. In this way, companies can better allocate resources to provide better service to their customers.

Table2.1 Summary of empirical findings

No.	Country	Sector	Authors	Major findings
1	USA	Bank Dental clinic	Gremler, Gwinner , and Brown (2001)	Interpersonal bond,or relationship (care,familiarity,personal connectin,trust and word of mouth)between employees and customers,can influence word- of-mouth cmmunication.Model statistics suggested that all cnstructs are positive and significant. The measurement model statistics suggested a good fit of the model to the data in both the bank and the dental sample.
		Bank	Reicheld (1996)	Failure to be attentive to defection leaves a company blind to the problem in its business practice that, if addressed, it wuld improve the companys long-term performance.
		Bank	Mithas and Frow (2005)	the applications of CRM have a positive effect as they contribute to improve the knowledge of the customer and enhance the customers satisfation.
2	India	Bank	Rathi and Devan (2016)	There is no difference between the various customer retention strategies used by the bank among its customers.
3	Kenya	Bank	Ogongo (2014)	The study found that customers were satisfied with efficiency of customer service, accuracy of transaction and with the fact that bank listens and is sensitive to customers needs.

4	Romania	Bank	Filip and Anghel (2009)	Customers remained in banks relationships due to existence of both favorable attitudes or positive motivations and constraint factors or inertia. The study found out that high level of dissatisfaction by customers determines switching behavior.
5	Egypt	Bank	Sadek et al (2011)	The findings show that the selected banks apply CRM components but the level of application differs from one bank to another.
6	Macedonia	Mobile operators	Angelovaand Zekiri (2015)	The empirical findings from customers' opinions, mobile users of the three mobile operators in Macedonia were not satisfied with service quality offered by the mobile operators. Findings also showed that customer' expectations were higher than customer perception.

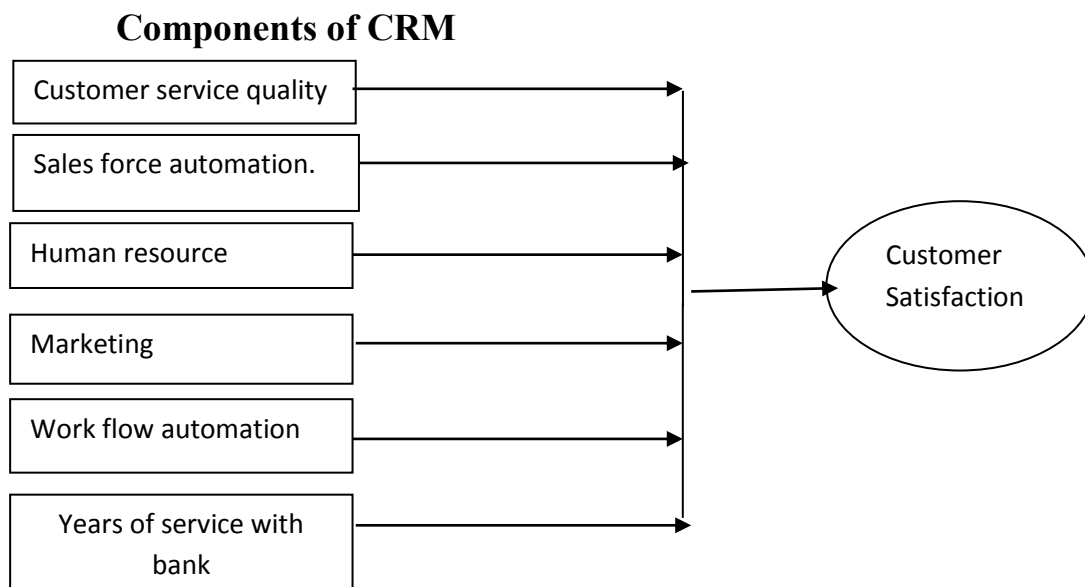
From the empirical review, the researcher has learnt that:

- customer satisfaction depends on many components. Such as Interpersonal bond or relationship, trust, and words off mouth, efficiency of customer services, accuracy of transactions and with the fact that bank pay attentions to customers need.
- CRM not only applicable to banks, it is applicable to other service providers like hospitals, telecom services, etc.
- failure to be attentive to defection, leaves a company blind to the problem, If addressed, it would improve the company's long-term performance.
- application of CRM improves the knowledge of employees and enhances the customer satisfaction.
- countries at different economic levels: developed, middle income and lower income countries apply CRM to maintain customers' satisfaction.

2.3. The Conceptual Research Model

From the theoretical frame works discussed in literature and the practical issues observed at the banks operation, the researcher was tried to propose a model that would explain the impact of CRM on customer satisfaction in commercial Banks. Moreover; the model hastaken from works of Sin et al.; 2005 and Yimet al.2005 to explore the concepts of CRM applications in the CRM customer contact centre industry with slight modification and addition of new components. However, the previously developed conceptual models do not incorporate variables like years of service with the bank and marketing, and the researcher try to understand how the bank would apply the CRM program as core strategies to gain a competitive advantage over its rivals. The conceptual model is shown in the Figure 2.2

Figure 2.2 Conceptual frameworks of the components of CRM Influencing customer satisfaction.



Source: Adopted from the works of (Sin and Yim et al.; 2005) Impacts of CRM Dimensions in Contact centers with modifications and additions of other variables.

Researcher based on the literature reviewed, proposes a model which reflects the main elements of CRM that are responsible for creating customer satisfaction as shown in Figure 2.2. As can be seen in the figure CRM elements, as independent variables represented on the left side of the model with six main components i.e. services quality, sales force automation, human resource, marketing, years of service with the bank and work flow automation. On the right side of the model the dependent variable is represented by customer satisfaction.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1. Research Methods

The methodology section of the research paper deals with how the data collected or generated and how it will be administered, organized and analyzed. Green and Caracelli (1997) argued that research methodology continues to evolve and develop and mixed methods is another step forward, utilizing the strength of both qualitative and quantitative research. They argued further that the problem addressed by social science researchers are complex and the use of either qualitative or quantitative approach by themselves is inadequate to address the complexity. The researcher employed the mixed method both quantitative and qualitative approaches that gained popularity. Besides my research questions forced me to use both qualitative and quantitative methodologies. The qualitative methodology uses interviews and the quantitative methodology uses questionnaires.

3.2. Types and sources of data

Both primary and secondary data were used in the study. The study mainly depends up on primary source of data. Primary data were collected from the Customers of the CBE through questionnaires and an interview with the sample branch managers. Secondary data were collected from published records of CBE and the Bank authorities, standard text book s and published research papers.

3.3. Population of the study

According to data from Customer account and transaction services sub process (CATS-CPC) and MIS of CBE (2017), there are 15 districts and over 1,233 branches all over the Country. Since the study focuses on Addis Ababa city branches, the target populations for the study were customers and branch managers of the commercial bank of Ethiopia found in South Addis Ababa District.

The researcher selected population size from customers of 10 grade four branches found in the district purposively. This means CBE ranks bank branches into grades one to four by number of customers and amount of transactions. Grade four bank branches have the highest number of customers and transactions. Informants were taken randomly from each of the ten branches in a

proportional way. The proportional was calculated by adding total number of active account holders in the selected ten branches and dividing by each branch by the total. The detail is shown in table 3.1. These branches have relatively most of the premium, business, savings and other customers of the bank and large number of customer served comparing to grade 1, 2 and grade 3 branches. Furthermore, big transactions are done than other districts and represent other districts with similar characteristics to get the overall picture of CBE.

The population and sample sizes of the selected branches are presented in Table 3.1

Table 3.1 Summary of population and sample proportion from selected branch

Research Area	Branch	Number of account holder	Sample size
South Addis Ababa district	Finfine	66,008	48
	Gofasefer	59,249	44
	Kirkos	53,743	40
	Lideta	69,175	51
	Mexico	30,590	23
	Nifas Silk	94,493	70
	Sengatera	52,733	39
	Salogora	34,365	25
	TemenjaYa	50,455	37
	Yoseph	31,661	23
	Total	542,472	400

Source: CBE CATS & MIS

3.4. Sample technique and sample size

Slovins's formula (1960) was used to calculate an appropriate sample size from the population. From the total population of 542,472= a sample of 400 respondents was taken from the Study area of the selected branches. The actual sample customers(sample size) is calculated byusing Slovins's formula.

Assumptions:

A 95% confidence level and $e = \pm 5\%$ significance level with a population size of 542,472 was used: Where: n = the sample size N = the population size

e = the level of precision (Sampling error) $n = N / (1 + Ne^2) =$

$$n = N / (1 + 542,472 \times 0.05^2)$$

$$n = 542,472 / (542,472 \times 0.0025)$$

$$n = 400$$

Thus, the 400 sample customers were distributed proportionally among the selected branches.

Interview was held to ten sample branch managers by default.

3.5. Data collection Instruments and process**3.5.1. Data Collection instrument**

The data were collected through questionnaire and structured interview method to generate primary data of the study. So, questionnaire and structured interview will be used as a tool of data collection process of the study. A 5 - point Likert scale questionnaire were distributed to the customers and collected by the help of sample branch manager's. Branch managers were automatically interviewed by the researcher. Respondent customers were identified by the delegated bank officers on their arrival randomly. Those who are not willing to respond are excused and those who are willing are given the questionnaire to fill. The distributed data are collected in two or three days depending on the efficiency of the assigned officers

3.5.2. Data processing and analysis techniques

The data collected through questionnaire were processed using SPSS version 22 as a tool of data analysis. Descriptive statistics such as tables, graphs, and percentage were used to summarize and describe the general characteristics of the data of the informants and to explain the relationship between the independent variables: sales force automation, customer service quality; Human resource, Marketing, work flow automation and Year of service with bank (relationship duration) on customer satisfaction (dependent variable). Reliability test is used to test the consistency of the instruments.

3.6 Ethical Consideration

Study respondents' willingness to fill the questionnaires was respected and verbal consent was taken while distributing the questionnaire papers. Name of individuals were not mentioned in the report, and yet any information or data that can be found confidential as well as affecting the goodwill and reputation of the organization under study is not included in the report of the study.

CHAPTER FOUR

DATA ANALYSIS AND MAIN FINDINGS

The primary focus of the study is customer relationship manager (CRM) and its influence on customer satisfaction. For this purpose 10 sample commercial bank branches from South Addis Ababa District were used. The preliminary data were gathered using questionnaire for customers and interview for branch managers. Therefore, chapter 4 is consisted of three sections. The first section of this chapter presents the backgrounds of the customers. The second section summarizes the reliability test descriptive statistics, the third section discusses results of the interview data, the data from sample customers and managers are presented in tables and charts followed by descriptions of major finding of the study.

4.1 Background of Respondents

4.1.1 Respondents by sample branches

As indicated in the methodology of the study the respondents are randomly selected from sample branch banks. The sample branch banks and the sample customers from each sample branch banks are presented as in Table 4.1.

Table 4.1Number of Respondents by Sample Bank Branches

Name of Branches	Frequency	Percent
Finfine	48	12.0
GofaSefer	44	11.0
Kirkos	40	10.0
Lideta	51	12.8
Mexico	23	5.8
Nefas Silk	70	17.5
SengaTera	39	9.8
Salo Gora	25	6.3
TemenjaYaj	37	9.3
Yoseph	23	5.8
Total	400	100

Source: summary of population and sample proportion

The actual number of respondents amounts to 400 (100%) as planned. The highest number of respondents is 17.5 % from Nefas Silk and lowest is 5.8% from Mexico and Yoseph bank branches.

As indicated in the methodology of the study, the respondents are randomly selected in gender, educational level, occupational type and types of customer profile by product or service.

4.1.2 Number of respondents by gender

With respect to gender, out of the total respondent, 63% were male and 37 % were female.

Table 4.2 Number of respondents by gender

Respondents by Gender	Frequency	Percent
Male	252	63.0
Female	148	37.0
Total	400	100

4.1.3 The number of respondents by age

Table 4.3 demonstrates the range of age groups of the respondents. 33% and 30% of the respondents are in the age groups of 18 -28 and 29 -30 years respectively. These age levels match with the population age of the country. The majority of the country’s population (64%) is below age 40. (CSA, 2010)

Table 4.3 The number of respondents by age

Age Group		
• Below 18 Year	14	3.5
• 18 - 28 Year	133	33.3
• 29 - 39 Year	118	29.5
• 40 - 50 Year	105	26.3
• 51 - 60 Year	24	6.0
• Above 60 Year	6	1.5
Total	400	100

4.1.4. Educational Levels of Respondents

Table 4.4 presents the educational levels of the respondents. From the table we observe that 54% of the customers are first degree graduates.

Table 4.4. Educational Levels of Respondents

Education Level Category	Frequency	Percent
Primary School	9	2.3
Secondary School	31	7.8
Diploma	67	16.8
First Degree	219	54.8
Second Degree	67	16.8
Third Degree & Above	7	1.8
Total	400	100

4.1.5 Respondents Frequency to visit CBE

The customers were asked to indicate the frequency of their visit to the bank. Graph 4.5 demonstrates the frequency of the respondents to visit the sample branch banks. From the table we observe that 32 % of the respondents visit the sample branches daily and weekly at equal level.

Table 4.5. Respondents Frequency to visit CBE

Frequency to visit CBE	More than once a day	35	8.8
	Daily	129	32.3
	weekly	128	32.0
	Bi-weekly	37	9.3
	Monthly	63	15.8
	Quarterly	8	2.0
	Total	400	100

4.1.6 Customers profile by product or service type

Table 4.6 demonstrates the types of customers who responded to the distributed questionnaire in the sample bank branches. From the table we observe that 65.8% of the respondents are regular saving account holders. It is followed by current account (19%) and women saving account (8.5%)

Table 4.6. Customer profile by product or service type

Service Type	Frequency	Percent
Regular saving account holder	263	65.8
Current account	76	19.0
Women saving account	34	8.5
Local money transfer service	16	4.0
Users of interest free banking services	7	1.8
Credit service users	4	1.0
Total	400	100

4.1.7. Lengths of years of relationships of customers with the CBE

Table 4.7 demonstrates the how long respondents were customer with Commercial Bank of Ethiopia. Respondents were asked to reveal length of time since they establish relationship with CBE. Accordingly 43% of the respondents have been customer for 1- 5 years. 45.2 % (28.2 % and 17 %) of the respondents have more than 6 years of relationships.

Table 4.7 lengths of years of relationships of customers with the CBE

Respondents	Frequency	Percent	
How long you have been the customer of Commercial Bank of Ethiopia?	Below 1 years	47	11.8
	1-5 years	172	43.0
	6-10 years	113	28.2
	Above 10 years	68	17.0
	Total	400	100

4.1.8. Respondents' Profile by Occupation Type

From Table 4.8 we observe that with regard to the occupations of the respondents the study indicates that 49.3% were government employees. Private business employees constitute 26.3% and trade/business is 13.5 %.

Table 4.8. Respondents' Profile by Occupation Type

Types of Occupation	Frequency	Percent
Government employee	197	49.3
Private business employee	105	26.3
Trade/business	54	13.5
Student	14	3.5
NGO employee	12	3.0
Pensioner	11	2.8
Agriculture	2	0.5
Other	5	1.3
Total	400	100

4.2. Analysis and Interpretations of Customersresponse

The five rating scale used in the customers questionnaire is collapsed in to three rating scale. 1= Disagree, 2 = Neutral and 3=Agree

Table 4.9Response of Participants Regarding to Service Quality in Percent

Statements	Disagree	Neutral	Agree	Total
This bank provides service as promised				
• Frequency	82	58	260	400
• Percent	20.5	14.5	65.0	100
This bank provides quick service				
• Frequency	78	58	264	400
• Percent	19.5	14.5	66.0	100
I feel safe in transaction with this bank				
• Frequency	35	60	305	400
• Percent	8.8	15.0	76.3	100
This bank serves customer with great respect				
• Frequency	56	81	263	400
• Percent	14.0	20.3	65.8	100
The bank is situated in convenient location				
• Frequency	41	48	311	400
• Percent	10.3	12.0	77.8	100

From Table 4.9 we observe that among the five statements of the variable 311 (77.8 %) of the respondents were most satisfied with the statement, the bank is situated in convenient location. However, 260 (65%) of the respondents were least agreed with the statement, the bank provides service as promised. The variable statements: I feel safe in transaction with this bank, this bank provides quick service and this bank serves customer with great respect were agreed by 305 (76.35%), 264 (66%) and 263 (65.8%) respectively. The table demonstrates that the respondents were agreed with small variations with respect to the service quality variable.

Table 4.10 Response of Participants Regarding to Sales Force Automation

Statements	Disagree	Neutral	Agree	Total
CBE has the ability to use automated banking services (ATM, POS, and telephone banking) to reach out as many customers as possible.				
• Frequency	31	69	300	400
• Percent	7.8	17.3	75.0	100
CBE's technological changes provide big Opportunities to its customers.				
• Frequency	26	70	304	400
• Percent	6.5	17.5	76.0	100
CBE's use of technology enabling CBE employees to save time and increases their number of sales call.				
• Frequency	37	75	288	400
• Percent	9.3	18.8	72.0	100
CBE's use of technology enables customers easily access to Information.				
• Frequency	38	62	300	400
• Percent	9.5	15.5	75.0	100

Table 4.10 Shows that 304 (76%) of the respondents were agreed with the variable statement, CBE's technological changes provide big Opportunities to its customers. The statements: CBE has the ability to use automated banking services (ATM, POS, and telephone banking) to reach out as many customers as possible and CBE's use of technology enables customers easily access to Information, were equally agreed by 300 (75%) of the respondents. The variable statement, CBE's use of technology enabling CBE employees to save time and increases their number of sales call, is least agreed by 288 (72%) of the respondents. From this table we observe that the given variable statements were equally and highly satisfied by the respondents.

Table 4.11 Response of Participants Regarding to Human Resource

Statements	Disagree	Neutral	Agree	Total
CBE employees are good at understanding customers need and requirements.				
• Frequency	45	77	278	400
• Percent	11.3	19.3	69.5	100
Good relationship exists with customers at CBE.				
• Frequency	53	68	279	400
• Percent	13.3	17.0	69.8	100
Your complaints are properly handled in CBE.				
• Frequency	52	101	247	400
• Percent	13.0	25.3	61.8	100
CBE employees are ethical in their work.				
• Frequency	25	75	300	400
• Percent	6.3	18.8	75.0	100
CBE employees are educated and skilled in their work.				
• Frequency	29	62	309	400
• Percent	7.3	15.5	77.3	100

From table 4.11 we observe that the variable statement, CBE employees are educated and skilled in their work was highly agreed by 309 (77.3%) of the respondents. The variable statement, „Your complaints are properly handled in CBE“ is least agreed by 247 (61.8%) off the respondents. The rest of the statement variables: CBE employees are good at understanding customers need and requirements, Good relationship exists with customers at CBE and CBE employees are ethical in their work were agreed by 278 (69.5%), 279 (69.8%) and 300 (75%) respectively. The Table demonstrates that the respondents are more or less equally satisfied with the given human resource variable statements.

Table 4.12 Response of Participants Regarding to Marketing

Statements	Disagree	Neutral	Agree	Total
CBE has the ability to successfully develop and execute attractive and relevant promotions.				
• Frequency	52	84	264	400
• Percent	13.0	21.0	66.0	100
CBE has strong brand name and reputation				
• Frequency	35	66	299	400
• Percent	8.8	16.5	74.8	100
CBE is fast enough to identify changes in its				

customers' product/service need.				
• Frequency	54	85	261	400
• Percent	13.5	21.3	65.3	100
CBE has a well-developed communication channel for the customers.				
• Frequency	64	87	249	400
• Percent	16.0	21.8	62.3	100
CBE's service development efforts are responsive to customer needs.				
• Frequency	57	90	253	400
• Percent	14.3	22.5	63.3	100
CBE regularly circulate documents like reports, and newsletters that provide information to its customers.				
• Frequency	73	101	226	400
• Percent	18.3	25.3	56.5	100

Table 4.12 depicts that the statement „CBE has strong brand name and reputation“ is agreed by 299 (74.8%) of the respondents. The statement variable, CBE regularly circulate documents like reports, and newsletters that provide information to its customers is least agreed by 226 (56.5%) of the respondents. The rest of the variable statements such as, CBE has the ability to successfully develop and execute attractive and relevant promotions, CBE is fast enough to identify changes in its customers' product/service need, CBE has a well-developed communication channel for the customers and CBE's service development efforts are responsive to customer needs were agreed by 264(66%), 261(65.3%), 249(62.3%) and 253 (63.3%) of the respondents respectively. The respondents were more satisfied with the CBE brand name and reputation than the rest of the given variable statements.

Table 4.13 Response of Participants Regarding to Work Flow Automation

Statements	Disagree	Neutral	Agree	Total
CBE has minimized the manual work.				
• Frequency	48	80	272	400
• Percent	12.0	20.0	68.0	100
CBE has improved communication with customers reducing errors and costs.				
• Frequency	61	86	253	400
• Percent	15.3	21.5	63.3	100
CBE's application decreases dependency on paper and handwritten notes during face-to-face customer encounters				
• Frequency	60	107	233	400
• Percent	15.0	26.8	58.3	100
CBE's technology decreases completion times of processing customer transaction.				
• Frequency	58	85	257	400
• Percent	14.5	21.3	64.3	100

Table 4.13 demonstrates that the variable statement, CBE has minimized the manual work, highly agreed by 272 (68%) of the respondents. Whereas, CBE's application decreases dependency on paper and hand written notes during face-to-face customer encounters, is least agreed by 233 (58.3%) of the respondents. The rest of the variable statements such as: CBE has improved communication with customers reducing errors and costs and CBE's technology decreases completion times of processing customer transaction were nearly equally agreed by 253 (63.3%) and 257 (64.3%) of the respondents respectively. From the table we observe that respondents are more or less equally satisfied with the given work flow automation variable statements.

Table 4.14 Response of Participants Regarding to Years of Service the Bank (Relationship Duration)

Statements	Disagree	Neutral	Agree	Total
I would continue to spend the rest of my life with CBE				
• Frequency	69	99	232	400
• Percent	17.3	24.8	58.0	100
I feel as if CBE's problems are my problems.				
• Frequency	84	105	211	400
• Percent	21.0	26.3	52.8	100
I am not attracted to another bank				
• Frequency	107	109	184	400
• Percent	26.8	27.3	46.0	100
I have received acknowledgment for long membership with the bank				
• Frequency	107	99	194	400
• Percent	26.8	24.8	48.5	100
I refer CBE to my colleagues, family and friends				
• Frequency	90	82	228	400
• Percent	22.5	20.5	57.0	100

From the table 4.14 we observe that the variable statement „I would continue to spend the rest of my life with CBE“ is agreed highly by 232 (58%) of the respondents. The variable statements: I am not attracted to another bank and I have received acknowledgment for long membership with the bank were agreed by less than half of the respondents i.e. 184 (46%) and 194 (48.5%) of the respondents respectively. The table demonstrates that the respondents are not satisfied with the

statements: I am not attracted to another bank and I have received acknowledgment for long membership with the bank.

Table 4.15 Response of Participants regarding to customer satisfaction in CBE

Statements	Disagree	Neutral	Agree	Total
The bank's branches service are easily accessible				
• Frequency	65	76	259	400
• Percent	16.3	19.0	64.8	100
Service conditions of this bank are excellent				
• Frequency	61	91	248	400
• Percent	15.3	22.8	62.0	100
I am satisfied with the services of this bank				
• Frequency	61	86	253	400
• Percent	15.3	21.5	63.3	100
I got important services from the bank				
• Frequency	53	90	257	400
• Percent	13.3	22.5	64.3	100
Service level of this bank is less than I expected.				
• Frequency	126	73	201	400
• Percent	31.5	18.3	50.3	100

Table 4.15 shows that 259 (64.8%) and 257 (64.3%) of the respondents are equally satisfied with the variable statements such as the bank's branches service are easily accessible and I got important services from the bank. Whereas 201 (50.3%) of the respondent are least satisfied with the statement: service level of this bank is less than I expected. From the table we observe that all the respondents are satisfied with the given satisfaction variable statements.

Table 4.16 Average of Customer Relationship Management and Satisfaction in Percent

Variables	Disagree	Neutral	Agree	Total
Customer Satisfaction				
• Frequency	38	130	232	400
• Percent	9.5	32.5	58.0	100
Sales Force Automation				
• Frequency	17	64	319	400
• Percent	4.3	16.0	79.8	100
Human resource				
• Frequency	27	95	278	400
• Percent	6.8	23.8	69.5	100
Marketing				
• Frequency	28	102	270	400

• Percent	7.0	25.5	67.5	100
Work Flow Automation				
• Frequency	32	100	268	400
• Percent	8.0	25.0	67.0	100
Years of Service with the Bank (Relationship Duration)				
• Frequency	70	136	194	400
• Percent	17.5	34.0	48.5	100
Service Quality				
• Frequency	36	87	277	400
• Percent	9.0	21.8	69.3	100

As shown in the Table 4.16, sales force automation has scored the highest average percentage value 79.8%. This implies that customers of sample branch banks were highly satisfied with CBE's technological changes and use of e-banking and online services. These enable customers easily to deal with the bank and access information. This was followed by human resource 69.5% service quality 69.3% and Marketing 67.5%. Even though customers were satisfied with all six customer relationship management components they were less satisfied with years of service relationship of customer relationship management component 48.5%. This implies that customers were less satisfied with bank's ability to acknowledge for long membership with the bank.

According to the Table 4.16 the average percentage score of customer satisfaction in sample branches was 58.0%. This implies that customers of CBE sample branches were less satisfied with the average customer's satisfaction than the five components of CRM (sales force automation, service quality, human resource, marketing and work flow automation). This implies that service level of CBE sample branches may be less than its customer's expectations

Table 4.17 Reliability Test

Variables	Number of items	α (Cronbach's alpha)
Sales force automation	4	0.831
Human Resource	5	0.869
Marketing	6	0.861
Work flow automation	4	0.808
Years of Relationship	5	0.860
Service quality	5	0.819
Customer Satisfaction	5	0.801

A reliability test was conducted to each variable of the instrument. Cronbach's α (alpha) is used as an estimate of the reliability test. As a rule of thumb, many scholars believe that the alpha test should be greater than 70% to say the instrument is internally consistent. Accordingly, a pilot survey was conducted before distributing the questionnaire and Cronbach's alpha was 0.92 which is excellent. Following the pilot survey result, a little adjustment was done and the test was conducted again after collection of data. Table 4.17 shows a Cronbach's alpha with a minimum of 0.801 and maximum of 0.869. This reveals a very good internal consistency among the variables.

4.3 Customers suggestions to solve the challenges facing CRM implementation in the sample bank branches.

Out of the 400 intended respondents only 137 responded to the question under part IV. Each respondent was expected to suggest three solutions. However, it was found that two hundred forty responses were collected. This means each respondent suggested an average of two solutions.

Table 4.18 Summary of selected recommendations of sample branch customers

No.	Sample branch customers' suggestions	No. of respondents
1	Must solve net work and power interruptions.	45
2	Employees must be trained on customers' service.	21
3	Has to work hard on employees' motivations and satisfactions to better achieve the bank objectives.	16
4	Expand E-payment, ATM, Mobile banking and POS to customers.	33
5	Give attentions to customers to meet customers need, avoid error and give quality service.	41
6	Add products through researching customers' need, marketing and promotion and good communications.	12
7	Increase number of windows to decrease customer's time.	5
8	Expand bank branches.	8
9	Equip office with the necessary facilities.	5
10	Give recognitions to long year's customers.	3

4.4. Analysis of the interview data

Interviews were conducted with ten sample branch bank managers in order to find the implementation of CRM, satisfaction of CBE customers from the point of view of bank managers and seek recommendations. This section presents the results of each interview questions.

The first question forwarded to them was about their personal profile. In this regard all interviewee were male, with 40% second degree educational background and having 5 – 30 years of service.

The second interview question asked was, Is CRM implemented in your branch? and how is it implemented? In this regard, 70% of the managers of the sample branches replied that it is successfully implemented.

The third interview question asked was, what practical activities were performed to implement CRM in CBE? Interviewees responded that CRM practice is efficient and the bank provides customer focused domestic and international banking services, added to this point that they have suggestion box and read and interpret their customer's comments. In addition, according to the interviewee, they differ from their competitors since they provide individual customer focused services and dedicated window service for premium and business customers and they attentively follow the daily service activities. This service is also preferred by their customers and they thought that this is the better practice compared to other rivals banks.

The fourth question item number one was, how are your customers satisfaction? 50% of managers replied that their customers are greatly satisfied.

The fourth question item number two was what challenges/gaps have you faced in implementation of CRM at CBE? The managers of the sample branches came up with almost similar responses. These challenges were presented as follows in their rank order.

- Credit facilities not allocated equal to all customers
- Frequent shift of customers to other private banks
- Problem with E-banking (ATM, POS, Mobile & Internet banking)
- Long year customers relationship not recognized
- Power and net work interruption.
- Lack of integration between Core processes of the bank, especially credit department has no alignment with districts /Branches for deposit mobilization.

- The delay or rollout of CRM applications.

The fifth question asks managers, what viable recommendations do give to successfully implement CRM in CBE? The recommendations of sample branch managers were presented as follows: Out of ten samples branch managers eight responded to the question and two didn't respond.

Table4.19 Summary of recommendations of sample branch managers

No	Managers' response	No. of respondents
1	Make frequent follow up ,make analysis and provide immediate feed back, corrective action and provide support to customers	6
2	Should apply advanced /updated technology as CRM implementations tools to establish long term relationship with customers.	4
3	Ensure quality service in time, minimize the customers' complaints and implement CRM effectively.	3
4	Should have specific budget or credit facilities given to selected customers to retain them.	2
5	Need to assign one CRM at branch level	2
6	Assign proficient employees /make CRM team well aware of customers' satisfaction.	2
7	Address customer's foreign currency request as much as possible.	1
8	No response	2

Finally, from the managers' interview the researcher understood that the managers of the sample branches identified the challenges that adversely affect their quality banking service and recommended viable solutions to increase customer's satisfaction to the highest level.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Summary of Findings

Based on analysis and Interpretation, the following findings were identified.

1. The results of the background information of respondents indicated that majority of the respondents in CBE (63%) were males, 33% and 30% of the respondents are in the age groups of 18 -28 and 29 -30 years respectively, 49.3 and 26.3 percent were government employees and private business respectively, 54 percent were first degree holders, 32 percent were repatronage with banks daily and weekly, on average the majority of the clients (30.9%) have an experience between 3-5 years with the bank.
2. The descriptive statistics result of the sample CBE branches revealed that the respondent customers are highly satisfied with the average results of the sales force automation of component of customer relationship management by 319 (79.8%). It is followed by human resource and service quality i.e. 278 (69.5%) and 277 (69.3%) respectively.
3. The result of the sample branches showed that 194 (48.5%) of the respondents are not satisfied with years of experience with the bank.
4. From the analysis of the sample branches respondent, the average customer satisfaction is 58 %. This means, significant number of customers is dissatisfied.
5. 70% of the branch managers of the sample branches indicated that the CRM components are successfully implemented in the sample bank branches. This means CRM is not implemented in the remaining 30% of the sample bank branches.
6. Regarding customer satisfaction, the sample bank branch managers confirmed that 50 % of their customers are greatly satisfied with CRM components. This implies that 50% of the sample branch customers are not satisfied.

5.2. Conclusion

The objective of the study was to show the influence of customer relationship management on customer satisfaction which ultimately leads to customer loyalty. The study considered sample branches bank customers operating in South Addis Ababa district as population of the study. The customer relationship management components were the independent variables and customer satisfaction is the dependant variable.

It is concluded from the analysis of the present study that CRM components are responsible for creating customer satisfaction. This indicates that bank's management should give greater emphasis on service quality provided to customer and giving high tension to solving customer problems and complaints which was responsible mainly for customer satisfaction as shown in this study. Banks should be viewed as a source to provide addition value added services which is developed based on customer needs and wants, and not only to consider CRM as customer's record only.

Since competition in the banking industry is very tense, financial institution should give greater importance to CRM as a tool to gain competitive advantage through customer satisfaction.

5.3.Recommendations

Based on the above findings and conclusions, the researcher recommends the following:

1. As the study results showed, the sample branches have improved customer relationship management by improving components of customer relationship management in the area of service quality, sales force automation, human resource, marketing, work flow automation and years of service with the bank. Hence, managerial efforts have to raise customer satisfaction by fully implementing and making follow-up these six customer relationship management components in all branches.
2. Although years of service relationship component of customer relationship management is considered as one of the most important factors influencing customers' satisfaction, CBE customers were found less satisfied with this component of CRM. To address this issue management should give acknowledgement to long membership with the bank, such as loyalty membership and treating long standing customers with great respect, giving individual attention, serving them based on their needs and approaches them on friendly manner. Therefore, the bank management should focus on these factors to promote customers satisfaction of CBE.
- 3.The finding of the study also indicates that customers of the banks were satisfied with the majority of customer relationship management components. However, there are significant number of customers who are not satisfied with the bank services. Therefore, the management bodies of the bank should evaluate and improve customer relationship management practices continuously to bring improvements in customers' satisfaction.

4.The interviewee branch managers indicated that there is no communication and integration among core process/departments. Therefore the bank should design means for communication and integration among the core process in CBE.

5.As per the conducted interview results of managers of sample branches, the bank was found to be strong in introducing new technology and make available networking system among their own branches. On the other hand, they faced problem of network and power interruption that adversely affect their banking service quality practices. Special attention should be given by bank management to technological infrastructure and power interruption which has a direct relationship with customer satisfaction.

6.From the results of this study, there exists a positive relationship between CRM and Customer satisfaction. The results clearly revealed that the six CRM components are very close. This shows us that CRM has significant influence on customer satisfaction both from customers' and branch managers view. Thus, scholars, business researchers, CBE district managers, branch managers need to do further and detail study on the subject matter.

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Appendix

CRM AND ITS INFLUENCE ON CUSTOMER SATISFACTION: THE CASE OF CBE IN SELECTED ADDIS ABABA DISTRICT

Branch Manager's Structured Interview

Instruction: The main purpose of this interview is to review CRM and its influence on customer satisfaction. You and your branch bank have been selected as the best source of information for the purposes of the study. Therefore, your contributions in providing information to the best of your knowledge are highly appreciated

Q1. Personal data

No.	Item	response
1	Name of the branch bank you are manager	
2	Gender	
3	Your educational background	
4	Your year of service	
5	Title of your current position	
6	When are you assigned to this post?	

Q2. Theoretical concept of CRM in CBE

1. State three facts that explain the concept of CRM in CBE

2. Is CRM concepts implemented in you branch bank? Yes or No
3. How is it implemented?
 - a. Very successfully implemented,
 - b. successfully implemented,
 - c. poorly successful
 - d. very poorly successful
 - e. not successful
 - f. I do not know

Q3. Identify the implementation of CRM in CBE

Identify three practical activities performed to implement CRM in CBE.

Q4. Examine the challenges throughout successful CRM implementation in CBE.

1. How are your customers satisfied?
 - a. Very greatly satisfied,
 - b. greatly satisfied,
 - c. poorly satisfied,
 - d. Not satisfied at all.
 - e. I do not know
2. What challenges have you faced in the implementation of CRM in CBE?

Rank the following activities depending on the seriousness of the problem

- a) Service not fast enough
- b) Shortage of foreign currencies/or not availability
- c) Problem with ATM
- d) Credit facilities not equal to all members
- e) Head office not responding on time
- f) Frequent change of managers at branch level
- g) Not equal understanding of CRM implementation
- h) I do not know

Q5. What viable recommendations do you give to CBE to successfully implement CRM in the banking Industry.

- a. _____
- b. _____
- c. _____

Thanks for your time

**CRM AND ITS INFLUENCE ON CUSTOMER SATISFACTION: THE CASE OF CBE IN
SELECTED ADDIS ABABA DISTRICT**

Customers' Questionnaire

Dear Respondents,

The main purpose of this questionnaire is to review CRM and its influence on customer satisfaction. You are selected as the best source of information for the purposes of the study. All your response to the given question would be used for the research and will be kept confidential. I highly appreciate your cooperation thank you in Advance

Direction: Please put a check mark (√) on the appropriate box

Part I. Part I- General information of the respondents

1. Gender: male female

2. Age group:

Below18 18-28 29-39 40 – 50 51-60 Above 60

3. Education Level

Primary Secondary School Diploma

First Degree Second Degree Third Degree & Above

4. Respondents' Profile by Occupation

Government employee Private business employee Trade/business

Agriculture Pensioner NGO employee student

5. How long you have been the customer of Commercial Bank of Ethiopia?

<1years 6-10years above 10years

6. Frequency of visit CBE

More than once a day Daily weekly Bi-weekly Monthly

Quarterly Bi-annually annually whenever necessary

7. Customer profile by product/service type

Regular saving account holder Current account money transfer service

Users of interest free banking services Women saving account Credit service users

Part II: This part of the questionnaire covers items related to components of customer relationship management. Please indicate how much you agree or disagree with each of the following statements by circling the number that best represents your opinion.

1=indicates strongly disagree (SDA), 2=indicates disagree (DS), 3=indicates neutral (N), 4=indicate agree (A) and 5= indicates strongly agree (SA).

S/N	Statement Of Service Quality	strongly disagree	dis agree	Neut ral	agree	stron gly agree
1	This bank provides service as promised	1	2	3	4	5
2	This bank provides quick service	1	2	3	4	5
3	I feel safe in transaction with this bank	1	2	3	4	5
4	This bank serves customer with great respect	1	2	3	4	5
5	The bank is accessible to you.	1	2	3	4	5
	Sales force automation					
1	CBE has the ability to use automated banking services(ATM, POS ,and telephone banking) to reach out as many customers as possible.	1	2	3	4	5
2	CBE's technological changes provide big Opportunities to its customers.	1	2	3	4	5
3	CBE's use of technology enabling CBE employees to save time and increases their number of sales call.	1	2	3	4	5
4	CBE's use of technology enables customers easily access to Information.	1	2	3	4	5
	Human resource					
1	CBE employees are good at understanding customers need and requirements.	1	2	3	4	5
2	Good relationship exists with customers at CBE.	1	2	3	4	5
3	Your complaints are properly handled in CBE.	1	2	3	4	5
4	CBE employees serve you ethically.	1	2	3	4	5

5	CBE employees serve you as professionals do.	1	2	3	4	5
	Marketing					
1	CBE has the ability to successfully develop and execute attractive and relevant promotions.	1	2	3	4	5
2	CBE has strong brand name and reputation	1	2	3	4	5
3	CBE is fast enough to identify changes in its customers' product/service need.	1	2	3	4	5
4	CBE has a well developed communication channel for the customers.	1	2	3	4	5
5	CBE's service development efforts are responsive to customer needs.	1	2	3	4	5
6	CBE regularly circulate documents like reports, and newsletters that provide information to its customers.	1	2	3	4	5

	Work flow automation					
1	CBE has minimized the manual work.	1	2	3	4	5
2	CBE has improved communication with customers reducing errors and costs.	1	2	3	4	5
3	CBE's application decreases dependency on paper and handwritten notes during face-to-face customer encounters	1	2	3	4	5
4	CBE's technology decreases completion times of processing customer transaction.	1	2	3	4	5
	Years of service with the bank (relationship duration)					
1	I would continue to spend the rest of my life with CBE	1	2	3	4	5
2	I feel as if CBE's problems are my problems.	1	2	3	4	5
3	I am not attracted to another bank	1	2	3	4	5
4	I have received acknowledgment for long membership with the bank	1	2	3	4	5
5	I refer CBE to my colleagues, family and friends	1	2	3	4	5
	Customer satisfaction	1	2	3	4	5
1	Services of the bank are up to my expectation.	1	2	3	4	5
2	Service conditions of this bank are excellent	1	2	3	4	5
3	I am satisfied with the services of this bank	1	2	3	4	5
4	I get important services I want from the bank	1	2	3	4	5
5	Service level of this bank is less than I expected.	1	2	3	4	5

Part IV: Suggest at least three solutions to reduce the challenges you faced within the CBE

- _____
- _____
- _____

Thanks for your time

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