



Challenges of Adopting Customer Relationship Management by Commercial Bank of Ethiopia

(The case of Addis Ababa Branches)

In Partial Fulfilment of the Requirement for the Award of Master of Arts Degree in Marketing Management

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Declaration

I, Nebiyou Dawit, hereby declare that the thesis entitled ' **Challenges of Adopting
Customer Relationship Management by Commercial Bank of Ethiopia**

(The case of Addis Ababa Branches)

is my original work. I have carried out the present study independently with the guidance and support of the research advisor, Teklegiorgis Assefa (Assistant Professor). Any other contributors or sources used for the study have been duly acknowledged. Moreover, this study has not been submitted for the award of any Degree or Diploma Program in this or any other institution.

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Acronyms

CBE: Commercial Bank of Ethiopia

NBE: National Bank of Ethiopia

CRM: Customer Relationship Management

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Abstract

The aim of this paper is to identify the Challenges of Adopting Customer Relationship Management by Commercial Bank of Ethiopia. Thus, it aims to add some information and facts with regards to the challenges of CRM in its adoption process. The study has incorporated both primary and secondary data. Moreover, the study uses qualitative research method as a primary source of data. Qualitative data was collected from questionnaires distributed to 384 samples for customers of CBE that are selected by a probability sampling techniques from five Grade IV branches of CBE. Questionnaires were also distributed to the selected branches of employees of CBE and head office employees of CBE who are working around CRM area. The study incorporated descriptive statistics for analyzing the collected data from respondents. To confirm results, T-Score was used. The outcome of the analysis are presented in tables. The outcome of this research indicated that there are Challenges in the Adoption process of Customer Relationship Management by Commercial Bank of Ethiopia. These challenges are identified as budget related challenges, technological related challenges, skill related challenges, lack of adequate involvement from the top management side, lack of quality data, and the lack of understanding the benefits of CRM by the bank's employees. Of all, budget and technological related problems are the most serious and affecting the adoption process significantly, compared to the other challenges. Therefore, in order to achieve better results and maximize effectiveness of the CRM program the bank is adopting, the challenges identified by this study should get adequate attention and needs to be solved.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Effective customer relationship is a base for customer value. In order to support relationship marketing, it is obvious that customer relationship management plays a crucial role. Payne and Frow (2005) gave a definition as CRM is a strategic approach that is concerned with creating improved shareholder value through development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. Companies are more conscious to manage customer relationships in the long term. Today, continuing relationship is much more important than transaction marketing. The role of customer relationship management is becoming more important today than ever before. It helps to integrate various activities for better efficiency and effectiveness.

Understanding customers is the key to success of any organization. The aim of CRM systems is to help improve and/or handle sales development, customer retention and interactions with customers more efficiently (Schulze 2000, 18). The performance of a company highly depends up on the understanding of its customers. Companies with better information about their customers are in a better position than those that lack information about their customers. Acquiring new customers is important. However, retaining them is much more important to firms that engaged in a severe competition like the banking industry. Since the competition among commercial banks in Ethiopia is getting stronger, the adoption of customer relationship management is one of the major activities that must be performed in order to understand the present as well as future needs of their customers.

Customer relationship management is more important to banks as they need to get detailed information and understanding regarding their customers. This information allows them for developing and improving their services better than their competitors as per needs and wants of their customers. Technological advancements have made even the customer

relationship management activities more simple and more valuable to both firms and customers. Banks and financial institutions are recognizing that they can no longer look at a consumer from a specific product or snapshot perspective but must encompass the entire customer relationship to fully understand a client's profitability (Christoph Ako-Nai 2011)

Customer relationship management is an indispensable requirement to reach out to the customers proactively and provide personalized services. A good Customer Relationship Management system should always be determined by its final outcome and should result in high customer value creation. Lack of understanding about Customer Relationship Management (CRM) systems has the potential to contribute to the failure of the whole initiative – especially when organizations view such systems from a purely narrowed technological perspective or when they address Customer Relationship Management in a fragmented manner. The systems have been available as software for the collection analysis and evaluation of information to help the activities of marketing and to provide better customized service to customers. “Organizations need to understand the theoretical and practical implications of the business perspective of CRM before embarking upon a CRM system project. [...] To be successful, CRM projects need to be viewed as more than the implementation of IT” (Light 2001, p.1239).

There are a number of challenges that banks in Ethiopia are facing during the application of Customer Relationship Management. Therefore, the basic aim of this research is to identify the challenges and issues from the application of customer relationship management in the Commercial Bank of Ethiopia.

1.2 Statement of the problem

In the financial services sector the use of Customer Relationship Management systems is seen as promising with high potential. Sufficient customer knowledge can be accumulated as a result of sound Customer Relationship Management in order to support customization effectively. The information gathered through interaction with the customers offer great potential for developing appropriate marketing strategies which help to create and maintain strong relationship with customers. In retail banking, a large number of customer relationships are maintained and a large number of services provided, making it possible to reliably classify customer relationships and derive (and utilize) reference solutions. For

these reasons, growth in the level of investments in CRM systems in the financial services sector is disproportionately high.

Organizations particularly banking firms need to understand the theoretical and practical implications of the business perspective of Customer Relationship Management before embarking up on a CRM system project. According to Robert Winter (2003), the advantages of Customer Relationship Management from the company's stand point include those with technical biases like data integration and automation of marketing or sales process and those with a business bias like extension and consolidation of profitable customer relationship. Customer Relationship Management enables prospective new customers to be targeted with individualized and attractive offers, thus increasing the effectiveness of sales development (Schulze 2000a, 52-54). Customer Relationship Management makes profitable customer relationships even more profitable. It identifies additional sales potentials and prevents the migration of profitable customers through the individualization of pricing, discount, and the likes.

Banks in Ethiopia are implementing the Customer Relationship Management program in order to achieve their objectives regarding the understanding of their customers' needs and behaviours. However, the continuing struggle to adopt Customer Relationship Management practice brings several challenges and issues which may limit the success of the program. In order to overcome high competition in the banking industry, adopting effective Customer Relationship Management program is an important task.

The basic aim of this research is to discover the serious challenges the Commercial Bank of Ethiopia is facing today in its Customer Relationship Management adoption process. The following research questions will help the researcher to achieve this research study's purpose.

1. What are the challenges of the commercial Bank of Ethiopia while adopting Customer Relationship Management (CRM) program?
2. Which challenges are most significant and prevent the bank from achieving better results from the Customer Relationship Management (CRM) program stand point?
3. What are the necessary solutions that can tackle those challenges of Customer Relationship Management (CRM) identified by the research?

1.3 Objectives of the Study

Customer Relationship Management is becoming more popular in the banking industry in Ethiopia. This is banks plan to learn more about their customers' needs and behaviours. By gathering the necessary information from their customers they further design competitive marketing strategies to create and maintain strong and long-lasting relationship with their customers.

Since competition among firms in the banking industry in Ethiopia is getting strong, it is crucial to provide individual or customized service to customers that can satisfy them according to their individual needs and behaviours than competitors. Thus, in order to understand customers more one of the activities that should be performed by commercial banks is Customer Relationship Management.

1.3.1 General Objective

Although Customer Relationship Management (CRM) is very important to a company that wishes to get better understanding regarding its customers, it is not smooth all the time. There are various challenges that should be tackled in order to get better results. Therefore, this research aims to identify the challenges of Customer Relationship Management (CRM) in the adoption process as well as tries to provide the necessary recommendations to make the program more effective and achieves the Customer Relationship Management objectives. In general, the objective of the research besides investigating those factors that create obstacles in the adoption of Customer Relationship Management, it provides the necessary recommendations to tackle those challenges.

1.3.2 Specific Objectives

The research, therefore, aims

- To identify the challenges of adopting Customer Relationship Management process within the Commercial Bank of Ethiopia.
- To identify the most significant factors that hinder the organization from achieving better result from its Customer Relationship Management program.

- To provide the necessary recommendations to tackle those challenges so that better results will be registered.

1.4 Scope of the Study

Commercial Bank of Ethiopia operates in 216 branches in Addis Ababa as of December 2013. It would be a daunting task to cover all of the bank's branches in this study due to time and financial constraints. The research is, therefore, limited to the five (5) branches of the Commercial bank of Ethiopia in Addis Ababa. However, care was taken to ensure that the responses collected are representative.

1.5 Limitations of the study

The research is limited to one commercial bank in Ethiopia among the many due to cost and other constraints. The different ways of Customer Relationship Management adoption used by other commercial banks in Ethiopia may result in different challenges of Customer Relationship Management which may again make the findings of this research not to be generalized. However, if commercial banks adopt Customer Relationship Management in similar way with the Commercial Bank of Ethiopia, the findings and recommendations provided could help them in tracing Customer Relationship Management related challenges and make them to adopt their Customer Relationship Management programs effectively to know their customers well so that they can develop a competitive marketing strategy.

1.6 Significance of the study

This study has significance for different parties particularly to the researcher, to the Commercial Bank of Ethiopia, and to other commercial banks in Ethiopia. It also provides benefit to others who will conduct a research regarding Customer Relationship Management in the future.

To the researcher, it helps by building experience in having deep knowledge regarding CRM and the experience of conducting a research. To the Commercial Bank of Ethiopia and other commercial banks of the private sector it benefits them by providing the information regarding the challenges while adopting Customer Relationship Management programs. It provides the important recommendations for effective Customer Relationship Management

program adoption to these banks. As CRM becomes indispensable today, understanding the challenges of Customer Relationship Management helps these companies well in allowing them to design a better CRM program.

Even for other researchers who may be involved in conducting CRM related research, it helps them by providing a reference to have deep knowledge regarding their topic.

1.7 Key Terms

Customer - operationally customer refers to organizations individuals and businesses that patronize bank products and services.

Relationship Marketing - establishing, maintaining and enhancing relationship with customers and other partners at a profit and that the objectives of the parties involved are met (Coronroos, 1994)

Customer Relationship Marketing-Enterprise approach to understand and influence customer behaviour through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability (Swift, 2001).

1.8 Organization of the study

This study has 5 chapters. The first chapter outlines the introduction part. It deals with the background of the study, statements of the problem, objectives of the study, significance of the study, scope of the study, limitations of the study and organization of the study.

The second chapter deals with literature review. It reviews various studies conducted on Customer Relationships Management (CRM). Chapter three outlines the research methodology employed. It deals with the method of data collection & sources of data employed.

Chapter four deals with the analysis of the data and the interpretation of the data collected with a help of tools mentioned in the third chapter.

And finally, chapter five presents the key result, conclusions and recommendations for the topic of the study.

CHAPTER TWO

LITERATURE REVIEW

2.1 Chapter Overview

In order to find relevant information about the chosen area, the project started with a literature review that was done primarily through the library of Addis Ababa University, School of Commerce by the use of search engines such as PRIMO and Emerald yet some of the information has been collected through books. Relevant literature were collected by the use of the following keywords: customer relationship management, customer retention, customer loyalty, CRM strategy, and Challenges of adopting CRM. These words have been used both individually and together in different combinations. Internet, Google, has also been used in a small extent.

2.2 The Banking Industry in Ethiopia

Banking is one of the oldest professions in human history. A broader definition of a bank is any financial institution that receives, collects, transfers, pays, exchanges, lends, invests, or safeguards money for its customers. This broader definition includes many other financial institutions that are not usually thought of as banks but which nevertheless provide one or more of these broadly defined banking services. These institutions include finance companies, investment companies, investment banks, insurance companies, pension funds, security brokers and dealers, mortgage companies, and real estate investment trusts. (Encarta, 2009)

The banking industry is facing an ever-increasing level of competition around the world as the dynamics of the business change. Technology, commoditization, deregulation and globalization forever changed the face of banking (Joyner 2002). Banks have understood the need to capitalize on the new technologies to gain advantage in the competition by exploiting their customer base, brand value and costly infrastructure investments in order to increase profits, as there is a direct link between the customer satisfaction and the profitability. CRM is the strategy which enables the banks to analyze the customer

profiles, to detect their needs and potential profitability areas and establish the necessary actions that achieve customer satisfaction, competitive advantage and thus the profitability.

Banking in Ethiopia began in 1905 with the establishment of Bank of Abyssinia, a private company controlled by the Bank of Egypt. In 1931 it was liquidated and replaced by the Bank of Ethiopia which was the bank of issue until the Italian invasion of 1936. During the Italian occupation, Italian owned banks were operating in Ethiopia. To name a few Banco di Roma, Banco di Napoli, Banca Nazionale del lavoro and Agricultural Bank were the prominent ones. After the Italians were forced to leave the country the Italian banks were closed, but the branch offices of Banco di Roma, and Banco di Napoli continued their operations in Asmara, Massawa and Addis Ababa until 1974.

Under the subsequent British occupation, Ethiopia was briefly a part of the East Africa Currency Board. In 1943, the State Bank of Ethiopia was established, with two departments performing the separate functions of an issuing bank and a commercial bank. In 1963, these functions were formally separated and the National Bank of Ethiopia (the central and issuing bank) and the Commercial Bank of Ethiopia were formed. (Lulseged, 2005) The first private Ethiopian bank, Addis Ababa Bank Share Company, was established on Ethiopians initiative and started operation in 1964 with a capital of 2 million in association with National and Grindlay Bank of London which had 40 percent of the total share. The Ethiopian Government Bank established after the Italian occupation ended in 1934 E.C. This bank has the mandate from the ministry of Finance to issue paper money and coins.

The banking system has developed well over the years in terms of its geographical coverage, deposit mobilization and credit expansion. With regard to technology, it is underdeveloped, yet most of the commercial banks have started ATM service in Addis Ababa in recent years. Furthermore, these banks are currently offering fund transfer, both domestic fund transfer all over the country and international fund transfer, rendered in cooperation with international money transfer companies like Western Union, Money gram and others. This shows these commercial banks have a pivotal role to the financial sector in particular and their growing importance to the performance of the economy as a whole.

Although the banking industry in Ethiopia has about hundred years of experience, it can be said that, the sector is not yet developed and is still in its infancy or a growing stage. In addition to that, despite a rapid increase in the number of financial institutions since the 1992 financial liberalization, the Ethiopian banking system is still underdeveloped compared to the rest of the world. Though efforts have been made to introduce competitiveness, the banking sector seemed to look an oligopolistic structure for many years, with only few institutions particularly state owned banks controlling the majority market share in the sector. The financial system is also characterized by repression factors including negative real interest rates, inefficiency in financial intermediation and non – existing or underdeveloped financial markets.

The Commercial Bank of Ethiopia was established in its present form by a merger of the nationalized private banks (Addis Bank) with that of the publicly owned commercial bank by proclamation No.184 (1980). Since 1992 Ethiopia has been gradually liberalizing its financial sector. One of the main targets of financial institutions is mobilizing resources specifically domestic savings and channelling investment (Alemayehu, 2006). Financial institutions act as the most important engine of economic growth for several economies in the world. In Ethiopia the major financial institutions operating are banks, insurance companies and micro-finance institutions. The market structure for commercial banks in the economy is highly concentrated especially, in the area of total assets and deposits (Ebisa, 2012). Commercial banks should not only focus on quantitative analysis and safety but also on effective qualitative analysis about bank risk control, internal management and customer service levels when it does performance assessments. With the ever improving information technology, commercial banks will inevitably change in service model, in order to adapt to the trend of social development. Of course, that will depend on improvement of financial security technologies, so that banks can continue to innovate financial products, and enhance core competitiveness (Zhang & Li, 2009).

However, today Commercial Bank of Ethiopia is facing stiff competition from privately owned commercial banks in utilizing modern technologies and they have to make efforts to survive in a competitive market and uncertain market place to continue generating profits. Banks increasingly realize that managing customer is a very important factor for their success in increasing organizational performance in respect of customer attraction, customer satisfaction and customer retention. Customer management is a strategy that can

help them build strong relationships with their customers and increase their profits through the right management system and the application of customer focused profit generating institutions. The organizational efficiency of banking sector has been one of the major issues in the financial turmoil and dynamic financial environment of the world. Thus, the evolution of customer management is found in relationship marketing theory which is intended at improving long term customer relationship by changing from transaction based marketing, with its emphasis on attracting new customers, to customer retention through effective management of customer relationships to cope up with unstable financial crisis (Christopher et al., 1991). Reich and Sasser (1990) stated that, those customers who have been around long enough to get familiar with the company's rules, regulations, ethics and principles, will make more valuable business partnership, will acquire more business profits and will be less price sensitive on individual offers.

Mainly organizational performance focuses as attracting, maintaining and improving customer management. The implementation of customer management as a tool of competitive strategy is on the rise in different financial institutions across the world. Yet there is no doubt that an effective and efficient practice of customer management is important to the successes of financial institutions such as banks. Parvatiyar and Sheth(2002), argued that most of the firms implementing customer management are highly getting benefit out of it. However, most banking systems experience some degree of inefficiency in the utilization of their resources and, especially with regard to managing the quality of service to service-seekers and service provider client partnership. Previous studies have been concluded that the service is very complex and customized in the transaction process, the external environment is sensitive to change rather than stable, and the marketing is uncertain when sellers are not sure what the service seekers want. Besides, banks operating in Ethiopia are consequently put into a lot of pressure due to the increasing modern banking technology competition from Private Banks.

2.3 CRM DEFINITION

The term CRM is not clear. There is confusion about what it stands for and how to implement it. As a result, CRM has different meanings depending on who you ask (Payne & Frow, 2005). There are various opinions about CRM and from which aspects one can see it. Chen and Popovich (2003) refer to CRM as a combination of *people, process* and

technology. These three parts aim at understanding the customers and managing the relationships with them since it focuses on customer retention and relationship development. If one instead take into account what Crosby and Johnson (2000) believe, CRM needs to include a *business strategy, supported by technology and human resources*. The strategy also needs to align relevant processes in connection to CRM and shall be focused on building proactive customer relationships that build profitable customer loyalty for the organization and support the desired customer expectations (Crosby & Johnson, 2000).

Peelen (2005, p. 3) has pointed out four different major views regarding CRM, the aspects are *technology, process, strategy* and *real time marketing*. The first aspect, *technology*, helps the company to gain knowledge about their customers, for example what and when they bought something. The company can also look at previous behaviour of a customer and thereby make predictions about future purchases (Xu, Yen, Lin & Chou, 2002). Followers of this technology philosophy advocate that the main element of CRM is the possibility to establish customer contact between employees from different departments through internet, telephone and also face-to-face (Peelen, 2005, p. 3). There are supporters who say that the second aspect of CRM, *the process*, works in order to identify customers, creating customer knowledge and building relationships (Nguyen, Sherif & Newby, 2007). As one can see, the technology view is not mentioned in this way of looking at CRM. This approach demand greater focus on the customer, and focus on not only one transaction, but the whole relationship building. It strives to get the company to know the customer more as a person than just a buyer of their goods (Peelen, 2005, p. 4). The third aspect of CRM is that it should be seen as a *business strategy* and it should optimize the mixture of the goals which are to increase revenue and profit, but also to raise customer satisfaction (Peelen, 2005, p. 4). Osarenkhoe and Bennani (2007) have developed a model, the 5-S, that describes the core dimensions of relationship strategy implementation. The 5-S are; *structure, staff, style, systems and schemes* within the company.

As previously mentioned, CRM lacks a generally accepted definition. Instead, there are several different definitions and the viewpoints differ considerably, and the authors' view points are very different. The definition of CRM has been described in several ways, for example as a process, strategy and a technological solution (Dimitriadis & Stevens, 2008). A definition formulated by Kincaid (2003) refers to CRM as more than the relationships,

“The strategic use of information, process, technology, and people to manage the customers’ relationship with your company across the whole customer life cycle” (Kincaid, 2003, p. 41).

Swift (2001, p. 12) are defining CRM as an *“Enterprise approach to understanding and influencing customer behaviour through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty, and customer profitability”*. In this definition the customers are in focus, and the author does not mention any other tool to handle the relationship other than understanding the customers by using communication tools. Parvatiyar and Sheth (2001) have another definition of CRM; *“A comprehensive strategy and process of acquiring, retaining, and partnering with selective customers to create superior value for the company and the customer. It involves the integration of marketing, sales, customer service, and the supply-chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value”*. According to Parvatiyar and Sheth, (2001) CRM is deeper than the aforementioned, and emphasizes on the positive exchange between customers and the company. This definition mentions, unlike the ones mentioned above, that a company should work with customers that they have selected in order to bring value to both the customers and also to the company. Not all customers are willing to develop long-term relations with a firm, thus, the company needs to select who these customers are (Peelen, 2005, p. 56).

Osarenkhoe and Bennani (2007); *“CRM is a strategy used to learn more about customers needs and behaviours in order to develop stronger relationships with them”*. This definition is short, simple, informative, and it highlights CRM with focus on the relationships. The definition by Kincaid (2003) is wider than this one by Osarenkhoe and Bennani as it also points out that a business needs to use technology, information and employees in order to be able to handle the long-term relationships over the customer life cycle that CRM should bring. This definition by Osarenkhoe and Bennani (2007) is similar to the definition made by Swift (2001) since it aims to keep a strong communication with customers in order to learn more about their behaviour. The definition by Parvatiyar and Sheth (2001) stands out since it brings up the customer value as an important part of CRM, the other definitions refers only to the relationship with the customers, customer loyalty and customer retention and do not mention the value that a company actually delivers to the customer.

What the definitions above have in common is that the customer is in focus and that it is a concern how to establish long-term relationships with them. These definitions of CRM points out how important it is to view CRM as a extensive set of strategies for managing those relationships with customers that relate to the overall process of marketing, sales, service, and support within the organization. In order to satisfy the customer, information technology and information systems can be used to support and integrate the CRM process (Ngai, 2005). Since there is no widely accepted definition about CRM, the best way to achieve a picture of what CRM stands for is to read and mix different definitions and to summarize them. Crosby and Johnson (2001) identify customer relationship management as a business strategy that multiplies the use of technology and includes it in all processes to create retention and loyalty over time. In general terms, the focus of the CRM concept is to build a long-term and value-added relationship for both business and customers.

In this perspective, it will be necessary to review some definitions to clarify the term:

- ✓ “Coherent and complete set of processes and technologies for managing relationships with current and potential customers and associates of the company, using the marketing, sales and service departments, regardless of the channel of communication” (Chen and Popovich, 2003);
- ✓ CRM applications can enable effective Customer Relationship Management, provided that an enterprise has the right leadership, strategy, and culture” (Thompson 2002);
- ✓ “To improve service and retain customers, CRM synthesizes all of a company’s customer touch points” (Yu,2001);
- ✓ “Good customer relationship management means presenting a single image of the company across all the many channels a customer may use to interact with the firm, and keep a single image of the customer that is shared across the enterprise” (Berry and Linoff 2000, p.14).

2.4 Types of CRM

Several researchers have presented different views about which types comprise a best CRM consideration. For instance, Reynolds (2002) in her book presented three different types of CRM i.e. operational, analytical, and collaborative CRM. These three different

3types were also presented in the recent work of (Minna and Aino, 2005). Similarly, Dyche' (2002, p.13), in his work emphasized more on operational and analytical CRM. However most recently, Buttle (2009, p.4) in his book presented strategic CRM as a fourth type of CRM. In general, these all types of CRM are important because they all have a common objective which is to deliver CRM successfully within the organizations. Therefore, the following section presents and discusses all the four major types of CRM.

2.4.1 Operational CRM

According to Dyche, (2002, p.13) an operational CRM is also known as *front office CRM*. It involves the areas where direct customer contact occurs which is also known as *touch points*. A touch point can be an inbound contact (e.g. a call to a company's customer support hotline) or an outbound contact (e.g. an in-person sales call or an email promotion to customers). In other words, the operational CRM is used to capture customers' data. The operational CRM also enables and streamlines communications to and from customers, but it does not necessarily mean optimizing service. Just because a banking customer checks his/her balance on a mobile telephone would not conclusively establish that he/she does not prefer to perform his/her transaction in the branch.

2.4.2 Analytical CRM

An analytical CRM is also known as a *back office CRM*. It involves understanding the customers' activities that occurred in the front office. The analytical CRM requires technology (to compile and process the mountains of customers' data to facilitate analysis) and new business processes (to refine customer-facing practices to increase loyalty and profitability). Under pressure from analysts and industry experts, most of today's CRM vendors are either creating analytical CRM capabilities or partnership with business intelligence (BI) vendors to incorporate analysis into their offerings (Dyche', 2002, p.13).

If enhanced customer loyalty is the door, then integration is the key. Similarly, Adebajo (2003) described that an analytical CRM is mainly used for building data warehouses, improving relationships, and analyzing customers' data.

2.4.3 Collaborative CRM

According to the definitions from Search CRM, 2007, “collaborative CRM is an approach to CRM in which the various departments of a company such as: sales, technical support, and marketing etc., share any information which they collect from interactions with their customers. For instance, customer feedback gathered from a technical support session could inform marketing staff about products and services that might be of interest to the customer. The purpose of this collaboration is to improve the quality of customer service in order to increase customer satisfaction and loyalty. Minna and Aino (2005) and Adebajo (2003) explained that: “a collaborative CRM system is mainly used for building online communities, developing business-to-business customer exchanges, and personalizing services”.

2.4.4 Strategic CRM

Based on the ideas of Buttle (2009, p.4), strategic CRM is focused upon the development of a customer-centric business culture within an organization. This culture is dedicated to winning and keeping customers by creating and delivering value better than competitors. The author further argues that such business culture is reflected in leadership behaviors, the design of formal systems of the company, and the myths and stories that are created within the firm. Also, in such culture, the resources would be allocated where they would best enhance customer value, reward system to promote employee behaviors that enhance customer satisfaction and retention, and customer information to be collected, shared and applied across them business. In this way, the heroes of the business would be those who deliver outstanding value or service to the customers.

2.5 Benefits of CRM

According to Boris Milovic, due to the highly competitive market in the banking sector, it is very difficult for banks to differentiate themselves from the competition because the services that they offer are very similar, which leaves the customer interaction as a way to distinguish the bank from the competition and the same goes for insurance companies. Customers usually choose a bank based on its location or how close it is to the customer's home or work place. Competitive pressure and dynamic market have contributed to the

development of CRM in the financial sector. CRM solutions for Banking provide multi-channel communication with customers in a consistent and efficient manner. This distinguishes the bank from its competitors and provides the most efficient data collection, unified view of each client, enhanced decision making, product design and sales. Together this allows banks to know their clients and to make the most efficient use of customer interactions across multiple channels. CRM solution also allows the increase of revenue through customized sales and customer service interactions, which allows banks to respond to new customers, products and markets faster and easier. CRM will improve customer satisfaction and enable a better organization for banks with high quality services, better analytics, segmentation and targeting. All these results will not be achieved simply by purchasing and implementing CRM solutions.

Using a Customer Relationship Management system allows businesses to attain many objectives:

- ✓ Streamlined sales and marketing processes
- ✓ Higher sales productivity
- ✓ Added cross-selling and up-selling opportunities
- ✓ Improved service, loyalty, and retention
- ✓ Increased call centre efficiency
- ✓ Higher close rates
- ✓ Better profiling and targeting
- ✓ Reduced expenses
- ✓ Increased market share
- ✓ Higher overall profitability
- ✓ Marginal costing
- ✓ Integration of primary business activities
- ✓ Tracking of all customer interactions
- ✓ Storage of customer data in a single database
- ✓ Support of customer life cycle.

2.6 Challenges Related to CRM

The challenges faced by many of the banks whilst implementing CRM can be summarized by Babin Pokharel as the followings:

- ✓ Getting management sponsorship
- ✓ Quality of customer data
- ✓ Alignment issue (Alignment of people and processes)
- ✓ Lack of skilled people
- ✓ Determining the right time for customer needs
- ✓ Using customer data more intelligently
- ✓ Incorporating customer data and customer preferences to the customer data base
- ✓ Using right technologies
- ✓ Real time data cross all customer channels
- ✓ Having 360- degree view of customers (Single view of customers)

The retail banking market is fiercely competitive (Pili 2006). The competition is forcing banks to find new ways of satisfying customers and quick adaptation to changes. The competition among the banks itself is also very major domestic players on the arena. Banks are aware of this fact and exploit new trends to continue their existence in the market. CRM is one of these trends that are highly adopted by many banks. The satisfaction level of customers who agree that they are treated as a valued customer is the measuring part for CRM's success in the bank. This could be attributed to the distinctive communication capabilities, which target to establish an emotional link with the customer. This is highly related with organizational learning philosophy and adaptive culture of the banks. One of the major challenges when implementing CRM is to know when the timing for the implementation is right and many companies have difficulties to develop a CRM strategy as they lack the resources to develop CRM software (Bull, 2003). Zineldin (2006) presents a framework (the 5Q-model) that consists of five different qualities that influence the satisfaction and loyalty of a customer. The model consists of the quality of *-object*, *-processes*, *-infrastructure*, *-interaction* and the *quality* of atmosphere. This framework can help the managers to analyze which changes in the CRM strategy that affect the satisfaction and loyalty of a customer. All of the different qualities can be seen as CRM challenges since their implementation will affect the satisfaction of the company's customers. The five stages can be hard to implement successfully because if the company

uses this model inappropriately it runs the risk of losing customers, due to low level of satisfaction (Zineldin, 2006).

It is a challenge to find a balance between maintaining existing customers and finding new ones. According to Zineldin (1999) it is more important to keep and satisfy the existing customers than getting new ones, since it is less costly and more profitable. Customer retention can also contribute to lower the customer acquisition costs, since retention helps to build a reputation around the company that spreads a positive spirit (Xu & Walton, 2005). If the level of satisfaction exceeds the expectations of the customer, the customer may become fond of the company. This implies that the consumer becomes more loyal to the entire company and starts spreading positive word of mouth, which is very good for the company's survival. But it can also result in the opposite, that a consumer gets disappointed and start spreading negative word of mouth about the company, which can be devastating for the future for business (Osarenkhoe & Bennani, 2007).

Many companies find it challenging to define which of their customers that are most profitable for their business, and which ones that instead are costing a lot of money for the company, as there is no easy way to measure this (Bull 2003). Profitability is not just about measuring the level of expenses in the company. Some of the customers may even cost the business a lot of money, for example, when a customer has unrealistic expectations of the service, they can become a burden on the business service resources. Therefore, it is important for a company to profile the customers in order to know which ones are the most profitable and which ones may cost the company money. Thereafter, the company may be able to allocate its resources on the most effective way in order to maintain customer relationship(Bishop, 2009). It is a good idea for a company to invest in staff training and development even in harsh times because the skills, talent and capabilities of the people are what will enable customer service delivery to succeed. Making a customer feel special is the best way to help them become even more loyal to the business, and a satisfied customer can be the best advocates for future sales, as they spread positive word of mouth and recommendations which may result in increased customers for the company as consumers always seeks to gain the best value for money (Bishop, 2009). A dissatisfied customer tells approximately 9-10 persons about the bad incident they had with the company. This is obviously not very positive since word of mouth travels fast. Yet, if the company handles the complaints in a good way, about 95 percent of the

customers who are dissatisfied are likely to come back to the company at another time. Also a happy and satisfied customer will return once again, and they are also willing to tell other about their good experience (Zineldin, 2006). Companies often reduce their CRM activities when budgets come under strain within a company (Bishop, 2009). According to Bishop (2009) one of the first areas to suffer cuts are investments in staff training and development, which can be seen as another challenge of CRM. This is because employees are essential part of a company's CRM efforts and need to pay fulltime attention to the implementation(Chen & Popovich 2003).

Many organizations do not make enough research and planning before implementing CRM, which may have the result that the flexibility is not enough and that the CRM lacks commitment and support from the top management (Nguyen, Sherif & Newby, 2007). Further challenges of CRM are due to poor leadership. Most of CRM programs are implemented based on a technical requirements focus, rather than on a business-needs focus. Leaders of CRM often lack a well developed strategic CRM plan, and they are measuring specific activities within their functions. When working on the overall strategies, the company should be the main focus (Nguyen, Sherif & Newby, 2007).

2.7 Internal and External Factors Influencing CRM

The internal and external factors that influence a company's CRM strategy have to be considered in order to succeed. The internal factors include the employees of a business, and also to avoid building CRM on negative grounds (for example if the products do not meet customers' expectations), this may have the result that the company is not able to put the customer's desires into their products and services. This can lead to a failure in customer retention and loyalty(Dimitradis and Stevens, 2008; Peelen, 2005). Dimitradis and Stevens explain that it does not exist any generally accepted framework for CRM success factors. However, they summarize that the internal environment of a company can be summarized in five factors that influence the implementation and performance of CRM. These five factors are *the strategy*, which is considered as the starting point of CRM. The key reasons to fail with the CRM strategy are if the company fails with the implementation of the CRM strategy across the whole company and also fails to integrate it with the marketing and corporate strategy. Next internal factor is the *organizational environment*; numerous cultural and structural factors have been shown to have an impact on the success

of CRM. Furthermore, the organizational environment can influence a company's capacity to benefit from the investments in CRM and also influence the success of the efforts in CRM technology. The third factor, *multichannel integration*, consists according to Payne and Frow (2005), of six types of both physical and virtual contact points with the customer, such as sales force and electronic commerce (Dimitradis & Stevens, 2008). The fourth factor, *people and the management*, are responsible for the daily work with the CRM, and some of them have also contact with the customers. These employees are supposed to implement the CRM strategy in a human level in order to success with the implementation. It can be more difficult and complex to handle these areas with staff and company structure than to handle technologies and customer analysis. The last of the internal factors that affect a company is the *technology* which helps to support CRM related activities and to contribute to better organizational performance.

Thus, it is important to not view CRM as only a technology since seeing it that way strongly contributes to failure (Dimitradis & Stevens, 2008). Peelen (2005, p. 56) points out that the external factors consists of the customers, the competition and the distributors of the products. The company needs to identify which of its customers are willing to develop deeper relationships with them. All customers are, of course, not interested in this; some stays satisfied with single purchases. Since not all of the customers are about to develop this kind of relationship, the company needs to perform a differentiated marketing approach where the loyal customers will be better rewarded. Though, the customers need to accept these marketing conditions if the company should be able to implement this strategy.(Peelen, 2005) Further, the competition on the market is also important to consider. If the company operates on a market where it has a monopoly situation, it will take less effort to create customer retention and loyalty. If the competition on the other hand is tough, more effort is necessary to exceed the customers' expectation and to create loyal customers (Peelen, 2005, p.56). The last factor to consider in the external environment of a company is, according to Peelen, the distribution of the products. It is important to create a strategy that strengthens the relation to the customers, especially if the companies use intermediaries to serve their customers. To achieve stronger relationships with customers, the company can record customer data and keep contact with the customers over the Internet or telephone. This leads to companies building more confidence to the intermediaries since they are better suited to handle these kinds of data. There might occur a channel conflict if the intermediaries begin to feel threatened by the

actions of the suppliers, since the supplier is powerful and can lower the intermediary's compensation or start selling directly to the customers. When designing the CRM strategy all mention above must be taken into account since it is supposed to suit all involved (Peelen, 2005, p. 57). While Peelen (2005) take both customers and the environment into account when describing the external factors around a company, Dimitradis and Stevens (2008) focus on the relationship with the customers. They state that the external side of the environment is based on the relationship from the customers' point of view (Dimitradis & Stevens, 2008). Detailed studies have been performed concerning, for example, relationship quality, satisfaction with a relationship, trust and commitment (Dimitradis & Stevens, 2008). When customers' expectations and experience of a relationship are closely matched, satisfaction will occur.

The following external factors affect a company's CRM success. The first factor to consider is the *relationship expectations*. These expectations can, for example, be confidence, time savings or social satisfactions. Moreover, the *perception of the relationship* has to be taken into account. This includes how a customer perceives and interprets different actions by the CRM channels, touch points of a CRM strategy and system that he comes in contact with (Dimitradis & Stevens, 2008). This is, however, not easy to measure, and the authors' opinions are different since it can be seen both as an overall construction or an analytical component (Palmatier et al., 2006). How much effort is needed in order to develop customer loyalty and retention depends on what kind of market the company is operating at. If it operates at a market with high competition it will take more effort to create deep relationships compared to if they have a monopoly situation (Peelen, 2005, p. 56). It is important to manage the distributors in an appropriate way since it can occur channel conflicts if the intermediaries feel threatened by the suppliers. It is positive for the whole business if the relationship between the suppliers and the intermediaries can be strengthened since in some cases the intermediaries handle the customer contacts (Peelen, 2005, p. 57). Frequently, the organizational goals do not reflect departments and employee's goals and metrics. In some companies, sales departments are concerned with selling activities, since they are evaluated and rewarded only according to sales metrics. Due to this fact, sales people usually think that maintaining a close relationship with customers is not their responsibility. As a result, customers that complain or make suggestions do not receive a satisfactory amount of attention.

Regarding practical propositions, it must be considered that, prior to adopting a CRM tool, it is necessary to evaluate whether or not the organization is already oriented by a philosophy of CRM, whether the company is in fact customer-centred, and whether its culture and history show that collective efforts have been made to create and support long-term relations with customers. Of course, there will be different levels of engagement with CRM's philosophy. In some cases, a series of activities and changes will be necessary in order to prepare the path for CRM implementation. In others, the project must be postponed to avoid the CRM tool becoming an enemy. In the past, some companies had the excuse of not having enough data/information in order to understand and satisfy customers. CRM tools can supply companies with a consistent database, but if the company is not prepared to use this information to provide a good service, the same tool can make this organization incompetent even more evident to customers. For instance, some companies create a Relationship Centre in the wake of a CRM tool adoption, but it is simply useless because either managers and employees (historically and culturally) are not concerned about customers at all, or the organizational structure is so thin and unprepared that there are not enough qualified people to serve clients properly via the new channels opened by CRM tools. Not to mention that resistance to CRM tools can be so intense that a lot of money and effort can be dramatically wasted.

The impact of culture on attitudes and behaviours is particularly observable for services with medium and high levels of customer contact, such as professional financial services (Mattila, 1999, Patterson, Cowley and Pransongsukarm, 2006). Changes in the organizational structure, levels of empowerment of people dealing with customers, rewarding and evaluation of staff systems connected to CRM goals, employees' selection and qualification all these issues have to be linked to a CRM strategy that also has to support the adoption of a CRM tool. Even if the company is already customer-centred and has a CRM philosophy, an isolated CRM tool without process revision, adaptations and involvement of all areas and managers will not be efficient. For relationship marketing to be truly effective, an organization must first decide what kind of customer information it is looking for and it must decide what it intends to do with that information. For example, many financial institutions keep track of customers' life stages in order to market appropriate banking products like mortgages to them at the right time to fit their needs. Next, the organization must look into all of the different ways information about customers comes into a business, where and how this data is stored and how it is currently used. One

company, for instance, may interact with customers in a myriad of different ways including mail campaigns, Websites, brick-and-mortar stores, call centres, mobile sales force staff and marketing and advertising efforts. Solid CRM systems link up each of these points. This collected data flows between operational systems (like sales and inventory systems) and analytical systems that can help sort through these records for patterns. Company analysts can then comb through the data to obtain a holistic view of each customer and pinpoint areas where better services are needed (Eckerson and Watson, 2000). The first step in managing a loyalty-based business system is finding and acquiring the right customers (Reicheld and Teal, 1996). Targeting, acquiring and retaining the “right” customer are at the core of many successful services firm. Building relationship is a challenge especially when a firm has vast number of customers who interact with the firm in many different ways from e-mail and websites to call centres and face to face interactions. When customer relationship management systems are implemented well, they provide managers with the tools to understand their customers and tailor their services, cross-selling and retention efforts, often on a one on one basis (Eckerson and Watson, 2000).

The idea of relationship marketing is that it helps businesses use technology and human resources to gain insight into the behaviour of customers and the value of those customers. If it works as hoped, a business can: provide better customer service, make call centres more efficient, cross sell products more effectively, help sales staff close deals faster, simplify marketing and sales processes, discover new customers, and increase customer revenues. It does not happen by simply buying software and installing it. Relationship technology leads to deep customer insight so useful in the formulation of effective marketing strategy. Information technology helps store and manipulate extensive information about the customer. This information about the customer is used in customer relationship management. Through the technology of customer relationship management, relationship marketing helps uncover customer insights. Also the technology of customer relationship management helps give attention from the perspective of the marketer to the perspective of the customer. Database marketing uses database to hold and analyse customer information thereby helping in creating strategies for marketing. Database marketing usually uses personalise communication, data mining which refers to uncovering relationship about customers from customer data. Advanced software and

hardware have made it possible to extract consumer insight that might not have been possible otherwise.

2.8 Major Factors Affecting CRM's success

In the implementation of CRM, finding the barriers to CRM success could help a company to develop its CRM programs. Generally, the barriers which will affect the CRM success always involve the points as the following (Payne 2006, 336).

2.8.1 Lack of skills

To the implementation of CRM, lack of skills in establishing and utilizing the new IT-based CRM system are the major barriers. In a large-scale CRM implementation project, technically skilled people always are important part. In operating the CRM program especially some new systems, though more and more enterprises realized the importance of employee's skills, the most of enterprise's executives still relied on vendor training to ensure the employee's skills. But actually the training method is not the only way and not always powerful. So, the employee's CRM skills need to enhance in order to ensure the CRM's success (Payne 2006, 336).

2.8.2 Inadequate investment

To operate the CRM, adequate funding is an indispensable requirement. Particularly, for some large-scale projects, adequate investment will provide the financial basis to the CRM's implementation. So, the company could make a systemic plan for CRM's long-term development and prepare adequate funding to extend the CRM system (Payne 2006, 336-337).

2.8.3 Poor data quality and quantity

As the combination of the management concept and the technical system, CRM needs a large numbers of databases. If a company cannot ensure the quality and the quantity of the data in the process of CRM's implementation, CRM cannot give full scope to the company. But in company's different stages of CRM development, the emphasis levels of the data quality and the data quantity are different. For some companies which at the early

stage of CRM development, data quality is the key point; but for some developed companies which plan to undertake or have undertaken the data refinement and the de-duplicating, data quantity is more important than data quality (Payne 2006, 337).

2.8.4 Failure to understand the business benefits

Low awareness of the business benefits will also affect the CRM's success. Like some senior management of a company always have a low understanding of the marketing database which is the key issue of the CRM's analysis and research. But in CRM's implementation, especially in the earlier stage, data warehouse cannot be neglected because it could help the company to forecast the potential benefits and profits after the analysis. So, for seeking the true objectives and maximizing the profits, the company really should understand the business benefits firstly (Payne 2006, 337).

2.8.5 Lack of leadership and top management involvement

For the CRM's long-term success, the best leadership and top management's involvement play the important roles. Actually, the roles of leadership are to keep the executive in high level, make the decisions decisively and to ensure that the idea is innovative, but the most important role of leadership is to grasp the overall situation and try to be the real champion in the process of CRM's implementation. Therefore, if a company lacks the powerful decision makers and the management team, the success of company's CRM will be affected by these future barriers (Payne 2006, 337-338).

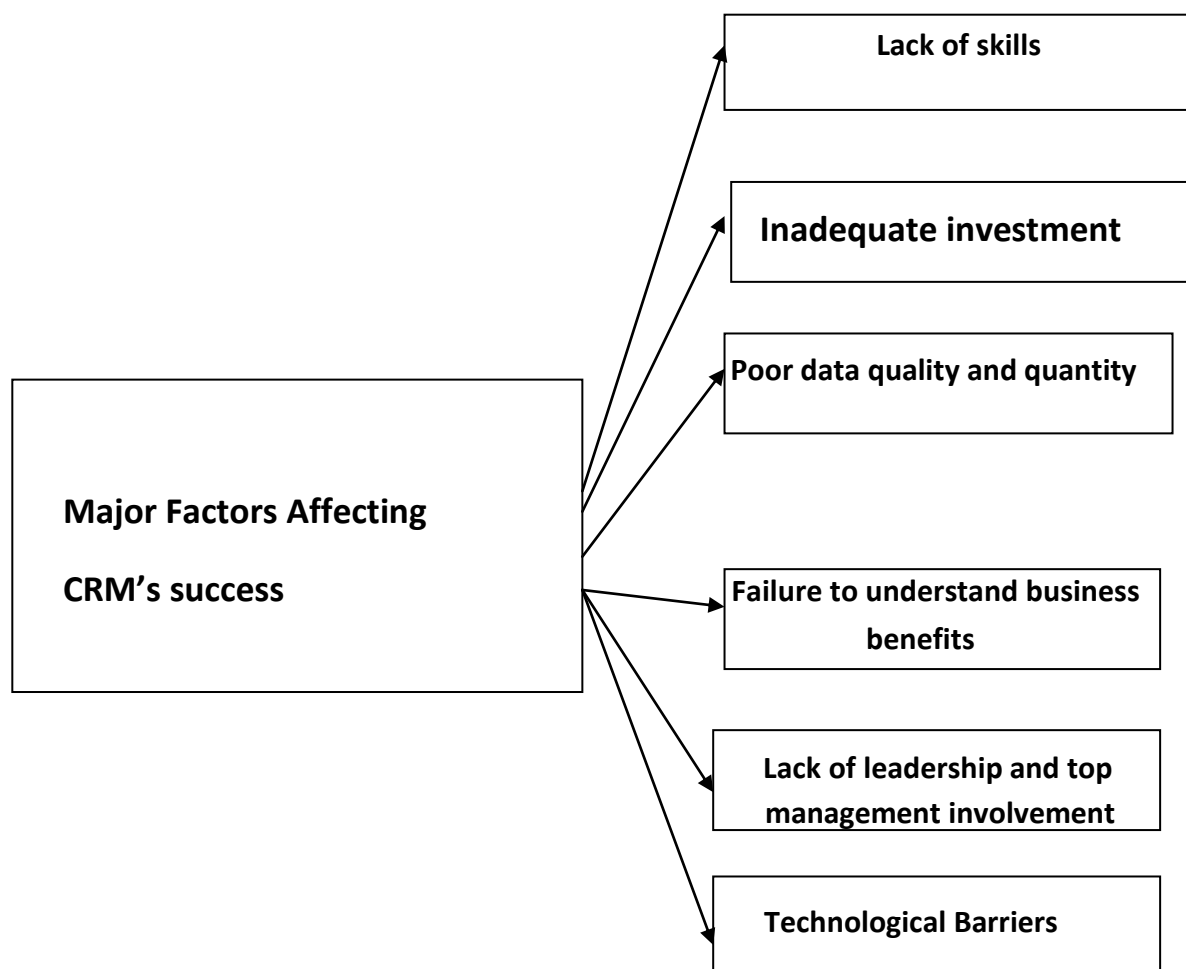
2.8.6 Technology Factors

The interface of the CRM technology in any company is appreciated by the employees. A humanized user interface of technological has been made through the improvement of the CRM system. It shows continuously interaction between technological implementation and application users (Karakostas et al.,2005). A friendly user interface makes the technological applications easy to use and understand, and it increases the degree of CRM adoption. Towards salesmen who need to operate the technological application with most of work, usefulness and practicability directly shows the importance during their work (Avlonitis & Panagopoulos, 2005; Ozgener & Iraz, 2006). Some assistant tools in the

interface can help employees to operate the CRM system conveniently, like the filter and the information memories.

2.9 Conceptual Model

Based on the works of Payne (2006), therefore, there are six major factors affecting the adoption of CRM namely lack of skill, inadequate investment, poor quality and quantity, failure to understand the benefits of CRM, lack of leadership and top management, and technological related problems. Thus, this study built on the basis of the above framework.



Source: Payne (2006)

CHAPTER THREE

METHODOLOGY

3.1 Chapter Overview

This chapter deals with the methodology of the study where by the research design, sampling and sampling techniques, data collection instruments, data collection procedures and the method of data analysis are discussed.

3.2 Research Design

Research methods, such as quantitative and qualitative methods, are used to ensure new knowledge from research processes are convinced (Sedmak & Longhurst, 2010). A qualitative strategy is chosen in the process of this research. With the clarification of Bryman and Bell (2007), qualitative research emphasizes more words rather than data numbers. Also, it regards the research outcomes as an examination from the interactions between individuals (ibid). The suitability of qualitative research emerges from in-depth studies and specific knowledge in a particular subject. CRM has been used publicly in many companies. Previous literature has mentioned various critical factors to CRM. However, in the Commercial Bank of Ethiopia context, whether these factors affect CRM in the same way should be pointed out. As Edmonson and Mcmanus (2007) argue, qualitative research brings out fruitful outcomes in the research field in which little previous knowledge has been explored. Therefore, a qualitative research method is used in our research process.

Case studies are often used for the study of a single organization (Bryman & Bell, 2007). It is rather useful and helpful to research on a detailed and intensive examination on an organization (ibid). Eisenhardt (1989) point out one of the most important realities of case studies: large amounts of data. Being intimate with the empirical evidences often let researchers produce creative theories (ibid). Meanwhile, Sedmak and Longhurst (2010) indicate that case studies are used to undertake research in a specific context for a studied phenomenon, as this research based on the Commercial Bank of Ethiopia. Hence, the researcher chose a suitable company for a case study. The company occupies a large

proportion of the banking market in Ethiopia. Also, CRM plays a very important role in managing customers well in large customers with different needs.

This research is descriptive in nature in that it collects data from one or more target groups and analyzes it in order to describe the present condition. More specifically a survey data on the six dimensions of the factors that affect the adoption of CRM in the Commercial Bank of Ethiopia was collected from customers, customer relation officers and customer service managers from the branches, and customer relation managers from the head office. This is to identify the factors that affect the adoption of CRM in the Commercial Bank of Ethiopia.

3.3 Sampling Design

The population of the study encompasses all customers, customer relation officers and customer service managers of the bank's branches, and the customer relation managers of the bank from the head office in Addis Ababa. As it is impractical to assess all branches of Commercial Bank of Ethiopia located in Addis Ababa, a purposeful sampling is found to be the most appropriate for this case study approach, because information- rich cases can be selected so as to learn much about the issues that are important to the study (patton, M, Q.1990).

To do so, the branches in Addis Ababa were categorized in to sub-groups as per the bank's branch grading system. This grading system categorizes branches from Grade I to Grade IV based on volume of transaction, variety of services provided, site location, amenities and staff strength, cash holding limits and other similar considerations.

After the identification of the specific number of branches in each group the sample is drawn only from the higher grade branches (Grade IV) which constitutes 16 branches of the bank as of November, 2014. Focusing in Grade IV branches is believed to provide the necessary data for the study since the overall structural platform across branches in the Commercial Bank of Ethiopia is uniform as it is dictated by the procedural manuals designed for the processing units. Moreover, the use of higher grade branches is presumed to enable access to multiple portfolios of customers, employees and managers of the bank as the branch rating criteria enables the identification of branches where it provides diversified services that involve huge volume of transactions.

Accordingly, among the grade IV branches only five of them namely Arat kilo branch, Arada Giorgis, Finfine branch, Sillasie branch and Aba koran branch were included in this study so as to enable undertaking a focused inquiry within the scheduled time. In addition to this, as the credit processing team of the bank for branches in Addis Ababa is located solely in the head office, the credit customers and the respective customer relationship officers were also included in the sample.

Overall, 73 employees that work in the CRM areas of the five branches and in the head office and 384 customers of CBE having a business relationship with the five branches were included in the sample. The number of customers in each branch was derived from the Management Information System (MIS) of the bank as depicted in table 3.1 below.

According to Miaoulis and Michener, (1976) in addition to the purpose of the study and population size three criteria usually will need to be specified to determine the appropriate sample size: the level of precision, the level of confidence or risk, and the degree of variability in the attributes being measured. The level of precision, sometimes called sampling errors is the range in which the true value of the population is estimated to be. This range is often expressed in percentage points (e.g., + 5 percent). The key idea encompassed in level of confidence is that when a population is repeatedly sampled the average value of the attribute obtained by those samples is equal to the true population value and the degree of variability in the attributes being measured shows the distribution of attributes in the population. Based on this premises, the writer has devised strategies to determine sample size for different number of population.

According to Krejcie and Morgan (1970), a sample size of 384 is appropriate for a given population size of 100,000 and above at the confidence level of 95% and a margin of error of 5%. Using the same analogy, in this study 384 questionnaires were distributed to meet up to the required level of number of responses from customers of CBE. In addition, employee questionnaires were distributed to all of the customer relationship area performers of the five branches and head office as well.

Name of Branch	Current Account customers	Saving Account customers	Time Deposit customers	Credit service customers	Total
Art Killo	1,705	106,002	2	517	91,717
Arada Gorgis	2,260	80,068	-	81	41,320
Finfine	3,117	51,064	6	391	36,187
Sillasie	1,363	82,434	6	65	25,528
Aba koran	4,205	42,612	1	580	47,398
Grand total	12,650	362,180	15	1,634	242,150

Table 3.1 customer distribution of the branches of CBE

The structured questionnaires were used to solicit primary data from employees and customers to get the necessary information. Questionnaires distributed to customers will be labeled as 'Customer Questionnaire' and those distributed to employees will be labeled as 'Employee Questionnaire' (sadek et al 2011) to avoid mix ups of responded questionnaires during data collection.

The secondary data were collected from annual reports of both National Bank and Commercial Bank of Ethiopia. At tertiary level published journals, articles, publications, books, websites and others were used to solidify the premises of the study.

3.4 Data collection procedures

Data was collected mainly from survey through questionnaires. The 'Employee Questionnaire' were given to the concerned branch customer relationship officers and customer service managers through branch managers accompanied by the inter-departmental memo requesting cooperation. Consequently, the branch managers also distribute the 'Customer questionnaire' to the employees under their domain through customer relationship officers. Since the customer relationship officers and customer service managers are the one with which customers are frequently engaged, the 'customer Questionnaires' will be given to them who further distribute it to the customers and receive the responses thereby.

Accordingly, 73 employee questionnaires and 384 customer questionnaires were given to the respective branch managers of the bank. This yields 82.5% response rate for employee questionnaire and 90% response rate for customer questionnaire.

3.5 Reliability and Validity

Reliability can be defined as the degree to which measurements are free from errors and, therefore, yield consistent results. Operationally, reliability is defined as the internal consistency of a scale, which assesses the degree to which the items are homogeneous. Validity, on the other hand, is concerned with whether the findings are really about what they appear to be about. Validity is defined as the extent to which data collection methods accurately measure what they were intended to measure (Saunders and Thornhill, 2003)

To ensure the validity and reality of this research, the researcher utilized the criterion argued by Bryman and Bell (2007) to test the process of the research. First of all, the internal validity would be fulfilled by the consistency between the research data collection and the theoretical framework. On the other hand, the external validity, which is also met by this formal theory generated, represents that the findings would be used in more general area. Secondly, the researcher makes an adequate agreement in the process of the research, and the extent of the agreement determines the internal reality. Meanwhile, this research will try to a direction for further research on the construction of implementation of CRM strategies. Hence, the external reality would be met.

Reliability was computed using cronbach's coefficient alpha for the entire set of factors affecting the adoption of CRM and found to be 0.82 which is much higher than the threshold value of 0.65. Therefore, the scale is considered to be reliable (Nunnaly, 1978).

3.6 Data Analysis

Eisenhardt (1989) highlights data analysis is the heart of building a new theory from case studies. Also, the difficulties and challenges caused by mixed and disordered data are also pointed out (ibid). Therefore, the researcher chose grounded theory which has become by far a most widely used method for analyzing qualitative data, according to Bryman and Bell (2007). The research, therefore, follows the processes in the grounded theory illustrated by them. After the first turn of data collection, the research started from coding - the basic step in the grounded theory for refining concepts and categories. The researcher, then, collected the necessary data. Recollecting and reanalyzing new data are useful for qualitative research (Edmonson & Mcmanus, 2007).

The survey is designed to solicit for the identification of the factors affecting the adoption of Customer Relationship Management in the Commercial Bank of Ethiopia. The data was analyzed using the Statistical Package for Social Science (SPSS) version 21.0 software using tables and other descriptive statistics. This software has been widely used by researchers as a data analysis technique (Zikmund, 2003).

The analysis to address the research question is done by first calculating the mean score for each dimension in the respective respondent groups and consequently confirms the result using T-test statistics. Based on the results of this score, factors that affect the adoption of CRM in each dimension is ranked for the respective employee and customer respondent groups. Later, the overall mean score of challenges as perceived by employees is compared with that of customers' perception mean score using Z-score. Finally, those dimensions that score below the simple average of the scale points i.e. 3.00 are considered to show the major challenges of the bank in adopting CRM while those scores above this point shows less significant factors affecting the adoption of CRM in the Commercial Bank of Ethiopia.

CHAPTER FOUR

ANLYSIS AND INTERPRETATION

4.1 Chapter Overview

In this chapter the collected data from the employees and customers of the five branches of Commercial Bank of Ethiopia are summarized and analyzed in order to realize the ultimate objective of the study. Accordingly, the demographic profile of the two respondent groups and the major challenges affecting the adoption of CRM in the Commercial Bank of Ethiopia as perceived by the bank's employees and customers are discussed. Finally, summary of the findings are presented.

4.2 Background of the respondents

4.2.1 Employee Respondents

Table 4.2.1 Background characteristics of the ‘Employee Questionnaire’ respondents

		Frequency	Percent	Valid Percent	Cumulative percent
Gender	Male	57	85.1	85.1	85.1
	Female	10	14.9	14.9	100.0
	Total	67	100.0	100.0	
Educational Level	First degree	60	89.6	89.6	89.6
	Second degree	7	10.4	10.4	100.0
	Total	67	100.0	100.0	
Job Title	Branch Manager	5	7.5	7.5	7.5
	Customer Relationship Manager	28	41.8	41.8	49.3
	Customer Service Manager	12	17.9	17.9	67.2
	Customer relationship Officer	22	32.8	32.8	100.0
	Total	67	100.0	100.0	
Job Experience	1-3 years	10	14.9	14.9	14.9
	4-10 years	22	32.8	32.8	47.8
	11-20 years	28	41.8	41.8	89.6
	More than 20 years	7	10.4	10.4	100.0
	Total	67	100.0	100.0	

Source: own survey, 2014

Table 4.2.1 presents the summarized characteristics of respondents of the 'Employee Questionnaire' who are mainly involved in the CRM activities of Commercial Bank of Ethiopia. The male respondents constitute the largest share of the gender composition representing 85.1% of the respondents while 14.9% were female employees.

In terms of educational level, 89.6% of the respondents were first degree holders while the remaining 10.4% were second degree holders. Among the employees of the bank who are involved in this study, 32.8% were customer relationship officers, 17.9% were customer service managers, and the remaining 7.5% were branch managers all of them working in the branches of the banks, whereas the remaining 41.8% were Customer Relationship Managers based at the head office.

Finally, the respondent distribution shows that nearly 10.4% of the respondents were highly experienced in the banking sector being in the industry for more than 20 years. Accordingly, the employees with job experience of less than 20 years but greater than 11 years take the lion share of the respondents, i.e. 41.8%, those with experience of between 4 and 10 years are 32.8%, while those who are less experienced in the banking business constitute 14.9% of the respondents.

4.2.2 Customer respondents

The summarized profile of customer respondents is shown in table 4.2.2 below.

Table 4.2.2 Background Characteristics of the 'Customer Questionnaire' Respondents

		Frequency	Percent	Valid Percent	Cumulative percent
Branch Name	Abakoran Branch	52	16.4	16.4	16.4
	Arat kilo Branch	81	25.6	25.6	42.0
	Arada Giorgis Branch	61	19.2	19.2	61.2
	Finfine Branch	55	17.4	17.4	78.5
	Sillasie Branch	68	21.5	21.5	100.0
	Total	317	100.0	100.0	
Gender	Male	259	81.7	81.7	81.7
	Female	58	18.3	18.3	100.0
	Total	317	100.0	100.0	
Age	Below 30	27	8.5	8.5	8.5
	31-39	70	22.1	22.1	30.6
	40-49	131	41.3	41.3	71.9
	50 and above	89	28.1	28.1	100.0
	Total	317	100.0	100.0	
Purpose of using the bank	Personal	71	22.4	22.4	22.4
	Business	75	23.7	23.7	46.1
	Both	171	53.9	53.9	100.0
	Total	317	100.0	100.0	
The kind of service used	Saving account	123	38.8	38.8	38.8
	Current account	93	29.3	29.3	68.1
	Credit account	67	21.1	21.1	89.3
	Money transfer	28	8.8	8.8	98.1
	Credit card service	6	1.9	1.9	100.0
	Total	317	100.0	100.0	
How long have you been customer of the bank	1-3 years	21	6.6	6.6	6.6
	4-10 years	104	32.8	32.8	39.4
	more than 10 years	192	60.6	60.6	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

As clearly seen from table 4.2.2, 16.4% of the respondents are customers of Abakoran branch, 25.6% are Arat Kilo Branch customers, 19.2% are from Arada Giorgis Branch, 17.4% are from Finfine Branch and the remaining 21.5% are customers of the Sillasia Branch of CBE.

As observed from the table, the gender composition of the respondents is dominated by male respondents, which constituted 81.7% of the respondents while the rest 18.3% are female respondents

Concerning the purpose for which the customers use the service rendered by Commercial Bank of Ethiopia, majority of the respondents (53.9%) was found to be using the service for both personal and business purpose. This shows that the respondent profile is pervasive enough to explore the factors that affect the adoption of CRM as customers' perception represent assessment made from both angles. Moreover, customers that use Commercial Bank of Ethiopia's services for personal purposes constituting 22.4% and those that use it only for business purposes representing 23.7% of the respondents were also included in the study.

As to the services that are used in Commercial Bank of Ethiopia, saving account users take the lion's share(38.8%) followed by current account (checking account) users(29.3%), and 21.1% of them use credit service of the bank as well. Thus, it is of a significant contribution to the study since credit service customers are found to be major contributors for the bank's profitability. Other service users constitute 8.8% and 1.9% of the respondents profile for money transfer and credit card service, respectively.

For the inquiry regarding the length of relationship with the bank either for personal consumption or business purpose, most of the respondents (60.6%) were found to be using CBE'S services for more than 10 years and those who have the relationship with the bank for years between 4 and 10 are 32.8%, but those with the least number of years of relationship with the bank represent only 6.6% of the respondents. Hence, this is believed to substantiate the outcome of the study in revealing the perception of those customers that are in position to compare and contrast CBE's service endeavors since they have experience in CBE both before and after the adoption of the CRM practices.

4.3 Factors that affect the adoption of CRM in CBE

The main objective of this study is to determine the factors that affect the adoption of CRM in terms of the six dimensions namely skill, budget, data, benefit of CRM, management commitment, and technology related issues. To do so, both employees and customers of CBE were asked to rate the factors that affect the adoption of CRM process on a Likert scale of 1 through 5 where the highest being strongly agree and the lowest representing strongly disagree. The questionnaires were distinguished based on the heading given for each of them either ‘Employee questionnaire’ or ‘Customer Questionnaire’ .

In the following section the data collected is analyzed in two sections, devoted for each group of respondents, so as to explore their perception, as the factors affecting the adoption of CRM by deploying the six dimensions.

4.3.1 Factors Affecting the Adoption of CRM- Employees’ Perception

The data was collected to solicit the perception of employees that work under the title of branch manager, customer relationship manager, customer service manager, and customer relationship officer of CRM in CBE measured using the six dimensions therein.

Accordingly, the resultant output is shown in table 4.3.1 where the factors that affect the adoption of CRM in CBE is demonstrated by the mean score achieved by each dimension under consideration.

Table 4.3.1 Factors that affect the adoption of CRM - Employee’s perception

Dimensions	N	Mean	Std. Deviation
Employees' Skill in handling CRM	67	1.4254	.31985
Budget allocation	67	1.3761	.35080
Quality and quantity of data	67	1.6866	.30084
Understanding the Benefits of CRM	67	1.7711	.37699
Management commitment	67	1.4701	.25570
Technological related issues	67	1.3881	.32097

Source: own survey, 2014

As clearly seen from table 4.3.1, the budget related issues dimension has got the least mean score as compared to the other five dimensions .It stands first followed by the technological related issue dimension. On the contrary, understanding the benefits of CRM dimension achieved the highest mean score, which evidently puts it in the six order rank among the group. Hence, employees perceive budget related challenges as the most serious problems that affect the adoption of CRM as compared to the other dimensions.

4.3.1.1 Skill Related Issues

The guidance for customer-contact employees is to increase customer satisfaction in the communication, especially in dealing with customer complaints. The employees' skill ensures the quality of services and raises the efficiency of employees in their work. Furthermore, employee responsibility will be recorded through the “first person responsibility”. CRM embodies a continuous process to understand customer (Kim, Kim & Park, 2010). The work of customer-contact employees might influence how the bank is serving its customers in its CRM program.

The collected data is used to assess the extent to which the employees working in customer relationship management areas perceive lack of skill as the factor that affect the adoption of CRM in CBE. A one-sample statistics that shows the mean and standard deviation for the response given in a five point Likert scale was calculated using SPSS. The least mean figure represents the least level of agreement with the item under consideration while the highest signifies high level of agreement with the scale item.

Table 4.3.1.1 One- Sample statistics-lack of skill

Challenges concerning skill	N	Mean	Std. Deviation
I have the basic knowledge regarding the concept of CRM	67	1.67	.587
The company has provided me with continuous supplementary training about CRM	67	1.24	.464
I have no technical problems to implement CRM well	67	1.36	.569
I am committed to serve customers beyond my respective responsibility	67	1.43	.609
Overall		1.43	0.32

Source: own survey, 2014

The manifestation of lack of skill dimension is included in the items that are used to identify the factors affecting the adoption of CRM. Among these, lack of providing regular training about CRM by the bank and technical problems in handling CRM by the employees are the major ones. However, having the basic knowledge regarding the concept of CRM scored the highest mean representing less significant compared to the other items with in the dimension above. In general, however, one can observe from the overall mean representing the six dimensions that the employees' skill gap in the adoption process of CBE is one of the most significant challenges.

In the mean time, to confirm the results of the sample statistics a t-test was also conducted using the same software showing a totally conformity with the one-sample statistics output. Accordingly, the above t-test results confirm the sample statistics results whereby the least mean score 1.239 registered for the provision of continuous supplementary training about CRM is matched with the least t- score of (19.270) and the same is applicable for all of the other items under consideration.

Table 4.3.1.2 T-test on lack of skill

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I have the basic knowledge regarding the concept of CRM	23.292	66	.000	1.672	1.53	1.81
The company has provided me with continuous supplementary training about CRM	19.270	66	.000	1.239	1.13	1.35
I have no technical problems to implement CRM well	19.523	66	.000	1.358	1.22	1.50
I am committed to serve customers beyond my respective responsibility	21.877	66	.000	1.433	1.28	1.58

Source: SPSS data analysis output, 2014

4.3.1.2 Budget Related Issues

This dimension appraises the extent to which budget related problems affect the adoption of CRM in CBE. The dimension is comprised of five items responded on a five point Likert scale where the highest being strongly agree and the lowest representing strongly

disagree. Accordingly, the sample statistics for each item is calculated & presented in table 4.3.1.3 below.

Table 4.3.1.3 One- Sample statistics-Budget related issues of CRM

Challenges concerning budget allocation	N	Mean	Std. Deviation
The bank allocates adequate investment to implement the CRM program well	67	1.24	.495
The bank allocates the budget promptly (on time)	67	1.34	.509
The bank's budget allocation is based up on the tasks to be performed and the objectives to be achieved	67	1.36	.542
The bank has a mechanism to check whether the budget is spent on the intended CRM activity	67	1.54	.611
The bank has a mechanism to evaluate the outcome of the budget allocated for CRM program	67	1.40	.579
Overall		1.38	0.35

Source: own survey, 2014

The table shows that having mechanism to check whether the budget is spent on the intended CRM activity and the allocation of adequate budget for CRM represent the highest and the lowest mean figures, respectively as compared to the other items tested using the sample statistics. Of the five items 60% of them have a mean score that is less than the overall mean showing significant challenges in this particular dimension. Thus, it is secure to say that budget related problems are the most serious factors that affect the adoption of CRM in CBE, as perceived by employees of the bank.

Table 4.3.1.4 T-test on Budget Related Issues

Items	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The bank allocates adequate investment to implement the CRM program well	19.837	66	.000	1.239	1.12	1.36
The bank allocates the budget promptly (on time)	20.480	66	.000	1.343	1.22	1.47
The bank's budget allocation is based up on the tasks to be performed and the objectives to be achieved	20.504	66	.000	1.358	1.23	1.49
The bank has a mechanism to check whether the budget is spent on the intended CRM activity	21.598	66	.000	1.537	1.39	1.69
The bank has a mechanism to evaluate the outcome of the budget allocated for CRM program	20.588	66	.000	1.403	1.26	1.54

Source: own survey, 2014

A t-test that confirms the above sample statistics was also conducted where the highest mean score for the bank to check whether the budget is spent on the intended CRM activity (1.537) is confirmed by the highest t-test score of 21.598 and also the lowest t-test score confirms the lowest mean figure of 1.239 for the bank allocating adequate investment to implement the CRM program well.. Thus, it is confident to say that the above sample statistics result is the true representation of the budget related factors affecting the adoption of CRM in CBE as perceived by its employees working in the domain.

4.3.1.3 Data Related Issues

For the CRM to be truly effective, the organization must first decide what kind of customer information they want to collect, and what to do with that information. Bank managers have realized that customers have different economic value for them, and they adapt their offer and communication strategy accordingly. Successfully implemented, CRM system brings many benefits to the bank such as quick and easy customer information collection and storage, analyzing profitability, assisting in marketing efforts, acquisition of new customers, relationship management, client retention rate increase, cross selling, etc. CRM solution needs to ensure that the marketing campaigns of banks are appropriately personalized and targeted towards the most appropriate segments of potential clients. This optimizes marketing efforts and results in a higher level of acquisition of new clients. The solution provides a comprehensive preview of the clients, enabling access to all points of interaction that a client has with the bank. CRM solution also automates business processes and business activities, and therefore eliminates manual tasks resulting in reduction of error possibilities and process time. In order to go a step further in enhancing the sales and services, banks are focusing on the development, implementation and integration of their channels quickly and efficiently. However, failing to perform this may pose a problem in the effective running of CRM.

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

Low data quality brings out many problems to companies, especially to customer-contact employees. They have to accept customer complaints caused by wrong data, and do extra work to modify the data. Actually, it does not only troubles employees, but also customer satisfaction will be decreased if the phenomenon of low data quality is common.

Based on the responded questionnaires, therefore, a sample statistics is calculated resulting in a mean and standard deviation score where the highest mean indicates a high level of agreement and the lowest signifying high level of disagreement. Table 4.3.1.5 shows the output of the sample statistics

Table 4.3.1.5 One- Sample statistics-Concerning data quality and quantity

Challenges concerning data quality and quantity	N	Mean	Std. Devia tion
It is easy to collect enough data regarding customer profile from customers and other sources	67	1.72	.517
The bank collects quality data that are helpful to achieve CRM objectives	67	1.82	.520
There are no problems regarding the collection of customer profile data	67	1.52	.587
The bank uses modern technology to provide better service to customers	67	1.84	.642
The way data is managed can help the bank to identify customers leaving the bank and helps to know why	67	1.91	.596
Overall		1.69	0.30

Source: own survey, 2014

As one can observe from table 4.3.1.5, problems regarding the collection of customer profile data secured the least mean figure while data management ways in identifying those customers leaving the bank for various reasons resulted in the maximum mean score among the tested items. Thus, one can conclude from the statistics result above that data related issues, according to the bank’s employees, are considered as the major factors affecting the bank’s CRM adoption process, among others.

To confirm the above sample statistics a t-test was also conducted for this dimension. As a result, the t-test has confirmed the sample statistics result by providing the highest t-test score of 41.886 for the highest mean score and the lowest t-test score of 16.20 for the

corresponding item that has the least mean score. Thus, we can say that the mean scores achieved for each item tested represent the data related issues are factors affecting CRM adoption process of CBE.

4.3.1.4 Understanding Benefits of CRM

Under this dimension, understanding of employees towards benefits of CRM is assessed. In soliciting the employees perception of their understanding about the benefits of CRM, four items are used to be responded on a five point Likert scale where the highest point represent strongly agree and the lowest representing strongly disagree.

Table 4.3.1.6 One-Sample statistics – Understanding the Benefits of CRM

Challenges concerning lack of knowledge about the benefits of CRM	N	Mean	Std. Deviation
The bank continuously provides me with the information involving the benefits of CRM	67	1.43	.609
I personally understand the benefits of CRM	67	2.04	.323
I usually explain the benefits of CRM to my customers	67	1.84	.480
Overall		1.78	0.38

Source: own survey, 2014

Accordingly, a one –sample statistic is calculated where 'The bank continuously provides me with the information involving the benefits of CRM' scored the least mean whereas the item 'I personally understand the benefits of CRM' scored the highest mean among the three items with in the dimension. Moreover, the item the bank continuously provides me with the information involving the benefits of CRM scored a mean that is even below the total mean indicating failure to do so. However, one can observe from the overall mean among the six dimensions that lack of understanding about the benefits of CRM by the employees of CBE is the least influential factor affecting the adoption of CRM, compared to the other major constraints. To confirm the above sample statistics result a t-test was also conducted as shown in table 4.2.1.9 below. As a result, the t-test has confirmed the sample statistics result by providing the lowest t-test score of 19.270 for the lowest mean score and the highest t-test score of 51.890 for the corresponding item that has the highest mean score. Clearly, the t-test confirms the above results where it is confident to appraise the understanding of employees of CBE about the benefits of CRM.

Table 4.3.1.7 T-test on the Understanding the Benefits of CRM

Items	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The bank continuously provides me with the information involving the benefits of CRM	19.270	66	.000	1.433	1.28	1.58
I personally understand the benefits of CRM	51.894	66	.000	2.045	1.97	2.12
I usually explain the benefits of CRM to my customers	31.319	66	.000	1.836	1.72	1.95

Source: own survey, 2014

4.3.1.5 Management commitment towards the adoption of CRM

This dimension is concerned with identifying the extent to which top level managers are involving constructively to support the adoption process of CRM within the company. In this regard, to assess employees' perception five items were used which were responded on five point Likert scale that goes from strongly disagree to strongly agree points. Based on the responded questionnaires a sample statistics is calculated resulting in a mean and standard deviation score where the highest mean indicates a high level of agreement and the lowest signifying high level of disagreement. Table 4.3.1.8 shows the output of the sample statistics

Table 4.3.1.8 One-Sample statistics –commitment of top level management

Challenges concerning lack of management commitment	N	Mean	Std. Deviation
Top managers are cooperative and collaborative in relation to practicing CRM	67	1.33	.613
Top managers accept and provide leadership for building and maintaining customer relationship as a major goal of the bank	67	1.28	.454
CRM responsibilities of employees are clearly defined, assigned and understood	67	1.87	.457
The bank takes customers feedback seriously and reply	67	1.40	.605
Overall		1.45	0.26

Source: own survey, 2014

The manifestation of lack of commitment of top level management dimension is included in the items that are used to identify the factors affecting the adoption of CRM. Among

these, top managers accept and provide leadership for building and maintaining customer relationship as a major goal of the bank resulted in the least mean signifying that the bank has to take measure in improving the situation. The highest mean 1.87 is for the definition and assignment of responsibilities to CRM department employees, which implies that it is the least determinant compared to the other items included in the dimension, according to employees of the bank.

In the mean time, to confirm the results of the sample statistics a t-test was also conducted using the same software showing a total conformity with the one-sample statistics output. The highest mean score for 'CRM responsibilities of employees are clearly defined, assigned and understood' (1.866) is confirmed by the highest t-test score of 33.468 and also the lowest t-test score (17.746) of top managers accept and provide leadership for building and maintaining customer relationship as a major goal of the bank confirms the lowest mean figure of 1.284. Thus, it is possible to say that the above sample statistics result truly represents how the inadequate involvement of the top management in CBE creates challenge to the adoption process of CRM, as perceived by the employees working in the domain.

Table 4.3.1.9 T-test on the commitment of top management

Items	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Top managers are cooperative and collaborative in relation to practicing CRM	18.997	66	.000	1.328	1.18	1.48
Top managers accept and provide leadership for building and maintaining customer relationship as a major goal of the bank	17.746	66	.000	1.284	1.17	1.39
CRM responsibilities of employees are clearly defined, assigned and understood	33.408	66	.000	1.866	1.75	1.98
The bank takes customers feedback seriously and reply	23.135	66	.000	1.403	1.26	1.55

Source: own survey, 2014

4.3.1.6 Technological Related Issues

The customer is in focus and that it is a concern how to establish long-term relationships with them. CRM points out how important it is to view CRM as an extensive set of strategies for managing those relationships with customers that relate to the overall process of marketing, sales, service, and support within the organization. In order to satisfy the customer, information technology and information systems can be used to support and integrate the CRM process (Ngai, 2005).

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

A one-sample statistics that shows the mean and standard deviation for the response given in a five point Likert scale was calculated using SPSS. The least mean figure represents the least level of agreement with the item under consideration while the highest signifies high level of disagreement with the scale item.

Table 4.3.1.10 One-Sample statistics –Technological related issues

Challenges concerning Technology	N	Mean	Std. Deviation
There has been provision of logistics or resources (computers, stable internet connectivity, cars, people, etc) for use in the right quantities, place and time.	67	1.30	.523
Regular training has been provided to employees of the bank to introduce cutting edge IT software to enable the bank's CRM process.	67	1.19	.468
The bank regularly takes measure to improve the existing level of CRM related technology.	67	1.67	.561
Overall		1.39	0.32

Source: own survey, 2014

The table shows that provision of regular training by the bank to CRM employees to enable them to match their skill with the changing technology results in the least mean score of 1.19 whereas the highest mean score is for the measures taken by the bank to improve its CRM related technology, which is a mean score of 1.67 as compared to the other items tested using the sample statistics. Thus, one can conclude from the above statistics result that the bank has the limitations in making technology as one opportunity to use in the

banking industry where the competition is getting tough. The overall mean scores of the six dimensions even reveal that technological related challenges are posing the most serious problems in the adoption of CRM in CBE, next to budget related problems.

To confirm the above sample statistics result a t-test was also conducted as shown in table 4.3.1.11 below. As a result, the t-test has confirmed the sample statistics result by providing the lowest t-test score of 20.336 for the lowest mean score of 1.194 and the highest t-test score of 24.388 for the corresponding item that has the highest mean score of 1.672. Clearly, the t-test confirms the above results where it is possible to appraise the understanding of employees of CBE about the challenges of technological related problems in the CRM adoption process.

Table 4.3.1.11 T-test on Technological Related Issues

Items	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
There has been provision of logistics or resources (computers, stable internet connectivity, cars, people, etc) for use in the right quantities, place and time.	20.868	66	.000	1.299	1.17	1.43
Regular training has been provided to employees of the bank to introduce cutting edge IT software to enable the bank's CRM process.	20.336	66	.000	1.194	1.08	1.31
The bank regularly takes measure to improve the existing level of CRM related technology.	24.388	66	.000	1.672	1.53	1.81

Source: own survey, 2014

4.3.2. Factors affecting the adoption of CRM customer's perception

Data was analyzed to assess the factors affecting the adoption of CRM in CBE using descriptive measures that were used in most of the CRM researches that deals with the deployment of CRM in the service industry, like those undertaken by Saeed et al. (2011) and Das et al (2009).

A one- sample test was conducted on the sixteen items which were responded on a five item scale with the highest being strongly agree and the lowest strongly disagree. The result of the sample statistics depicts what are the factors affecting the adoption of CRM in CBE, according to the customers' perception. The highest mean figure shows high level of agreement with the scale item while the lowest indicates high level of disagreement with the particular item being tested.

Accordingly, table 4.3.2.1 shows the summary of the data collected from customers of the surveyed branches.

Table 4.3.2.1 Factors Affecting the Adoption of CRM- Customer's Perception

Items	N	Mean	Std. Deviation
I have the basic knowledge about CRM and its benefits.	317	1.71	.527
The company has been providing me with the information regarding CRM	317	1.73	.563
Employees of the bank have the basic knowledge regarding the concept of CRM	317	1.33	.670
Employees do not have any technical problems while handling CRM	317	1.24	.626
Speed of the service delivery is good while applying CRM with customers.	317	1.62	.647
Employees serve customers with great respect	317	1.65	.661
The bank identifies customers' needs	317	1.54	.669
The bank's CRM program is based upon the customers' needs	317	1.43	.611
There are enough skilled personnel in the CRM department	317	1.53	.773
The bank has been supporting me with its CRM program	317	1.77	.720
It is easy to communicate with top CRM managers when necessary	317	2.12	.839
The bank is doing more than relationship management to satisfy customers	317	1.40	.840
There are simple procedures provided by the bank to accept customers' complaints regarding CRM	317	1.39	.842
The bank positively accepts complaints and provides timely feedback.	317	1.31	.577
I have regular internet access to deal with CRM when necessary.	317	1.55	.652
I do not have the basic IT knowledge that helps me in getting CRM service from the bank	317	1.94	.973
Overall			

Source: own survey, 2014

This assessment is done to appraise what are the factors affecting the adoption of CRM in CBE while to meet the needs of its most valuable customers by providing customized products that are in agreement with their prevailing requirements.

As it can be seen from the table above, the output of the sample statistics reveal that the highest mean was recorded in 'easiness of communicating top level managers when the need arises resulting in a mean score of 2.12 followed by 'I do not have the basic IT knowledge that helps me in getting CRM service from the bank with mean score of 1.94. However, lack of technical skill in handling CRM has been found to be with the least mean score of 1.24 followed by lack of accepting customers' complaints and providing timely feedback to the complaints with a mean score of 1.31.

To confirm the above test result a t-test was conducted. Likewise, the item lack of technical skill in handling CRM has been found to be with the least mean score of 1.24 with the least t-score value of 33.716 followed by lack of accepting customers' complaints and providing timely feedback to the complaints with a mean score of 1.31 which corresponds a t- score value of 34.131. The highest t- value (67.966) was recorded for the easiness to communicate with top CRM managers when necessary, which shows a mean score of 2.12, has been perceived by customers as least significant factor affecting the adoption of CRM program in CBE.

Table 4.3.2.2 T-Test on Customers' Responses

Items	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
I have the basic knowledge about CRM and its benefits.	50.005	316	.000	2.205	1.71	2.26
The company has been providing me with the information regarding CRM	51.522	316	.000	2.230	1.73	2.29
Employees of the bank have the basic knowledge regarding the concept of CRM	34.395	316	.000	2.309	1.33	2.38
Employees do not have any technical problems while handling CRM	33.716	316	.000	2.240	1.24	2.31
Speed of the service delivery is good while applying CRM with customers.	49.699	316	.000	1.625	1.62	1.70
Employees serve customers with great respect	49.929	316	.000	1.650	1.65	1.72
The bank identifies customers' needs	47.595	316	.000	1.637	1.54	1.71
The bank's CRM program is based upon the customers' needs	42.411	316	.000	1.628	1.43	1.70
There are enough skilled personnel in the CRM department	46.144	316	.000	1.830	1.53	1.92
The bank has been supporting me with its CRM program	51.863	316	.000	1.773	1.77	1.85
It is easy to communicate with top CRM managers when necessary	67.966	316	.000	1.931	2.12	2.02
The bank is doing more than relationship management to satisfy customers	40.322	316	.000	1.997	1.40	2.09
There are simple procedures provided by the bank to accept customers' complaints regarding CRM	36.869	316	.000	1.792	1.39	1.88
The bank positively accepts complaints and provides timely feedback.	34.131	316	.000	1.495	1.31	1.56
I have regular internet access to deal with CRM when necessary.	48.271	316	.000	1.549	1.55	1.62
I do not have the basic IT knowledge that helps me in getting CRM service from the bank	53.569	316	.000	1.943	1.94	2.05

Source: own survey, 2014

The tables below show the level of agreement & disagreement for each item in detail .The tables are headed by the shortened name for the respective items included in the dimension and they indicate the frequency & percentage of responses along with the valid percent and cumulative percent.

Table 4.3.2.3 –Having knowledge regarding CRM

		Frequency	Percent	Valid Percent	Cumulative Percent
	Disagree	264	83.3	83.3	83.9
	Neutral	35	11.0	11.0	95.0
	Agree	16	5.0	5.0	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

As one can observe from table 4.3.2.3 that, 83.3% responded they have lack of knowledge regarding CRM whereas only 5% responded they have the knowledge of CRM.

Table 4.3.2.4-Provision of information about CRM by the bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	2	.6	.6	.6
	Disagree	259	81.7	81.7	82.3
	Neutral	38	12.0	12.0	94.3
	Agree	17	5.4	5.4	99.7
	Strongly agree	1	.3	.3	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

Table 4.3.2.4 shows that majority (81.7%) of the respondents disclosed the bank does not provide the necessary information regarding CRM.

Table 4.3.2.5-Employees knowledge of CRM as perceived by customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	3	.9	.9	.9
	Disagree	245	77.3	77.3	78.2
	Neutral	39	12.3	12.3	90.5
	Agree	28	8.8	8.8	99.4
	Strongly agree	2	.6	.6	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

From table 4.3.2.5 we can observe that 77.3% of the respondents perceive as the bank's employees have little knowledge about CRM.

Table 4.3.2.6 Technical problems of employees observed while handling customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	8	2.5	2.5	2.5
	Disagree	249	78.5	78.5	81.1
	Neutral	37	11.7	11.7	92.7
	Agree	22	6.9	6.9	99.7
	Strongly agree	1	.3	.3	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

From table 4.3.2.6 we can observe that 78.5% of the respondents perceive employees of the bank have technical problems while handling their customers.

Table 4.3.2.7 Speed of getting service in relation to CRM

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	148	46.7	46.7	46.7
	Disagree	140	44.2	44.2	90.9
	Neutral	29	9.1	9.1	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

Table 4.3.2.7 reveals that 46.7% strongly disagree and 44.2% disagree in getting fast services in relation to CRM from CBE.

Table 4.3.2.8 Employers serve customers with great respect

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	144	45.4	45.4	45.4
	Disagree	140	44.2	44.2	89.6
	Neutral	33	10.4	10.4	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

One can see from table 4.3.2.8 that 45.4% strongly disagree and 44.2% disagree with the item 'Employers serve customers with great respect'.

Table 4.3.2.9 The bank identifies customers' needs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	149	47.0	47.0	47.0
	Disagree	134	42.3	42.3	89.3
	Neutral	34	10.7	10.7	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

According to table 4.3.2.9 47.0% strongly disagree that the bank identifies customers' needs.

Table 4.3.2.10 The bank's CRM program is based upon the customers' needs

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	140	44.2	44.2	44.2
	Disagree	155	48.9	48.9	93.1
	Neutral	22	6.9	6.9	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

As table 4.3.2.10 clearly indicates 44.2% strongly disagree that the bank's CRM program is based upon the customers' needs.

Table 4.3.2.11 There are enough skilled personnel in the CRM department

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	122	38.5	38.5	38.5
	Disagree	130	41.0	41.0	79.5
	Neutral	63	19.9	19.9	99.4
	Agree	1	.3	.3	99.7
	Strongly agree	1	.3	.3	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

According to table 4.3.2.11 majority of the respondents perceive there is lack of skilled personnel in the CRM department of the bank.

Table 4.3.2.12 The bank has been supporting me with its CRM program

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	118	37.2	37.2	37.2
	Disagree	161	50.8	50.8	88.0
	Neutral	30	9.5	9.5	97.5
	Agree	8	2.5	2.5	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

Table 4.3.2.12 reveals that only 2.5% of the respondents feel the bank has been supporting them with its CRM program.

Table 4.3.2.13 It is easy to communicate with top CRM managers when necessary

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	103	32.5	32.5	32.5
	Disagree	153	48.3	48.3	80.8
	Neutral	41	12.9	12.9	93.7
	Agree	20	6.3	6.3	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

One can observe from table 4.3.2.13 that 32.5% strongly disagree and 48.3% disagree with the easiness of communicating with top CRM managers when necessary.

Table 4.3.2.14 The bank is doing more than relationship management to satisfy customers

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	92	29.0	29.0	29.0
	Disagree	154	48.6	48.6	77.6
	Neutral	51	16.1	16.1	93.7
	Agree	20	6.3	6.3	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

We can see from table 4.3.2.14 that only 6.3% of the respondents feel the bank is doing more than relationship management to satisfy customers.

Table 4.3.2.15 There are simple procedures provided by the bank to accept customers' complaints regarding CRM

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	129	40.7	40.7	40.7
	Disagree	142	44.8	44.8	85.5
	Neutral	35	11.0	11.0	96.5
	Agree	5	1.6	1.6	98.1
	Strongly agree	6	1.9	1.9	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

According to table 4.3.2.15 more than 85% of the respondents do not agree that there are simple procedures provided by the bank to accept customers' complaints regarding CRM.

Table 4.3.2.16 The bank positively accepts complaints and provides timely feedback.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	173	54.6	54.6	54.6
	Disagree	131	41.3	41.3	95.9
	Neutral	13	4.1	4.1	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

Table 4.3.2.16 shows that more than 96% of the respondents feel not only the bank fails accepting complaints positively but also lacks providing timely feedback.

Table 4.3.2.17 I have regular internet access to deal with CRM when necessary.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	170	53.6	53.6	53.6
	Disagree	121	38.2	38.2	91.8
	Neutral	25	7.9	7.9	99.7
	Agree	1	.3	.3	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

From table 4.3.2.17 we can observe that lack of getting regular internet access is perceived as a challenge in adopting CRM by over 91% of the respondents.

Table 4.3.2.18 I do not have the basic IT knowledge that helps me in getting CRM service from the bank

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly disagree	118	37.2	37.2	37.2
	Disagree	134	42.3	42.3	79.5
	Neutral	36	11.4	11.4	90.9
	Agree	23	7.3	7.3	98.1
	Strongly agree	6	1.9	1.9	100.0
	Total	317	100.0	100.0	

Source: own survey, 2014

Table 4.3.2.18 shows that having the basic IT knowledge that helps customers in getting CRM service from the bank is a challenge in adopting CRM, as perceived by more than 79% of the respondents.

4.4 Summary of the Findings

The previous two sections presented in detail the factors affecting the adoption of CRM in CBE as perceived by the employees of the bank and customers of the sampled branches. In this section, the finding from the two groups of respondents is presented in a summarized and informative manner.

Both respondent groups were asked to assess the factors affecting the adoption of CRM in a five point Likert scale where the factors are seen in congruent with the six dimensions therein. Accordingly, as it is depicted in the previous section the resultant sample for both groups of respondent shows that there are factors affecting the adoption of CRM in CBE. Through the overall mean score for both groups of respondents, understanding of the bank's employees about the benefits of CRM and accessing quality data are less significant factors in affecting the adoption of CRM in CBE. Whereas, those dimensions that are budget related issues, technology related issues, and lack of skill in handling CRM by the employees of the bank are found to be serious factors affecting the smooth running of CRM in CBE. The lack of positive and constructive involvement of management in the CRM adoption process is also another challenge that has been putting a constraint in the CRM execution process in the bank.

As the major goal of CRM is identifying the individual needs of customers and meet these needs accordingly, the findings of this study show that customers have not simple and clear procedures to forward their comments and to complain about issues what they think should be treated by the bank immediately, as perceived by customers.

The simple comparison between the two mean scores of the group reveals that employees perceive that the bank does not allocate adequate budget for running CRM program. Moreover, the technology that the bank has been using for years made CRM very difficult to run in a smooth and efficient manner. Not only there are weaknesses by the bank in providing the necessary logistics but also it is not providing regular training to its employees so that they can understand the dynamics of the technological environment and serve their customers well.

On the contrary, the overall mean score of the customers response shows that, customers perceive as having no means for their complaints to make including no sign from the bank regarding feedbacks to their complaints even if their complaints are accepted. It is very difficult to implement CRM without considering customers together with their opinions and complaints.

Finally, this study reveals that the major factors affecting the proper adoption process of CRM mentioned by Payne (2005) and many other professionals and even this study builds as a framework, the challenges are hampering the effectiveness of CRM program in the CBE. The extent to which the factors are affecting the CRM adoption process varies as tried to mention above. Both employees and customers believe that skill related problems prevailing followed by the commitment of top management in paying special attention to CRM program and act accordingly. Though not confirmed by a larger degree, challenges related to customer data handling and understanding the benefits of CRM are still factors affecting the adoption process to some extent. However, budget allocation of the bank for the running of CRM program both in terms of adequacy and timing is the most serious factor affecting CRM adoption process of the bank followed by technological related issues like provision of regular training to employees, provision of the necessary logistics, and taking timely measures to update the existing technology.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATION

5.1 Chapter Overview

Based on the findings presented in the previous chapter, this chapter provides the conclusions reached as to the major factors affecting the adoption of CRM in the Commercial Bank of Ethiopia and forward possible measures that are aimed at moderating the prevailing deficiencies and further enhance the smooth running of CRM program within the bank.

5.2 Conclusions

According to literatures, CRM involves cross-functional integration i.e. .the integration of marketing, sales, customer service, IT and supply chain functions of the organization to achieve greater efficiencies and effectiveness in delivering customer value. However, there are a number of factors that may hinder organizations from achieving CRM objectives .In this regard ,taking care of providing the necessary knowledge about CRM and its benefits to both customers and employees, making employees skilful in handling CRM, allocating the necessary budget in time with adequate follow-ups for executions, using timely technology & getting important data, and the involvement of top management from planning phase until evaluation of performance are essential and imperative.

Based on these premises, the factors that affect the adoption of CRM in the Commercial Bank of Ethiopia has been identified from six dimensions where both employees and customers of the selected sample grade IV branches are included.

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

- .CRM has been implemented relatively well in the head office of Commercial Bank of Ethiopia than its branches. Very few customer relationship officers are assigned to each branch of CBE all over Addis Ababa to handle very few activities in relation to CRM. Thus, it can be concluded that the adoption process of CRM is in its infant stage in the Commercial Bank of Ethiopia.

- A separate department is organized with relatively more number of skilled personnel in the head office with distinct CRM responsibilities. This might tell someone that the bank is on its way to expand the program and trying to get a competitive advantage since competition in the sector is getting strong every time and CRM is one means to differentiate services.
- In the adoption process of CRM, the employees of Commercial Bank of Ethiopia have no significant difficulties in understanding what CRM is about, its benefits and also serving their customers in relation to the guidelines. This study identified that knowledge of employees about CRM and its benefits together with having the necessary customer profile management system to execute CRM strategies are found to be the least factors affecting the adoption of CRM in the Commercial Bank of Ethiopia.
- Concerning the six dimensions the study followed the problem of budget allocation to the program; technology related problems and the important skill required from employees while handling CRM are found as major problems of commercial Bank of Ethiopia that may result in under achievement of the Bank's CRM objectives.
- Among the factors identified, according to this study, the less involvement of top management from planning phase of the CRM process to the controlling and evaluation phase is also the most serious challenge the bank has been facing next to the factors mentioned immediately above.
- However, budget related issues are the most serious challenges of all Commercial Bank of Ethiopia has been struggling in adopting CRM. Besides allocating inadequate budget, the bank has no serious mechanism to evaluate whether the budget has been used as per the objectives to be achieved and the tasks to be performed in the department of CRM, as the study reveals.
- Technological related problems such as shortage of latest CRM technologies, repeated lack of internet access from Ethio-Telecom, lack of providing up-to-date machines to customers at various convenient locations, etc are among the major challenges Commercial Bank of Ethiopia has been encountering.
- The quality and quantity of data collected in the CRM department is crucial to achieve CRM objectives effectively. However, the deficiency in performing this has been creating an obstacle in CBE due to lack of quality & quantity of data that

should be collected by the CRM department, as perceived by the bank's employees.

- Hence, it is possible to conclude that by putting solutions to the challenges mentioned above, CBE can perform CRM better and achieve greater result since the banking industry in Ethiopia has been getting more competitive

5.3 Recommendations

Based on the findings of the study, the following measures are recommended to CBE in order to exploit the benefits sought in adopting CRM and tackling the challenges prevailing during the adoption process.

- It is a good idea for a company to invest in staff training and development even in harsh times because the skills, talent and capabilities of the people are what will enable customer service delivery to succeed. Making a customer feel special is the best way to help them become even more loyal to the business, and a satisfied customer can be the best advocates for future sales, as they spread positive word of mouth and recommendations which may result in increased customers for the company as consumers always seek to gain the best value for money. Good CRM program helps a lot in this regard.
- The data obtained from respondents agreed with literature that budget related problem is a major factor affecting the adoption process largely. Thus, it is imperative to the bank that it should allocate the necessary budget to run the program effectively. Not only allocating the required budget but also should follow whether the budget allocated to the program is in its best way to fetch what was intended as CRM objective.
- Greenberg (2004) argued that the implementation of CRM strategy has the ability to increase the true economic worth of a business. The CRM initiative of the bank is pivotal in winning CBE the Ethiopian banking sector. But it is only when management involves in the program constructively by accepting CRM as a strategy by itself, not something supplementary which can be handled by extra time and resource alone.
- Management has to make significant decisions in respect of regular and systematic training of staff in order to improve staff knowledge in customer

service as customers should be rewarded with the superior service from employees. Provision of timely, regular and up-to-date training is indispensable to employees in particular and the bank in general in achieving the best result from CRM program. Since top management's commitment is decisive for proper implementation of CRM, it has to show its perseverance by designing sound CRM strategies, and stipulating clear policies for a smooth customer relationship.

- There has to be an improvement in the introduction of cutting-edge IT software to enable the bank's CRM processes. There should also be provision of logistics or resources (computers, stable internet connectivity, cars and people) for use in the right quantities, place and time.
- Understanding the dynamics of CRM and performing a cost-benefit analysis of its adoption is critical for competition in the CBE. Therefore, there must be occasions and programs provided by the bank to its employees to improve their understanding about the benefits of CRM and enhance their capabilities in executing the program.

5.4 Implications of Theory

The purpose of this study was to gain a better understanding of what the challenges of CRM in its adoption process in CBE. The thesis has tried to explore this area by applying existing theories in connection to a company within the industry. The most noted of this investigation is that firms with great competition needs to identify those challenges of CRM in its adoption process. As CRM today is a means to identify the needs and behaviours of their customers and enable them in designing proper marketing strategy, identifying the challenges and providing solutions to these challenges help these firms in getting the desired output from their CRM programs.

5.5 Implications for Further Studies

This study has tried to provide a better understanding of what the challenges of adopting CRM program in CBE. There are many areas in this field that can be used to further research.

The list below suggests some suitable areas that need further research:

- Studies of what the challenges of adopting CRM in the commercial banks of Ethiopia, other than CBE.
- Comparing how the challenges affect industries other than the banking sector.
- Although CRM is widely used, there are still some other challenges such as usability, complexity, fragmentation and so on. These factors also should be concerned in further research.

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APPENDICES

Appendix 1

Addis Ababa University - School of Commerce

The Department of Marketing Management

(Questionnaire to the Employees of Commercial Bank of Ethiopia)

Dear respondent, this questionnaire is designed to seek information on the factors that affect the adoption of CRM: The case of Commercial Bank of Ethiopia, in partial fulfilment for the award of master of art in marketing management.

The overall objective of this questionnaire is to gather first hand information on the aforementioned issue. I would like to assure you that the information you are going to provide will be exclusively used for academic purpose and will kept confidential. Your contribution to this research is very greatly appreciated.

Thank you in advance for your cooperation

Part I. Demographic Information

Please complete the section by ticking ✓ in the box provided.

1. Gender: Male Female

2. Age: below 30 31-39 40-49 50 and above

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

4. Job Title:
 Branch Manager Customer Service Manager
 Customer Relationship Officer Customer Relationship Manager

5. How long have you been employee of the bank?
 1-3 year 4-10 years 11-20 years above 20 years

Part II. Factors that affect the adoption of CRM

Please indicate the extent to which you agree with the following put by this a ✓ mark in the box to choose the number from 1 to 5 that best represent your level of agreement with the statement.

5. Strongly agree 4. Agree 3. Neutral
 2. Disagree 1. Strongly disagree

Elements	Level of agreement				
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Regarding skill					
I have the basic knowledge regarding the concept of CRM					
The company has provided me with continuous supplementary training about CRM					
I have no technical problems to implement CRM well					
I understand customers deserve the necessary respect and I am committed to do so.					
I am committed to serve customers beyond my respective responsibility					
Regarding Investment					
The bank allocates adequate investment to implement the CRM program well					
The bank allocates the budget promptly (on time)					
The bank's budget allocation is based up on the tasks to be performed and the objectives to be achieved					
The bank has a mechanism to check whether the budget is spent on the intended CRM activity					
The bank has a mechanism to evaluate the outcome of the budget allocated for CRM program					

Elements	Level of agreement				
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Regarding data quality and quantity					
It is easy to collect enough data regarding customer profile from customers and other sources					
The bank collects quality data that are helpful to achieve CRM objectives					
There are no problems regarding the collection of customer profile data					
The bank uses modern technology to provide better service to customers					
The way data is managed can help the bank to identify customers leaving the bank and helps to know why					
Understanding Business Benefits					
The bank continuously provides me with the information involving the benefits of CRM					
I personally understand the benefits of CRM					
I believe CRM is very important to the bank as well as to customers					
I usually explain the benefits of CRM to my customers					
Leadership and management involvement					
Top managers are cooperative and collaborative					
Top managers accept and provide leadership for building and maintaining customer relationship as a major goal of the bank					
CRM responsibilities of employees are					

Elements	Level of agreement				
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
clearly defined, assigned and understood					
The bank takes customers feedback seriously and reply					
The bank has effective customer recovery strategies					
Technology					
There has been provision of logistics or resources (computers, stable internet connectivity, cars, people, etc) for use in the right quantities, place and time.					
Regular training has been provided to employees of the bank to introduce cutting edge IT software to enable the bank's CRM process.					
The bank regularly takes measure to improve the existing level of CRM related technology.					

1. In your opinion, what are the challenges Commercial Bank of Ethiopia has been facing while implementing CRM? _____

2. Which of the challenges do you think is/are most serious? _____

If you have any other comment _____

Thanks

ክፍል ሁለት፤ የደንበኛ ግንኙነት በመተግበር ረገድ የሚያጋጥሙ ችግሮችን በተመለከተ

እያንዳንዱ ጥያቄ አምስት ምርጫዎች ያሉት ሲሆን አማራጮቹም፤ 5- በጣም እስማማለሁ 4- እስማማለሁ 3- አስተያየት የለኝም 2- አልስማማም 1- በጣም አልስማማም የሚለውን ሀሳቦች ይወክላሉ ። ከአምስቱ ምርጫዎች እርሶ የሚስማሙበትን ✓ ምልክት ያድርጉ

ተ. ቁ	ዝርዝር ጥያቄዎች	አማራጮች				
		በጣም እስማማ ለሁ	እስማማ ለሁ	አስተያየት የለኝም	አልስማማም	በጣም አልስማማም
ክህሎትን በተመለከተ						
1	የደንበኛ ግንኙነትን(CRM) በተመለከተ በቂ ዕውቀት አለኝ					
2	ባንኩ የደንበኛ ግንኙነትን (CRM) በተመለከተ ተከታታይ ስልጠናዎችን ይሰጠኛል					
3	የደንበኛ ግንኙነትን (CRM) ለመተግበር የቴክኒክ ክፍተቶች የሉብኝም					
4	ደንበኞች በቂ እንክብካቤና ክብር አንደሚገባቸው እንደሚገባቸው እንደሚገባለሁ፤ እተገብራለሁም					
5	ባንኩ ከሰጠኝ ሃላፊነት በተጨማሪ በግል ተነሳሽነት ደንበኛን ለማገልገል ጥረት አደርጋለሁ					
በጀትን በተመለከተ						
1	ባንኩ የደንበኛ ግንኙነትን (CRM) ለመተግበር በቂ በጀት ይመድባል					
2	ባንኩ የደንበኛ ግንኙነትን (CRM) ለመተግበር አስፈላጊውን በጀት በወቅቱና አስፈላጊ በሆነ ሰዓት ይመድባል					
3	የባንኩ የበጀት አመዳደብ ሊሰሩ የታቀዱ ስራዎችን መሰረት ያደረገ ነው					
4	ባንኩ የደንበኞች ግንኙነትን ለመተግበር የተመደበውን በጀት በአግባቡ በስራ ላይ መዋሉን የሚከታተልበት አሰራር አለው					
5	ባንኩ የደንበኞቹን ግንኙነትን ለመተግበር የተመደበውን በጀት ያመጣውን ውጤት ይገመግማል					
የመረጃ ብዛትና ጥራትን በተመለከተ						
1	የደንበኞችን መረጃዎች በቀላሉ ከደንበኞች እና ከሌሎች ምንጮች ማግኘት ይቻላል					

2	ባንኩ የደንበኛ ግንኙነትን (CRM) ዓላማ ሊያሳኩ የሚችሉ ጥራት ያላቸውን መረጃዎች በየወቅቱ ይሰበሰባል					
3	የደንበኞችን መረጃ በማሰባሰብ ረገድ የሚስተዋሉ ችግሮች የሉም					
4	የባንኩ በዘመናዊ ቴክኖሎጂ የታገዘ አገልግሎት ይሰጣል					
		በጣም አስማማ ለሁ	አስማማ ለሁ	አስተያየት የለኝም	አልሰማማም	በጣም አልሰማማም
	የአመራር ትኩረትን በተመለከተ					
1	የበላይ አመራሮች ከደንበኛ ግንኙነት ሰራተኛ ጋር ትብብር እና ቀረቤታ አላቸው					
2	የባንኩ አመራር ከደንበኞች ጋር መልካም ግንኙነት መገንባት በጣም አስፈላጊ እንደሆነ ያምናል፤ ለተግባራዊነቱም ይሰራል					
3	የደንበኞች ግንኙነት ክፍል ሰራተኞች ተግባር እና ሃላፊነት በግልጽ ተቀምጧል፤ ሰራተኞቹም ተገንዝበውታል					
4	ባንኩ የደንበኞቹን አስተያየት በሚገባ ያደምጣል፤ ተገቢውንም ምላሽ ይሰጣል					
5	ባንኩ ውጤታማ የሆነ የደንበኞች ግኑኝነት አስተራቴጂ አለው					
	ቴክኖሎጂን በተመለከተ					
1	ባንኩ መሰረታዊ የቴክኖሎጂ ግብአቶችን ማለትም እንደኮምፒውተር፣ መኪናወ.ዘ.ተ የመሳሰሉትን በተገቢው መጠን እና ሰዓት ያቀርባል					
2	ባንኩ ተከታታይ እና ወቅቱን የጠበቁ የቴክኖሎጂ ስልጠናዎችን ይሰጠናል					
3	ባንኩ በቴክኖሎጂ ራሱን ለማገዝ ተከታታይ የማሻሻያ እርምጃዎችን በየወቅቱ ይወስዳል					

በደጋማ አመሰግናለሁ።

Appendix 3

Addis Ababa University - School of Commerce

The Department of Marketing Management

(Questionnaire to the customers of Commercial Bank of Ethiopia)

Dear respondent, this questionnaire is designed to seek information on the factors that affect the adoption of CRM: The case of Commercial Bank of Ethiopia, in partial fulfilment for the award of master of art in marketing management.

The overall objective of this questionnaire is to gather first hand information on the aforementioned issue. I would like to assure you that the information you are going to provide will be exclusively used for academic purpose and will kept confidential. Your contribution to this research is very greatly appreciated.

Thank you in advance for your cooperation

Elements	Level of agreement				
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Speed of the service delivery is good while applying CRM with customers.					
Employees serve customers with great respect					
The bank identifies customers' needs					
The bank's CRM program is based upon the customers' needs					
There are enough skilled personnel in the CRM department					
The bank has been supporting me with its CRM program.					
It is easy to communicate with top CRM managers when necessary.					
The bank is doing more than relationship management to satisfy customers.					
There are simple procedures provided by the bank to accept customers' complaints regarding CRM					
The bank positively accepts complaints and provides timely feedback.					
I have regular internet access to deal with CRM when necessary.					
I do not have the basic IT knowledge that helps me in getting CRM service from the bank.					

Thanks

Appendix 4

አዲስ አበባ ዮኒቨርሲቲ - የንግድ ስራ ት/ቤት - የገበያ ስራ አመራር ት/ክፍል

በኢትዮጵያ ንግድ ባንክ ደንበኞች የሚሞላ መጠይቅ

ክቡር ደንበኛ፤ ይህ መጠይቅ የተዘጋጀው በገበያ ስራ አመራር የድህረ ምረቃ ተማሪ ሲሆን አላማውም 'Factors that affect the adoption of CRM: the case of Commercial Bank of Ethiopia' ማለትም ባንኩ የደንበኛ ግንኙነትን በመተግበር ረገድ የሚስተዋሉ ችግሮች በሚል ርዕስ ለሚያዘጋጀው የመመረቂያ ጽሁፍ ነው።

በመጠይቁ የሚገኘው መረጃ ለጥናቱ እና ለትምህርታዊ አላማ ብቻ የሚውል ሲሆን የመረጃው ምስጢራዊነት በከፍተኛ ጥንቃቄ የሚያዝ መሆኑና በእርሶ ፈቃደኝነት ብቻ የሚሞላ መሆኑን በአክብሮት እገልጻለሁ። የእርስዎን ማንነት (ስምዎን) መግለጽ አስፈላጊ አይደለም።

ወርቃማ ጊዜዎን ሰውተው መጠይቁን ለመሙላት ፈቃደኛ በመሆንዎ በቅድሚያ አመሰግናለሁ።

ክፍል አንድ - አጠቃላይ መረጃ

በጥያቄዎቹ ፊት ለፊት በተቀመጡት ሳጥኖች ፊት ምልክት ያድርጉ

1. የሚጠቀሙት የባንክ ቅርንጫፍ ስም አባከራን አራት ኪሎ
 አራዳ ጊዮርጊ ፊንጫ ስላሴ

2. ጾታ ወንድ ሴት

3. እድሜ ከ30 ዓመት በታች ከ30-39 ዓመት
 ከ40-49 ዓመት 50 ዓመት ና ከዚያ በላይ

4. የባንኩን አገልግሎት የሚጠቀሙት ለግል ጉዳይ ለንግድ ለሁለቱም

5. የሚጠቀሙት የባንክ አገልግሎት ዓይነት የቁጠባ አገልግሎት የቼክ አገልግሎት
 የብድር አገልግሎት የገንዘብ ማዘዋወር አገልግሎት
 የክሬዲት ካርድ አገልግሎት የኤቲኤም አገልግሎት

6. የባንኩ ደንበኛ በመሆን የቆዩት ከ1-3 ዓመት ከ4-10 ዓመት ከ10 ዓመት በላይ

ክፍል ሁለት፣ የደንበኛ ግንኙነትን በመተግበር ረገድ የሚያጋጥሙ ችግሮችን በተመለከተ

እያንዳንዱ ጥያቄ አምስት ምርጫዎች ያሉት ሲሆን አማራጮቹም፤ 5- በጣም እስማማለሁ 4- እስማማለሁ 3- አስተያየት የለኝም 2- አልስማማም 1- በጣም አልስማማም የሚለውን ሀሳቦች ይወክላሉ ። ከአምስቱ ምርጫዎች እርሶ የሚስማሙበትን ምልክት ያድርጉ

ተ.ቁ	ዝርዝር ጥያቄዎች	አማራጮች				
		በጣም እስማማለሁ	እስማማለሁ	አስተያየት የለኝም	አልስማማም	በጣም አልስማማም
1	ስለ የደንበኛ አገልግሎት ግንኙነት (CRM) ጠቀሜታዎች በቂ ግንዛቤ አለኝ					

2	ባንክ የደንበኛ ግንኙነትን (CRM) በተመለከተ መረጃዎች ይሰጠኛል					
3	የባንክ ሰራተኞች ስለየደንበኛ ግንኙነት (CRM) መሰረታዊ ዕውቀት በበቂ ሁኔታ አላቸው					
4	የባንክ ሰራተኞች የደንበኛ አገልግሎትን በመተግበር ረገድ የሚስተዋልባቸው ችግሮች የሉም					
5	የባንክ ሰራተኞች የደንበኛ አገልግሎትን በመተግበር ረገድ ፈጣንና ቀልጣፎች ናቸው።					
6	የባንክ ሰራተኞች ደንበኞችን በሚገባ ያስተናግዳሉ፤ ያከብራሉም።					
7	ባንክ የደንበኞችን ፋላጎት በሚገባ ይረዳል					
8	የባንክ የደንበኛ አገልግሎት ፕሮግራም የደንበኞችን ፋላጎት ማዕከል ያደረገ ነው					
9	በባንክ ውስጥ በቂ የሆኑ የሰለጠኑ የደንበኛ አገልግሎት ሰራተኞች አሉ።					
10	የባንክ የደንበኛ አገልግሎት ፕሮግራም በግሌ ጠቅሞኛል					
11	የባንክ የደንበኛ አገልግሎት ኃላፊዎችን ባስፈለገኝ ወቅት በቀላሉ ማግኘትና ማወያየት አችላለሁ።					
12	ባንክ ደንበኛን በማክበር የራስ አድርጎ ለማቆየት ከበቂ በላይ ስራዎችን እንደሚሰራ ታዝቤያለሁ					
13	ባንክ የደንበኞችን ቅሬታን የማቅረቢያ ቀላል አሰራር ዘርግቷል ።					
14	ባንክ የደንበኞችን ቅሬታ ይቀበላል፤ ፈጣን ምላሽም ይሰጣል					
15	የደንበኛ አገልግሎት መጠቀም ጋር በተያያዘ የኢንተርኔት ችግሮች አያጋጥሙኝም።					
16	በግሌ የኢንፎርሜሽን ቴክኖሎጂ (IT) ማለትም ኮምፒውተሮችን፤ የባንክ የቴክኖሎጂ ማሻሻያን፤ ወዘተ የመጠቀም የዕውቀት እና የክህሎት ችግሮች የሉብኝም።					

በድጋሚ አመሰግናለሁ።