

ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE



**EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT
EFFECTIVENESS ON CUSTOMER SATISFACTION:
COMMERCIAL BANK OF ETHIOPIA CUSTOMERS IN FOCUS**

By

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**A Thesis Submitted to the Department of Marketing Management in Partial
Fulfillment of the Requirements for Masters of Art Degree in Marketing
Management**

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Statement of Certification

This is to certify that Seada Beyan has carried out her research work on the topic entitled: “Effect of Customer Relationship Management Effectiveness on customer satisfaction: Commercial bank of Ethiopia customers in focus” is her original work and is suitable for submission for the award of Masters of Art Degree in Marketing Management.

Advisor: Berhanu Denu (PhD)

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Statement of Declaration

I, Seada Beyan, declare that this Master's research "The Effect of Customer Relationship Management Effectiveness on customer satisfaction: Commercial bank of Ethiopia customers in focus" is submitted in partial fulfillment of the requirements for the degree of Master's of Arts in Marketing Management at the School of Commerce, Addis Ababa University. The thesis is my original work and has not been presented for a degree in any other university and all sources of materials used for the thesis have been duly acknowledged.

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ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
DEPARTMENT OF MARKETING MANAGEMENT

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LIST OF ACRONOMYS

ATM	Automatic Tailor Machine
CBE	Commercial Bank of Ethiopia
CE	Customer Experience
CRM	Customer Relationship Management
CSAT	Customer Satisfaction
MIS	Management Information System
PDA	Process-driven Approach
OC	Organizational Commitment
RE	Reliability
SPSS	Statistical Package for Social Science
TO	Technology Orientation

ABSTRACT

In today's intensely competitive, rapidly changing and highly complex business environment characterized by diminishing customer loyalty, the need to be market focused and customer centric is more critical than any other time for any organization. Customer relationship management has emerged recently and become competitive advantage for firms in financial sector. The importance of CRM is highly increasing to firms as they seek to improve their profits through long-term relationships with customers. Despite the widespread adoption of CRM systems by firms operating in financial sector researches have shown little concern regarding the effectiveness of CRM and its effect on customer satisfaction. A model is tested to determine the predictive power of the five CRM effectiveness dimensions on customer satisfaction. A survey questionnaire adopted was employed to collect data. Accordingly data was collected from 209 Commercial Bank of Ethiopia customers. The research has found that the CRM dimensions namely: organizational commitment, customer experience, process driven approach, reliability and technology orientation are positively correlated to customer satisfaction with r value ranging from 0.412-0.698. The findings also indicated that among the dimensions; process driven approach, technology orientation and organizational commitment have strong effect on customer satisfaction, Process-driven approach dimension being the highest to influence customer satisfaction. Although the study has its limitations, the implications of the results allow providing practical recommendations to the banking industry, and directions for further research in the area.

Key words: Customer relationship management, Customer Satisfaction, Commercial Bank of Ethiopia

CHAPTER ONE

INTRODUCTION

This chapter emphasizes the importance of the research, its objectives, explains the rationale and discusses its significance and potential value. Moreover in this chapter background of the study also presented.

1.1 Background of the study

In today's intensely competitive, rapidly changing and highly complex business environment characterized by diminishing customer loyalty, the need to be market focused and customer centric is more critical than any other time for any organization. With increased knowledge of customers, globalization, presence of large number of competitors providing almost comparable service and customers demanding more than just core service or product; firms specially the financial sectors are deploying Customer Relationship Management (CRM) to customize their service to capture new customers, retain the existing ones and win back lost customers by building relationship and maximize customers life time value (Onut, Erdem and Hosver, 2006). The importance of Customer relationship management (CRM) is highly increasing to firms as they seek to improve their profits through long-term relationships with customers. Customer Relationship Management is a vital and an essential business strategy for the banking sector. Therefore banks, with the need to be more customer-centric have taken efforts to design and implement CRM as a step towards success and achievement in their business.

Nevertheless marketers' responses to CRM implementation appear to have neglected customers' opinion in relation to understanding consumer attitudes, even as an indirect target audience. Kim, Park, Dubinsky and Chaib (2012) argue that to date there remains a lack of attention regarding the customer's point of view vis-à-vis CRM activities of firms. Although extant literature does provide helpful insight into the company's point of view, researchers have shown little concern regarding customers' attitude toward customer relationship management activities (Kim, et al., 2012). For those companies already participating in CRM initiatives, the information provided

for the consumer about their involvement may be limited or non-existent, missing the opportunity to assist the consumer to think clearly or abstractly about the extent relationship they make with their suppliers.

Most of the studies done on CRM are from supplier perspective. Some of these empirical works have focused on CRM strategy and its outcomes such as the causal relationships between CRM strategy and customer satisfaction, customer loyalty, and company performance (example: Kamakura et. al., 2002; Verhoef, 2003; Reinartz et al., 2004; Stein and Smith, 2009; Arkoush et al., 2011). Despite the importance of input from these studies, surprisingly overlooked area in CRM research has been the customer (Kim, et al., 2012). In fact according to Padmavathy, Balaji and Sivakumar (2012) only few studies have investigated and measured CRM effectiveness from customer perspective.

It is essential to know for firms how effective their CRM activity perceived by customers and its effect on customer satisfaction as the “C” in CRM stands for Customer towards whom the CRM activates is directed. Such information will help the organizations to better understand Customers and tailor their activities to meet customers’ expectations and deliver high customer values and also to focus on the dimensions that will enhance customer satisfaction.

Padmavathy, Balaji and Sivakumar (2012) in their study identified five key dimensions of Customer Relationship Management Effectiveness that should be implemented to enhance a bank business performance. These five key dimensions are organizational commitment, customer experience, process driven approach, reliability and technology orientation which measure the effectiveness of customer relationship management from customer perspective. These dimensions emphasize that CRM efforts should focus on crucial areas that require attention for successful CRM implementation which are strategy, process, technology, management and people (Crosby and Johnson, 2001; Yim, 2002; Sin et al., 2005).

As it has been pronounced by Onut et al., (2006) in their study, today many businesses such as banks, insurance companies and other service providers realized the importance of Customer

relationship management and its potential to help them acquire new customer, retain existing ones and maximize their lifetime value. In realization of this fact the banks in Ethiopia have deployed customer relationship management besides serving their customers with range of services, to create lifetime value for customers, enhance customer relationship quality, and retain their existing customers and becoming more customer-focused. Despite the fact that CRM has emerged as a major business strategy, little research has been conducted to evaluate its effectiveness (Kim et al., 2003) and effect on customer satisfaction..

To address this concern this study conducted to examine bank customers' perception towards CRM effectiveness and its effect on customer satisfaction. Specifically the study was conducted in Commercial Bank of Ethiopia by assessing the bank customers' attitude towards the bank CRM implementation effectiveness and their satisfaction. The study regarded the customer as a major factor to consider for effectiveness of the CRM implementation of the bank. Thus the study will provide insight to customers' evaluation of CRM effectiveness and examines the relationship between CRM effectiveness and its outcome on customer satisfaction based on the five dimensions identified by Padmavthy, Balaji and Sivakumar (2012).

Commercial Bank of Ethiopia (CBE) is one of the three government owned banks in Ethiopia, established in 1942. The bank is the leading in the sector from both government and private owned in terms of market share, branch network, volume of asset and profitability. CBE is spreading its branches all over the country aggressively to reach the unbanked society. Accordingly the bank branches reached 762 as of December 2013 (www.combanketh.et). To keep the leading position in the sector and to increase the market share CBE besides opening branches in different parts of the city and the country as a whole to be near to customers, is also adopted CRM and customizing its service to satisfy the customers (Wubayehu, 2012). As the bank is implementing CRM, it is essential to assess the activity from customer perspective to know how they perceive the bank's effort and its effect on customer satisfaction.

Banking is an industry that has a huge opportunity to engage people in experiences that build lasting and mutually rewarding relationships (Doherty, 2012). Therefore the study will assess

how customers of Commercial Bank of Ethiopia perceive the effectiveness of CRM and its relational outcome on customer satisfaction.

1.2 Statement of the Problem

CRM has emerged recently and has become competitive advantage for firms in financial sector. Even though customer relationship management activities are in the infant stage in Ethiopian banking industry, knowing the customers' view and perception towards the effort is an essential for the development and growth of CRM in Ethiopia. However, most of the studies done on CRM are from supplier perspective. Only few researches have been done in evaluation customer relationship management effectiveness from customer perspective (example: Kim et al., 2012; Padmavathy et al., 2012).

Customers are the engine of any organization moving towards winning and becoming a profitable business. What customers feel and think about a company and/or its offering is key aspects of its success. Banks have realized that managing customer relationship is an essential factor for their success as CRM is one of the best strategies that can help them build long lasting relationships with their customers and increase their profits through efficient management system and application of customer focused strategies (Nyarku et al., 2013). However for the success of these efforts besides the organization commitment on implementing CRM, customers' attitude should be considered. Knowing the customers attitude towards the effectiveness of the implemented CRM activities and its behavioral outcome on the customer satisfaction is crucial for the success of CRM activity. Thus this study will provide an insight to customers' perception towards the effectiveness of CRM activities and its relationship with customer satisfaction.

1.3 Research Objective

General Objective:

The general objective of this study is to evaluate the effectiveness of CRM and its effect on customer satisfaction from customer perspective.

Specific Objectives:

Accordingly the following are the specific objectives:

- To examine the effectiveness of CRM along the five dimensions.
- To examine the relationship between CRM dimensions and customer satisfaction
- To identify the effect of CRM on customer satisfaction and examine which dimension is significantly important.

1.4 Research Question

In accordance to the research purpose and objective, below are questions that will be addressed in this research:

1. How do customers of CBE perceive the effectiveness of CRM?
2. What is the effect of CRM dimensions on customer satisfaction?
3. Which of the given dimensions of CRM are more significant in affecting customer satisfaction?

1.5 Research Hypothesis

H1: Organizational commitment dimension has a significant and positive effect on customer satisfaction

H2: Customer experience dimension has a significant and positive effect on customer satisfaction

H3: Process-driven approach has a significant and positive effect on customer satisfaction

H4: Reliability has a significant and positive effect on customer satisfaction

H5: Technology orientation dimension has a significant and positive effect on customer satisfaction

H6: Customer relationship management effectiveness dimensions as a cumulative have a significant and positive effect on customer satisfaction.

1.5 Definition of Terms

Customer Relationship Management (CRM) is a set of customer-oriented activities supported by organizational strategy and technology, and is designed to improve customer interaction in order to build customer loyalty and increased profit over time (Padmavathy et al., 2012, p. 249).

Organizational commitment dimension refers to the efforts by a bank and its employees to serve customers with the desired levels of performance. It also reflects the bank's values, attitudes and beliefs in terms of the customer orientation and CRM efforts (Padmavathy et al., 2012, p. 260).

Customer experience dimension describes how well the banks conform to CRM efforts by promptly attending to complaints and efficiently solving problems through proactive customer support (Padmavathy et al., 2012, p. 260).

Process-driven approach dimension refers to the ability of the bank to fulfill customer requests with speed and astuteness (Padmavathy et al., 2012, p. 261).

Reliability dimension signifies the extent to which an organization is consistently and accurately delivers services to its customers as promised (Padmavathy et al., 2012, p. 261).

Technology orientation addresses operational performance of the banks with the use of the latest technology such as automatic teller machines, internet banking and mobile banking (Padmavathy et al., 2012, p. 261).

Customer Satisfaction is the degree to which business's product or service performance matches up to the expectation of the customer (Roberts-Lombard, 2009).

Higher Grade Branches indicates to a branch of Commercial Bank of Ethiopia that is leveled as grade IV as per the bank's branch rating scheme (MIS of CBE).

1.6 Significance of the Study

CRM has been developed to manage customer relationship effectively. Thus to build and manage customer relationships effectively, organizations should establish a customer-centric culture. While most of the researches done in evaluating CRM implementations so far are from marketers' perspective. This research will provide an insight in to customers' perception towards CRM activities effectiveness and its effect on customer satisfaction. Through converting customer information in to usable data, CRM can increase the overall performance of a company (Stein and Smith, 2009; Yim et al., 2004). The research also provides managers insights into development and implementation of CRM activities based on customers' evaluation and enables the bank to identify the dimension that have impact on customer satisfaction and those which needs further enhancement. By doing so, this research will have implication on bank managers and will contribute to the CRM literatures.

It is essential to comprehend which dimension of CRM effectiveness impacts customer satisfaction. The information gained on how customers perceive the effort of the organization to create long term relationship with them and it effect on customer satisfaction enables firms to implement their CRM activities to meet customers' expectations and thereby enabling them to benefit more from CRM implementation activities and direction. Moreover such information gives the ground to identify and improve the dimensions that have relationship with customer satisfaction and positively affect customer satisfaction.

Customers are the primary beneficiary from CRM activities of organization. More over to achieve CRM effectiveness in an organization, a firm should develop customer-focused learning and an interaction orientation culture (Kumar and Ramani, 2003; 2006). Customer relationship management is now growing in Ethiopia especially in the banking industry. Therefore customers, whom are the primary beneficiary of CRM activities, view should be assessed in order to know their perception and the effect it has on their satisfaction. Otherwise winning the new, retaining the existing and winning back lost customers will be difficult in the banking industry where the competition is stiff and customers switching cost is low.

As the number of service providers in the banking sector is increasing in Ethiopia the competition is getting stiffer. Among other factors the decrease in customer loyalty and shifting of customers to competitors easily with lesser or no switching costs, have impact on the declination of the market share of the players in the industry. Banks have realized this and are implementing CRM to win, retain and gain back customers. However the view and perception of customers, towards whom CRM is applied, should be considered. Evaluation of customers will help the bank to design the application in accordance to customers need to create long lasting relationship by creating value to customers.

Thus this study gives an insight how customers perceive the effectiveness of the CRM implementation and its impact on customer satisfaction which in return helps the bank to identify gaps between customers' needs and the current customer relationship activity of the bank and dimensions which contributes to customer satisfaction. Moreover based on this kind of studies managers can get insights into the development and implementation of CRM activities based on customers' evaluations. Such information enables the bank to review the current CRM activity and to know the needs of the customers. Furthermore, this study will contribute to the CRM literature. It will also contribute in providing a ground for future research area to assess customers' view of CRM implementation activities in large scale and in different industry as well.

1.7 Delimitation/ Scope of the Study

This study is intended to assess CRM effectiveness and its effect on customer satisfaction from customer perspective upon which customers will evaluate the CRM activities of the Bank from five dimensions. However due to time and budget constraint the scope of this study is limited to the information that was gathered from selected Grade IV branch customers of CBE in Addis Ababa. This limits the realm of the study by discriminating those branches in Addis Ababa but with lower grades. Hence it does not address all customers of CBE. Therefore in this study the view of the customers other than the selected branches are not addressed.

1.8 Limitation

The findings of this study might not be generalizable to the entire population as only the views of selected branch customers were taken. The other limitation is inaccessibility of the current customer data from the selected branches for privacy and other reasons, which forced the researcher to use June 2013 data obtained from MIS of the bank. Additionally related literatures to this study area are very limited. Therefore, getting appropriate related literatures was very time taking. Despite these limitations, the study can help in arousing more future research in the area.

1.9 Organization of the Research Report

This research paper is organized in five chapters. The first chapter deals with the introduction section of the paper under which background of the study, statement of the problem, basic research questions, objective, definition of terms, significance, delimitation/scope and limitations of the study are discussed. While the second chapter covered related literatures reviewed on the study area. The research design and methodology is covered in the third chapter. Whereas in the fourth chapter the analysis, interpretation and discussion of primary data gathered by questionnaire is presented. In the last chapter, chapter five, the summary of the research findings, conclusion and practical recommendations are discussed.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Chapter Overview

The chapter discusses about CRM effectiveness and evaluation dimensions, customer satisfaction, the benefit provided by conducting customer survey and researches conducted so far in the subject matter based on different literatures reviewed.

2.2 Customer Relationship Management

CRM is born from relationship marketing and is simply the practical application of long standing relationship marketing principles which have existed since the dawn of business itself (Gummesson, 2004). Most marketers view the concept of customer relationship management in a broader sense. Although CRM has become widely recognized as an important business approach, there is no universally accepted definition of CRM (Rigby et al., 2002; Yim et al., 2004; Zabhal et al., 2004; Sin et al., 2005). As such, there is still much debate over exactly what constitutes CRM. Broader perspectives began to emerge in a number of definitions that started to focus on considering CRM as an organization-wide effort that centered on building and maintaining profitable customer relationships (Akroush et al., 2011). Broader Customer relationship management is the overall process of building and maintaining profitable customer relationships by delivering superior customer value and satisfaction. It deals with all aspects of acquiring, keeping, and growing customers (Kotler and Armstrong, 2012, p.12). Hence, CRM tools are activities by business organizations to manage customer interactions across channels and department, including marketing, sales, customer service and technical support (Chaney, 2013).

As stated by Kotler and Armstrong (2012), customers buy from the firm that offers the highest customer perceived value, the customer evaluation of the difference between all the benefits and all the costs of market offering relative to those of competing offers. Importantly, customers

often do not judge values and costs “accurately” or “objectively.” They act on *perceived* value (Kotler and Armstrong, 2012, p.12-13).

Though the competitive advantage for any enterprise can be gained only by leveraging knowledge of customers’ expectations, preferences and behavior which involve creating an ongoing dialog with customers and exploiting the information and insight obtained at every customers touch points as argued by Payne (2005). Kotler and Armstrong (2012) indicated that mostly companies try to increase customer satisfaction by lowering price or increasing the service which results in lower profit. However, firms through effective CRM tools can generate customer value profitably without giving away their profit. The philosophical rationale behind the importance of and the need for CRM lies in the importance of cooperative and collaborative relationship between buyers and sellers (Akroush et al., 2011).

Another view of CRM is that it is technologically orientated. Sandoe, Corbitt and Boykin (2001) argue that advances in database technologies such as data warehousing and data mining, are crucial to the functionality and effectiveness of CRM systems.

2.2 CRM Effectiveness and Evaluation Dimensions

Only few studies have investigated and measured CRM effectiveness despite the practical relevance of operationalizing and measuring CRM effectiveness for business performance variables (Padmavathy et al., 2012). Mithas, Krishnana & Fornell (2005) argued that marketing has moved from a brand-centered focus to a customer-centered approach. Hence, managing customer relationships is important and valuable to businesses. The effective implementation of CRM requires a cross-functional integration of marketing, sales, customer service and supply-chain to enhance value delivered to customers (Parvatiyar and Sheth, 2001, p.5). As noted by Das (2012) the effective relationship between customers and banks depends on the understanding of different needs of customers at different stages.

Even though measuring the effectiveness of customer relationship will measure the relational efforts or activities that impact customer and business performance variables as stated by Padmavathy et al., (2012), metrics for assessing CRM effectiveness are to date inadequate. Most of the proposed metric system for measuring CRM effectiveness are developed to assess the effectiveness from the supplier perspective not the customers perspective (example: Yim et al., 2004; Sin et al., 2005; Bohling et al., 2006; Onut et al., 2006; Shafia et al., 2006; Chen et al., 2009; Oztaysi et al., 2011; Nguyen et al., 2012).

Many definitions of CRM have been emerging, with each successive definition supplementing the previous ones and adding more focus to the concept and delineation of its underlying principles and dimensions (Akroush et al., 2011). Accordingly Padmavathy et al., (2012) came up with five dimensions from which customers can evaluate and reveal how effective the CRM activities and efforts of their banks are. These dimensions which are: Organizational commitment, customer experience, process driven approach, reliability and technology orientation, let customers evaluate and measure the effectiveness of CRM activities of their banks from the five perspectives. Furthermore it enable the banks to take due consideration of their CRM activities. Each of these dimensions discussed later in this section as described by Padmavathy, Balaji and Sivakumar (2012).

2.2.1 Organizational Commitment

Multiple definitions of organizational commitment are found in the literature. As operationally defined by Beteman and Strasser (1984) organizational commitment is multidimensional in nature, involving an employee's loyalty to the organization, willingness to exert effort on behalf of the organization, degree of goal and value congruency with the organization, and desire to maintain membership. The organizational commitment dimension in this study indicates to the efforts by a bank and its employees to serve the customers with the desired levels of performance (Padmavathy et al., 2012). It also reflects the bank's values, attitudes and beliefs in terms of the customer orientation and CRM efforts (Padmavathy et al., 2012). For CRM success, there also must be an organization-wide commitment of resources (Yim et al., 2004). Khan and Bajaj

(2012) emphasized that commitment implies that partners forgo short-term alternatives in favor of long term benefits associated with their current partners. The variables of this dimension consist of assessing; the use of personal information, interaction with customers, customer satisfaction and evaluation of customer evolving needs.

According to Mithas, Krishnan & Fornell (2005) CRM applications enable firms to customize their offerings for each customer by accumulating information across customer interactions and processing this information to discover hidden patterns. CRM applications help firms customize their offerings to suit the individual tastes of their customers. Customized offerings enhance the perceived quality of products and services from a customer's viewpoint (Mithas et al., 2005). Thus collecting customers demographic and behavior data makes precision targeting possible. This kind of targeting also helps when devising an effective promotion plan to meet tough competition or identifying prospective customers when new products appear. Interacting with customers consistently means businesses must store transaction records and responses in an on-line system that is available to knowledgeable staff members who know how to interact with it (Rygielski et al., 2002). With this dimension the bank's employees' activities to interact with customers to assess their service performance, the bank's initiation to assess customers satisfaction regularly and the commitment of the bank to carefully evaluate customer evolving needs will be evaluated and revealed.

2.2.2 Customer Experience

In an effort to provide customers with the "perfect customer experience" CRM has become the sine qua non for many organizations as a means of enhancing performance (Payne and Frow, 2005, 2006; Javalgi et al., 2006). According to Padmavathy et al., (2012) customer experience is described by how well the banks conform to CRM efforts by promptly attending to complaints and efficiently solving problems through proactive customer support which increase the customer comfort levels and ensures their needs and requests are satisfied on a continual basis. Concerns on how the bank promptly attend customer complaints, whether it takes genuine

interest in customer problems, whether the bank effectively communicate to its customers and if the bank is cooperative in solving the problems customers face while getting the service will be assessed with this dimension.

A complaint can be defined as a conflict between the customer and the organization in which the fairness of the resolution procedures, the interpersonal communications and behaviors and the outcome are the principal evaluative criteria of the customer (Tax et al., 1998). Complaints are also considered as a response to a service failure. As indicated by Blodgett, Hill and Tax (1997) complaints present an opportunity to remedy product or service related problems and to positively influence subsequent customer behavior. How businesses deal effectively with complaints could have a dramatic impact on customers' evaluations of their retail experiences (Blodgett et al., 1977). The philosophical rationale behind the importance of and the need for CRM lies in the importance of cooperative and collaborative relationship between buyers and sellers (Akroush et al. 2011).

2.2.3 Process-Driven Approach

Process driven approach to customer service enables the banks to fulfill customer requests with speed and astuteness. Under this dimension the customers evaluate the effectiveness of the bank with respect to promptness in delivering services, design of the service process in satisfying its customers, whether accuracy and rapidness in conducting transactions is very common with the bank and whether the bank provides value adding information along with its services will be revealed. Korner and Zimmermann (2000) argue that offering value-added information for the customer is a way of increasing customer loyalty. In addition, potential customers can be informed about a new product, since the new product may now cover the needs of the prospective customer. In return a prospective might become customer. Likewise if a customer is satisfied with the information provided that might be a source of competitive advantage (Kroner et al., 2000).

2.2.4 Reliability

This is the fourth dimension that enables customers to assess the banks effectiveness in providing service with regard to; maintaining consistent service standard and reliable service. Reliability refers to the extent to which banks consistently and accurately deliver services to their customers as promised. As mentioned by Padmavathy et al., (2012) and consistent with the findings of Zinedlin (2005) reliability is one of the necessary conditions for banks to deliver superior customer value than competitors and thereby fulfill customer expectations and requirements. Customers expect organizations to anticipate their needs and provide consistent service at levels above their expectations. In return, customers are loyal to the organization for longer periods of time (Chen and Popovich, 2003). Chen and Popovich (2003) also stated that companies with efficient facilities and greater resources were able to satisfy customer needs with standardized products, reaping advantages through productivity gains and lower costs. Mithas et al., (2005) argue that CRM applications enable firms to improve the reliability of consumption experiences by facilitating the timely, accurate processing of customer orders and requests and the ongoing management of customer accounts.

2.2.5 Technology Orientation

The technology orientation dimension addresses the operational performance of banks with the use of the latest technology such as Automatic Teller Machines (ATM), internet banking and mobile banking. Information technology and Information system play an important role in the development of CRM (Ling and Yen, 2001; Kincaid, 2003).

Bank's CRM technology allows collection of customer information across various points of contact and thereby delivers personalized services to maximize customer value. Hence, the technology has an important role in CRM in adding to firm intelligence (Boyle, 2004). Accurate customer data is necessary to successful CRM performance (Abbott et al., 2001). CRM technology augment the customer information processes and enables effectiveness of relational efforts. It is important for banks to be technology oriented to cope up with evolving customer

needs. The bank's effective usage of latest technology like ATM, mobile and internet banking addressed with this dimension. Boulding et al. (2005) suggest that CRM is a consequence of the continuing technology evolution and integration of organization marketing approach.

CRM technology is adopted by companies for the specific purpose of building and maintaining better customer relationships (Kim et al., 2012). The rapid advancement in communication technology has greatly transformed the way relationship between companies and their customers are managed (Bauer et al., 2002). As denoted by Kim et al., (2012) even though CRM technology increase the overall performance of a company, only adopting CRM technology does not mean that such benefits will easily accrue to the firm.

2.3 Customer Satisfaction

Customer satisfaction defined by Roberts-Lombard (2009) as the degree to which business's product or service performance matches up to the expectation of the customer. It is a substantial issue in relationship marketing, particularly those in service industries (Taleghani et al., 2011). It has significant implications for the economic performance of firms (Bolton, Lemon, and Verhoef 2004).

Banking is one of the service industries characterized by high customer contact with individually customized service solutions where customer satisfaction has been an increasing focus of research (Molina et al., 2007). Despite substantial investments in CRM applications, there is a lack of research demonstrating the benefits of such investments (Mithas et al., 2005). According to Mithas et al., (2005) CRM applications are likely to have an effect on customer satisfaction for at least three reasons. First, CRM applications enable firms to customize their offerings for each customer. By accumulating information across customer interactions and processing this information to discover hidden patterns, CRM applications help firms customize their offerings to suit the individual tastes of their customers. Customized offerings enhance the perceived quality of products and services from a customer's viewpoint. Because first, quality is a determinant of customer satisfaction, it follows that CRM applications indirectly affect customer

satisfaction through their effect on perceived quality. Second, in addition to enhancing the perceived quality of the offering, CRM applications also enable firms to improve the reliability of consumption experiences by facilitating the timely, accurate processing of customer orders and requests and the ongoing management of customer accounts. An improved ability to customize and a reduced variability of the consumption experience enhance perceived quality, which in turn positively affects customer satisfaction.

CRM applications also help firms manage customer relationships more effectively across the stages of relationship initiation, maintenance, and termination (Reinartz et al., 2004). In turn, effective management of the customer relationship is the key to managing customer satisfaction. Armstrong and Kotler (2009) considered relationship marketing as a kind of index for customer satisfaction, and they believed that the maintenance of excellent relationship marketing between the firm and customers would be beneficial in increasing customer satisfaction. According to Jamal and Naser (2002) customer satisfaction is based not only on the judgment of customers towards the reliability of the delivered service, but also on customer' experience with the service delivery process. High level of customer satisfaction leads to increased customer loyalty, intention to purchase, word-of-mouth recommendation, profit, market share, and return on investment (Heskett et al., (1994) as cited by Nguyen, et al. 2007)

2.4 CRM Research in Financial Service Industry

The implementation of CRM is widespread (Peppard, 2000) and more advanced (Ryals and Payne, 2001) in the financial services industry than in other industries. However, to date few studies have examined the effectiveness of CRM in financial services industry from customer perspective (Padmavathy et al., 2012, p. 250). According to Crosby (2002) in financial services, the idea of relationship banking was receiving considerable attention as a means of acquiring, retaining and improving the profitability of customers. However little is known about customers' perceptions of CRM implementation activities and efforts (Kim et al., 2012). This is due to the fact that focus of researches on the company side of CRM implementation (example: Bohling et

al., 2006; Onut et al., 2006; Jallat and Anacarani, 2008; Malik and Wood-Harper, 2009; Akroush et al., 2011).

Malik and Wood-Harper (2009) tried to identify the problems and challenges in the banking sector of Pakistan using CRM. Bohling et al., (2006) concluded that linking CRM strategy and implementation more tightly with the overall marketing strategy of a business will lead to greater CRM implementation effectiveness. Chen et al. (2009) proposed a metric system for measuring CRM effectiveness from the supplier perspective. Akroush, Dahiyat, Gharaibeh and Abu-Lail (2011) examined the generalizability of the CRM scale originally developed by Sin et al. (2005) to investigate the strength of linkages between CRM implementation components and business performance in Jordan financial service organizations. Hence, they conducted survey in financial service organizations located in Jordan. From the customer perspective, Jain et al. (2007) proposed a two-dimensional measure of CRM effectiveness. Reinartz et al. (2004, p. 294) conceptualized CRM from the customer perspective as: systematic process to manage the customer relationship initiation, maintenance, and termination across all customer contact points in order to maximize the value of the relationship portfolio. Though the researches, conducted on CRM from customer perspective, are few valuable researches are available on the subject matter. Kim et al., (2012) assessed customer's viewpoints to explore the gap between actual bank CRM implementation and customers' expectation. Kwamena (2013) in his study assessed the CRM practices at National Investment Bank in Ghana and also recommended win-back and retention strategies to meet the needs of customers in a highly customized and responsive manner. Whereas Padmavathy, Balaji and Sivakumar (2012), developed five dimensions, namely organizational commitment, customer experience, process-driven approach, reliability and technology orientation, to measure the effectiveness of CRM from customer perspective.

2.5 The Importance of Customers' Perception towards CRM Implementation

The customer has always been a part of a firm's activities (Nguyen et al., 2012). However, little is known about customers' perceptions especially of CRM implementation. As noted by Kim et al., (2012), research has focused on the company side of CRM implementation. Customers'

perceptions (positive or negative) of the CRM tools, activities of firms, the relationship between those perceptions and customers' intention to remain in the relationship with the marketer are very crucial for firm to achieve its objective of CRM strategy. Without customers willingness to remain in the relationship with the marketer the several CRM activities and efforts will be just expenses for the firm. While CRM activities are regarded as an investment. Vefhoef (2003) argues that CRM implementation activities are directed at generating current customers' interest in new offerings and fostering personalization. As noted by Kwamena (2013) consumers can perceive no advantage, beyond location convenience, for selecting one bank over another. For marketers to alter perceptions and create consumer preference, banks need to evaluate their customer management strategy so as to be capable of delivering consistent and cost-effective customer service, customer-aligned products and services, and enhance customer loyalty and long-term value (Kwamena, 2013).

Trust is considered a central construct in relationship marketing (Verhoef, 2003; Tsarenko and Tojip, 2009) and has been explored in such areas as customer behavior, expectations and attitudes (Mayer et al., 1995; Liu et al., 2005). Milne and Boza (1999) ascertained that trust and customer concern are highly interrelated for banking customers (the target industry in the present study). Companies should adopt a customer orientation when implementing CRM efforts (Teo et al. 2006). Moreover customers should also be considered as an important factor before investing on CRM activities. Although logical as well as obvious, firm nonetheless often fail to include the customer in CRM initiatives (Kale, 2004).

Kim, Park, Dubinsky and Chaib (2012) stated that CRM has been developed to manage customer relationship effectively. Hence, to build and manage customer relationship effectively, organizations should establish a customer-centric culture. This will enable organizations to implement CRM service efforts that are compatible with customers' expectations. The foregoing as argued by Kim et al. (2012) support firms to identify customers who have favorable attitudes toward the firm's CRM implementation activities and those who do not have.

An enhanced relationship with one's customers can ultimately lead to greater customer loyalty and retention and also profitability (Ngai, 2005). If a company wants to achieve the benefits of CRM implementation, one of the factors that require due consideration is the customer. Customers must be considered as an important factor before and after investing on CRM activities.

2.6 CRM in Financial Services and in the CBE

The banking industry is one of the first sectors which deployed CRM solutions as described by Khan & Bajaj (2012). Today, many financial services organizations are rushing to become more customer focused (Peppard, 2002). Eriksson & Mattsson (1998) argue that banks are known to have stable and long lasting relations with their customers, which is why development of customer relations is a crucial strategic issue in banking. However, a basic problem in banking is that the customer base is heterogeneous, ranging from homogenous segments of customers with the same preferences to customers with individual demands for customized services.

CRM is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, re-pricing, discretionary decision making, and customized service-all delivered through the various sales channels that the bank uses (Onut et al., 2006). As indicated by Kwamena (2013) with so many different financial institutions to choose from, customers are now more knowledgeable, sophisticated, assertive, continuously demand higher levels of customer service, less loyal, and more inclined to switch to a competitor. In this consumer economy, attracting and crucially keeping customers for the long term is a key challenge for all businesses and more especially the banks. Hence banks have realized that managing customer relationships is a very important factor for their success as CRM is a strategy that can help them build long lasting relationships with their customers and increase their profits through efficient management systems and the application of customer-focused strategies.

CRM in the banking sector is of strategic importance since exceptional customer service is a major indicator for customer retention leading to high profitability. According to Das et al., (2009) CRM in the banking industry is entirely different from other sectors, because banking industry is purely related to financial service, which needs to create trust among the people.

The Commercial Bank of Ethiopia has been established in 1942. In 1980, Addis Bank and Commercial Bank of Ethiopia were merged to form the sole commercial bank in the country until the establishment of private commercial banks in 1994. The Commercial Bank of Ethiopia is owned by the government. This bank is considered as the leading commercial bank in Ethiopia and the pioneer in introducing modern banking to the country, Automatic Teller Machine (ATM) services for local users and Western Union Money Transfer services internationally. As of June 30, 2012, its total deposits stood at ETB 122 billion while total asset and capital reached ETB 155 billion and 7.5 billion, respectively (www.marcopolis.net). CBE has more than 4 million account holders (www.combanketh.et). The bank had traditionally operated in a relatively stable environment for decades. However, the industry is facing an aggressive competition since emerging private banks joined the industry. As the result, customers have now more options and are shifting to the competitors. So, to retain its customers overall the bank has Customer Relationship Officers who are responsible for advising, consulting and providing adequate information to customers. And branch managers who conduct the recruiting potential customers, promote the bank in general and their branch in particular and monitor their branch's overall CRM practices. Efficient and effective customer services is also tailored by the customer service managers who support branch managers CRM activities in executing operational tasks of the branch and entertain customer request at sight.

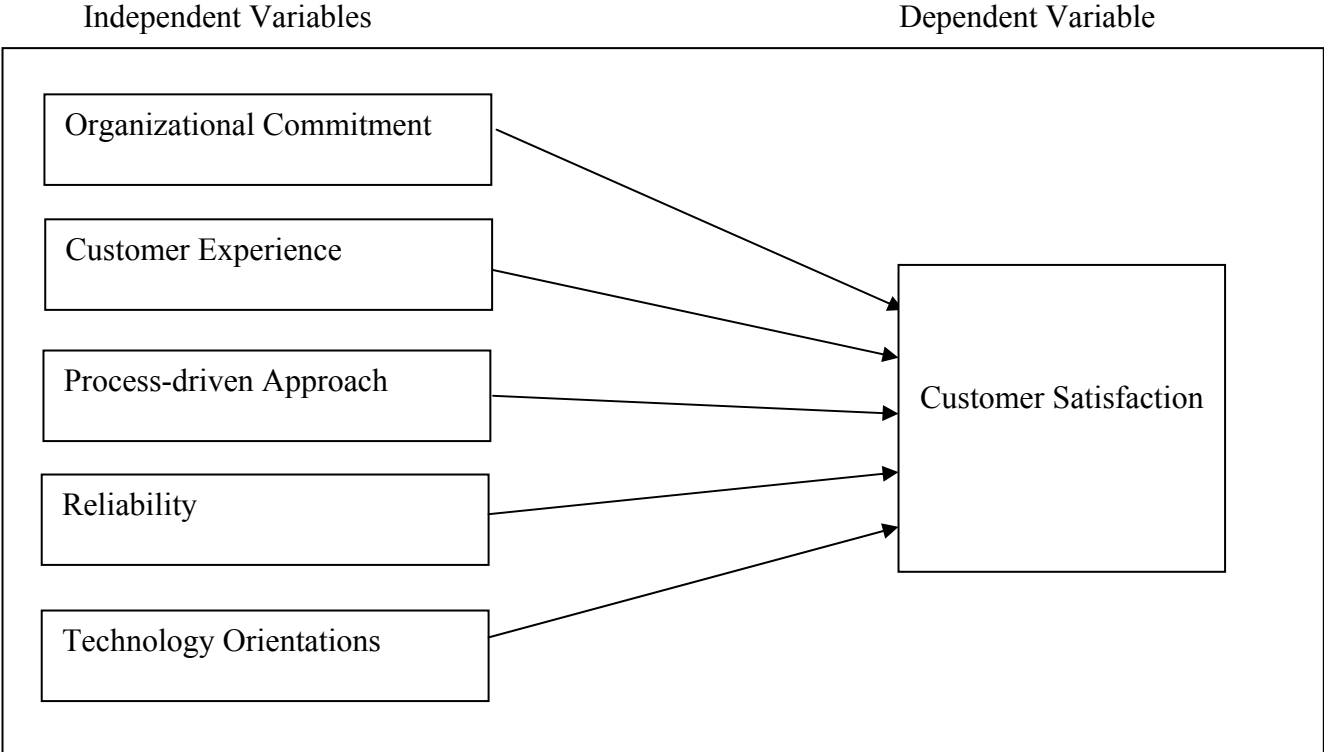
To be successful by implementation of CRM financial and banking organizations must define and develop a business strategy as well as a supporting infrastructure for that strategy (Kwamena, 2013). From this stance the bank is facilitating its CRM activities by deploying recent banking technologies which include ATM, mobile banking and internet banking. Deploying these technologies enable the bank customers to withdraw, transfer and check their account 24 hours a day easily. The quality of business activities is very high and price

competition is easily imitated, whereas non-price competition inevitably increases service quality and introduces new financial goods. Hence the bank also honors its customers particularly those who displayed in earning considerable foreign currency on yearly basis and awards certificate and trophies (www.combanketh.com) and arranges contest for those who deposit more than certain amount which enables customers to win electronics materials and vehicles.

2.7 Conceptual Framework

In this section the emerged conceptual framework of the reviewed literature is presented. This framework is used as a guide for the rest of the thesis.

Figure 1: Conceptual Model



CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This chapter outlines the research design and methodology used to address the research objective. This chapter also discusses the sampling procedure, sample size, data collection procedure, questionnaire design, and the empirical techniques used in analysis of the data.

3.1 Research Design

This research followed the descriptive analytical approach. The research is categorized under applied research that depends mainly on data collection from primary source through distributing designed questionnaire for the research purpose. Adopted questionnaire was used as research instrument to investigate the effectiveness of CRM of Commercial Bank of Ethiopia from customer perspective and its influence on customer satisfaction and presented the result. Quantitative survey methods is undertaken to collect data from the targeted group and analyzed to determine effectiveness of customer relationship management of the bank and its influence on customer satisfaction from customer perspective. Mainly survey data on five dimensions of CRM effectiveness as well as on customer satisfaction was collected from customers of CBE to evaluate the effectiveness of the current CRM activity of the bank from customer perspective and its effect on customer satisfaction.

3.2 Sample and Sampling Techniques

The population of this study encompasses all customers of CBE in Addis Ababa. Though the intention of this research is to assess the effectiveness of CRM of CBE from customer perspective and its effect on customer satisfaction it is impractical to assess the evaluation of all CBE customers. Time limit and budget constraint compel the student researcher to focus on

selected branches of CBE to undertake the survey. Therefore it is necessary to survey a sample of the population as an alternative in order to formulate predictions about the entire population.

In order to make generalizations with confidence about the constructs under investigation, the appropriate sample size has to be considered. According to the information from (<http://www.research-advisor.com>), sample statistics need to be reliable and represent the population parameters as close as possible within a narrow margin of error. Thus the sample size at 95% confidence level with +/-5% confidence interval (margin of error) and expecting variance in the response to be 0.5, account 384.

$$\begin{aligned} \text{Necessary sample size} &= \frac{(z\text{-score})^2 * \text{StdDev} * (1 - \text{StdDev})}{(\text{margin of error})^2} \\ &= \frac{(1.96)^2 * 0.5 * 0.5}{(.05)^2} \\ \text{Sample size} &= 384 \end{aligned}$$

- Where: 95% confidence level corresponds to value of 1.96 from Z-score table.
- Margin of error = +/-5%
- StdDev= 0.5

Information obtained from MIS of CBE indicates that the branches located in Addis Ababa are categorized and leveled from Grade I to IV based on number of customers, volume of transaction, variety of services provided, site location, amenities and staff strength, cash holding limits and other consideration. Moreover the banking system design is more of standard for the branches at the same grade level. Therefore employing multiple stage sampling technique was found appropriate for this study. Accordingly the student researcher first selected five grade IV CBE branches that are known for having higher number of visiting customers on daily basis to conduct transaction. On average around 3500 customers visit these branches. Hence questionnaire was distributed to customers who were available and willing to participate during the data collection period.

3.3 Source of Data

As the aim of this study is to assess the effectiveness of CRM and its effect on customer satisfaction from customer perspective the primary data was collected from CBE bank service users/customers. Specifically, customers of the selected grade IV branches of CBE.

Moreover findings of previous studies, published journal articles, publications in measuring customer relationship management effectiveness and other source like websites were considered as secondary data source.

3.4 Instruments of Data Collection

Self-administered questionnaire was used to collect the data from customers. The questionnaire was adopted from the developers Padmvathy et al., (2013) for this study. Accordingly, in this study, bank customers examined customer relationship management effectiveness from five dimensions: Organization commitment, customer experience, process driven approach, reliability and technology orientation, which were constructed and completely adopted from the developers of the scale, Padmavathy et al., (2013). They proposed an instrument for measuring the effectiveness of CRM from customer perspective. These dimensions are evaluated using 16 items of measure of CRM effectiveness dimension and four items to assess customer satisfaction with five Likert scale points.

The questionnaire consists of two sections. Section one contains questions regarding demographic characteristics of customers. While section two comprised positively constructed twenty items on five Likert scale points from 1 “strongly disagree” to 5 “strongly agree” to evaluate the effectiveness of each dimensions and its impact on customer satisfaction.

3.5 Procedure of Data Collection

After getting permission from the managers of the five selected branches to conduct the survey, the survey questionnaire was distributed during business hour to those in the waiting area upon willingness to participate. It was collected immediately once it was completed.

For the purpose of this study 384 completed questionnaires were required to attain 100% response rate. Hence the questionnaire was distributed to each branch proportionally based on the number of customers each branch has. Accordingly out of 384 distributed questionnaires 209 responses were collected back. The total response rate is 54.4% as shown in table 1 below.

Table 1: Number of branch customers & sample

Branch	Total Number of customers*	Number of questionnaires distributed	No. of Returned questionnaires	Response Rate
Addis Ababa	121326	114	73	64.2%
Arat Kilo	108226	101	55	54.2%
Arada Giorgis	82409	77	38	49.2%
Finfine	50305	47	25	53.0%
Aba Koran	47398	44	18	40.5%
Total	409664	384	209	54.4%

**Source: MIS of CBE*

3.6 Methods of Data Analysis

Data collected from the study participants was initially managed in way that enables data entry simple. In this research the Statistical Package for Social Sciences (SPSS) software version 20 was used for analysis. Data analyzed by using descriptive statistics, correlation analysis as well as multiple regression methods. In the first part demographic variables of the respondent was presented using descriptive statics. Then response about the variables, i.e. organizational commitment, customer experience, process-driven approach, reliability, technology orientation, analyzed and described using descriptive statistic through percentage. Second, to test the hypotheses formulated, a correlation and multiple regression used. Cronbach's coefficient alpha

used to determine the internal consistency and reliability of the multiple item scales since every item was measuring an underlying construct.

3.7 Reliability and Validity

Testing goodness of data is testing the reliability and validity of the measures. Since the statements have been generated from an extensive review of academic and practitioner's literatures, it is assumed that the construct validity will hold.

According to Ticehurst and Veal (2000), reliability is the extent to which research findings would be the same if the research were to be repeated at a later date, or with a different sample of subjects. This research used the most popular test of inter-item consistency reliability that is the Cronbach's coefficient alpha and has been used to identify the validity of items used in survey. According to Sekaran (2000), reliabilities less than 0.6 are considered to be poor, those in the range of 0.7 are acceptable, and those over 0.8 are good. According to Hendrickson et al (1993) and McGraw and Wong (1996) the alpha of a scale should be greater than .700 for items to be used together as a scale. Therefore minimum 0.700 coefficient alpha values accepted to finalize the item validity. As per shown in Table 2 all dimensions have appropriate reliability. Hence a basic statistical analysis was made of the collected data. The Cronbach's coefficient alpha for each dimension of CRM effectiveness and customer satisfaction construct in table 2 below indicates the high inter-correlations among test items.

Table 2: Summary of Cronbach's Alpha

Dimension	Items Cronbach's Alpha	Reliability	Result
Organizational Dimension	4	0.762	Acceptable
Customer Experience	4	0.712	Acceptable
Process-driven Approach	4	0.779	Acceptable
Reliability	2	0.855	Good
Technology Orientation	2	0.735	Acceptable
Customer Satisfaction	4	0.888	Good

Source: Survey result 2014

3.8 Ethical Consideration

Customers were approached and informed about the intent of the research. Furthermore the customers were informed that their response will be kept confidential and will be used for academic purpose only, in verbal communication and in writing. After getting the consent of the respondents, they were provided with a self-administered questionnaire designed for the purpose of this study, so that they complete and return it back. The researcher did not forced customers to participate without their willing.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

This chapter displays the major findings, analysis and discussion of the sample population based on the primary data gathered from customers of Commercial Bank of Ethiopia. The information obtained from the respondents was summarized using frequency distribution. The summarized data was then analyzed by using descriptive, correlation and regression to check the hypothesis and answer the research question. Data was analyzed using SPSS version 20. Accordingly, first the sample respondents' information was presented using frequency and valid percent. Then customer's level of agreement and disagreement for each dimension and the dependent variable, customer satisfaction, presented using the aggregated mean value. At last results of correlation and regression analysis are presented and discussed.

4.1 Sample and Response Rate

From 409664 customers of the selected Grade IV branches of CBE, Addis Ababa, Arat Kilo, Arada Giorgis, Finfine and Aba Koran, 384 customers were selected as a sample respondents. Questionnaire designed for this purpose was distributed to 384 customers, of which 209 usable completed questionnaires were returned to the researcher. Therefore 209 respondents' response was used for analysis with 54.4% response rate. As argued by Sekaran (2003) a 30% response rate is considered acceptable. Therefore the response rate, 54.4%, for this research is acceptable.

4.2 Personal Information of Sample Respondents

Descriptive Analysis of the Sample Personal information of customer respondents is shown in Table 3 below. Accordingly variables: sex, age, educational background, purpose of the bank service usage, length of relationship with the bank and the service used from the bank are discussed in the succeeding sections.

Table 3: Personal Information of respondents

Variables	Categories	Frequency	Valid Percent
Sex (N=208)*	Male	118	56.7
	Female	90	43.3
	Total	208	100
Age Group	20-30	113	54.0
	31-40	62	29.7
	41-50	28	13.4
	>50	6	2.9
	Total	209	100
Purpose the bank service used	Personal	82	39.2
	Business	36	17.2
	Both	91	43.5
	Total	209	100
Educational Background (N=208)**	Primary & Secondary School complete	12	5.8
	Certificate level	10	4.8
	Diploma	49	23.6
	Bachelor Degree	115	55.3
	Master and above	22	10.6
	Total	208	100
Years of relationship with the bank	Less than 1 year	25	12.0
	1-4 years	79	37.8
	5-7 years	36	17.2
	8-10 years	14	6.7
	More than 10 years	55	26.3
	Total	209	100
Service used***	Saving Account	177	84.7
	Current Account	92	44.0
	Loan	30	14.4
	Money Transfer	133	63.6
	Automatic Teller Machine	112	53.6

Source: Survey result 2014

*one respondent skipped this question

** one respondent skipped this question

***A customer may use more than on service

4.2.1. Sex and age composition of respondents

As presented in table 3 above the sex composition shows that both male and female customers of the bank were participated in the study. Even if majority of the respondents 118 (56.7%) were male female respondents also participated which accounted for 90 (44.3%).

According to Table 3, the age composition of respondents encompasses 113 (56%) between the age group of 20-30 years followed by 62 (29.7%) that fall in between the age group of 31-40. The least age group in the sample encompasses respondents aged 41-50 and above 50 years, 28 (13.4%) and 6 (2.9%) respectively.

4.2.2 Educational background of respondents

The educational status in Table 3 shows that among 208 respondent who properly filled the questionnaire more than half of the respondents have first degree (115 or 55.3%) followed by 49 (23.6%) and 22 (10.6%) of respondents with educational level of diploma and master's degree and above respectively. Out of the total respondents 12 (5.8%) incorporates those with primary and secondary school level and 10 (4.8%) after school certificates. This indicates that the respondents were capable of reading and understanding the self-administered questionnaire properly.

4.2.3 Purpose the bank service used

Table 3 shows that the respondents profile is prevalent to explore the effectiveness of CRM activities of the bank from both business and personal user customers. Since the highest percentage of respondents, 91 (43.5%), who are included in the sample use the bank service for their personal consumption and business purpose, 82 (39.2%) use the service rendered by the bank only for their personal consumption while the rest 36 (17.2%) use the bank service only for business purpose.

4.2.4 Years of relationship with the bank

Regarding the years of relationship with the bank, either for personal consumption or business, 79 (37.8%) found to have relationship with the bank from 1-4 years, 55 (26.3%) found to be using the bank's service for more than 10 years, while 36 (17.2%) have relationship with the bank from 5-7 years. Only 25 (12%) were found to have relationship with the bank less than one year. This indicates that most of the respondents have acceptable duration of relationship with the bank which will help them understand the purpose of the study, give reasonable answers and realize the importance of the study.

4.2.5 Service obtained from the bank

With respect to the use of services provided in the bank as presented in table 3, 84.7% encompasses saving account users, 44% current/check account users whereas 63.6% and 53.6% are Money transfer and ATM service users respectively. As indicated in table 3 a customer may use more than one service. Accordingly 78.5% of respondents use more than one service rendered by the bank. This indicates that most of the respondents have experience with the bank and are capable of evaluating the bank's CRM effectiveness from the different service the bank provides.

4.3 Level of Agreement CRM Effectiveness Dimensions

The main objective of this study is to examine the CRM effectiveness dimensions impact on customer satisfaction from customer perspective. Thus customers of CBE were asked to evaluate the CRM activities of the bank from five dimensions consisting of sixteen items on a Likert scale of 1 (strongly disagree) through 5 (strongly agree). According to Kidane (2012) the intervals for breaking the range in measuring each variable with five point scale is calculated as follows;

$$\text{Agreement level} = \frac{\text{max}-\text{min}}{5} = \frac{5-1}{5} = 0.8$$

Therefore the range of the score indicates:

- 1.00 - 0.80 strong disagreement
- 1.81 - 2.6 disagreement
- 2.61 - 3.4 neutrality
- 3.41 - 4.20 agreement
- 4.21 - 5.00 strong agreement

The dimensions were: organizational commitment, customer experience, process driven approach, reliability and technology orientation. According to Padmavathy et al., (2013) these dimensions reveal how effectively CRM is being practiced in the banking industry.

Table 4: CRM Dimensions

Dimensions	N	Mean	Std.Dev.	Ranked Mean
Technology orientation	209	4.153	0.771	1
Reliability	209	3.964	0.855	2
Organizational Commitment	209	3.854	1.014	3
Customer Experience	209	3.675	0.998	4
Process driven approach	209	3.479	1.124	5
Overall CRM Effectiveness		3.825	0.952	

Source: Survey result 2014

Table 4 indicates that customers of CBE perceive that the Bank is making effective use of technology in providing its service with highest mean score of 4.153 than other dimensions, whereas process-driven approach dimension is least effective than other dimensions as per customers view point which has mean score of 3.479 and ranked fifth. The grand mean score for the overall CRM effectiveness dimensions indicate that respondents tend to agree that CRM practice of CBE is effective with mean score of 3.825.

4.3.1 Level of Agreement Organizational Commitment

Organizational commitment dimension refers to the efforts by a bank and its employees to serve customers with desired levels of performance. Moreover it reflects the bank’s value, attitudes and beliefs in terms of customer orientation and CRM efforts (Padmavathy et al., 2013). Customers evaluated this dimension with four items using five point Likert scale. As presented in Table 4 above the total mean of this dimension is 3.854. Table 5 below presents the result: the mean score and standard deviation of each item of Organization commitment dimension

Table 5: Organizational Commitment Dimension

Items	N	Mean	Std. Deviation	Rank Mean
This bank carefully evaluates customer evolving needs	209	4.029	0.930	1
This bank regularly uses personal information to provide customized service	209	3.876	0.987	2
This bank assess customer satisfaction regularly	209	3.813	1.004	3
Employees of this bank often interact with customers to assess service performance	209	3.699	1.135	4
Over all		3.854		

Source: Survey result 2014

The result in table 5 indicates that the highest number of customers tend to agree the item “The bank carefully evaluates customer evolving needs” with the highest mean score of 4.029 ranked first among the organizational dimension item. Whereas the item “employees of this bank often interact with customers to assess service performance” mean score is the least, 3.699. This indicates that employees’ interaction with their customers is perceived less.

4.3.2 Level of Agreement Customer Experience

Customer experience is described by how well the bank conforms to CRM efforts by promptly attending to complaints and efficiently solving problems through proactive customer support which increase the customer comfort levels and ensures their needs and requests are satisfied on a continual basis (Padmavathy et al. 2012). Customers indicated their level of agreement and

disagreement for this dimension once again from four perspectives on five Likert scale point. Table 6 poses the mean score of each item of this dimension.

Table 6: Customer Experience Dimension

Items	N	Mean	Std. Deviation	Rank Mean
This bank is co-operative with its customers in handling their request	209	4.048	0.887	1
This bank effectively communicates to customers	209	3.727	1.064	2
This bank attends customer complaints promptly	209	3.622	0.923	3
This bank takes genuine interest in solving customer problems	209	3.301	1.118	4
Over all		3.675		

Source: Survey result 2014

The result in table 6 depicts that most of the customers tend to agreeing with the statement “this bank is co-operative with its customer in handling their request” with the highest mean score of 4.048. Whereas the responses to the item “This bank takes genuine interest in solving customer problems” indicated that respondents are view the statement neutral. From this the researcher can infer that the bank’s effort to solve customers problem is not up to the expectation of customers.

4.3.3 Level of Agreement Process-driven approach

The process-driven approach enables customers to evaluate the extent of effectiveness of the bank in fulfilling customer requests with speed and astuteness as argued by Padmavathy et al., (2012). Customers evaluated this dimension with respect to four items using a five-point scale that reveals their level of agreement or disagreement with each statement. Table 7 indicates the mean score of each item of process-driven approach.

Table 7: Process-Driven Approach

Items	N	Mean	Std. Deviation	Rank Mean
This bank designed its service process to satisfy the customer	209	3.684	0.974	1
This bank delivers services at the earliest	209	3.512	1.169	2
This bank provides value-added information along with its service	209	3.407	1.245	3
Conducting transactions correctly and rapidly is very common with this bank	209	3.316	1.108	4
Overall		3.480		

Source: Survey result 2014

As presented table 7 among the four items the statement “This bank designed its service process to satisfy the customer” is ranked first with the highest mean score of 3.684. However the least mean score of 3.316 for the item “conducting transaction correctly and rapidly is very common with this bank” indicates that most of the respondents tend to be neutral regarding the statement.

4.3.4 Level of Agreement Reliability

As discussed in the literature review the reliability dimension denotes the consistency and accuracy of service delivery by a bank. In order to measure the effectiveness of this dimension customer were forwarded with two items regarding the bank’s maintenance of consistent service standard and reliability of the service provided. The result is summarized in the following table 8. This dimension was ranked second (table 4) next to technology orientation dimension as per customer assessment.

Table 8: Reliability Dimension

Items	N	Mean	Std. Deviation	Rank Mean
This bank maintains consistent service standards	209	4.062	0.815	1
This bank provides reliable services	209	3.866	0.894	2
Overall		3.964	0.855	

Source: Survey result 2014

As it can be seen from table 8 above, the output of the sample statistics shows that the highest mean recorded for the statement “This bank maintains consistent service standards” with the mean score of 4.056. As argued by Padmavaty et al., (2012) and Zinedlin (2005) reliability is one of the necessary conditions for banks to deliver superior customer value than competitors. This indicates most respondents tend to agree with the effectiveness of this dimension.

4.3.5 Level of Agreement Technology Orientation

This dimension appraises the effectiveness of operational performance of the bank with the use of the latest technology such as ATM, internet and mobile banking. Most of the respondents perceive that the bank is highly effective with this dimension. Thus the dimension is ranked first among the other dimensions with the highest mean score of 4.153. As the aim is to solicit customers perception regarding the effectiveness of the bank with the use of the latest banking technology customers were provided with two statements with five point likert scale used where the highest being strongly agree and the lowest signifying strongly disagree. As depicted in table 9 below the resultant mean score are 4.206 and 4.1 for use of latest technology and making effective use of the technology. Likewise the overall mean shows the same fact with the highest mean score of 4.153 where CBE’s CRM practice with this dimension is perceived to be highly effective.

Table 9: Technology Orientation Dimension

Item	N	Mean	Std. Deviation	Mean Rank
This bank uses latest technology	209	4.206	0.760	1
This bank makes effective use of ATMs mobile and internet banking to enhance customer service	209	4.100	0.781	2
Over all		4.153		

Source: survey result 2014

4.3 Correlation Analysis

The Bivariate correlation procedure computes the pair-wise association for a set of variables and displays the results in a matrix. It is useful for determining the strength and direction of the association between two scale or ordinal variables. The Pearson correlation coefficient measures the linear association between two scale variables. According to Pallant (2010) it is a good idea to generate a scatter plot before performing a correlation analysis to look at the general trend of the data, since only linear relationships are suitable for correlation analysis. The scatter plot enables to check for violation of the assumption of linearity and homoscedasticity. In view of that scatter plot (see Appendix three) generated for this study indicate that there is a positive relationship between customer satisfaction and customer relationship management dimensions. The fitting line is upward sloping and most of the cases are close to the fitting line. The scatter plot indicates that most of the cases approach the linear fitting line and are symmetrical, which convey the existence of relationship between the dependent and independent variables. Hence, the next step is to behold the correlation coefficient test.

Correlation coefficient ranges from -1.0 to +1.0. The sign of the coefficients represents the direction of the relationship whether there is a positive correlation (as one variable increases, so too does the other) or a negative correlation (as one variable increases the other decreases). The table below presents the correlation analysis between customer relationship management effectiveness dimensions and the dependent variable customer satisfaction.

Table 10: Correlation analysis CRM dimensions and customer satisfaction

	Organizational Commitment	Customer Experience	Process Driven Approach	Reliability	Technology Orientation
Customer Satisfaction	0.495	0.484	0.698	0.425	0.412
P - value	0.000	0.000	0.000	0.000	0.000

Correlation is significant at 0.01 level

Source: Survey result (2014)

The correlation matrix in the above table indicates that a positive significant correlation was observed between the independent variable, organizational commitment, and customer satisfaction ($r=0.495$, $p\text{-value}=0.000$). The relationship indicates that as organizational commitment increases so do customer satisfaction.

Moreover, a positive significant correlation was observed between customer experience and customer satisfaction ($r=0.484$, $p\text{-value}=0.000$). This shows that customer experience and customer satisfaction relate in the same direction.

A strong and positive significant relationship was also observed between process driven approach and customer satisfaction ($r=0.698$ $p\text{-value}=0.000$). This implies that as process driven approach increases, customer satisfaction also increases and vice-versa.

The correlation analysis also depicted a positive significant correlation between reliability and customer satisfaction ($r=0.425$, $p\text{-value}=0.000$). This indicates that as reliability increases, customer satisfaction increases and vice versa.

Finally, positive and significant correlation between technology orientation and customer satisfaction is observed ($r=0.412$, $p\text{-value}=0.000$). This implies that as technology orientation increases, customer satisfaction also increases and vice-versa.

Generally, the correlation analysis indicates that the correlation coefficient for all the relationship dimensions ranges from 0.412 to 0.698 which indicates that all CRM effectiveness dimensions have positive relationship with customer satisfaction. Among all the dimensions the process driven approach has the highest correlation coefficient which is 0.698 followed by organizational commitment with correlation coefficient 0.495. The remaining dimensions customer experience, reliability and technology orientation have correlation coefficient of 0.484, 0.425 and 0.412 respectively. All correlation coefficients are significant on all dimensions since $p<0.01$. Thus, it can be concluded that there is a positive and significant relationship between customer relationship management dimensions and customer satisfaction.

4.4 Regression Analysis

Regression and correlation are closely related. Both techniques involve the relationship between two variables, and they both utilize the same set of paired scores taken from the same subjects. However, whereas correlation is concerned with the magnitude and direction of the relationship, regression focused on using the relationship for prediction. According to Marczyk et al, (2005), linear regression is a method of estimating or predicting a value on some dependent variable given the values of one or more independent variables. Unlike correlations, however, the primary purpose of regression is prediction. There are two basic types of regression analysis: simple regression and multiple regressions. In simple regression, we attempt to predict the dependent variable with a single independent variable. In multiple regressions we may use any number of independent variables to predict the dependent variable.

Hence, in this study, multiple regression analysis is used to know by how much the independent variables i.e customer relationship management dimensions explain or influences the dependent variable which is customer satisfaction.

R is a correlation between the observed values of y, the values of y predicted by multiple regression models. Therefore, large values of the multiple R represent a large correlation between the predicted and observed values of the outcome. The model summary table reports the strength of relationship between the independent variable (Customer relationship management dimensions) and the dependent variable (customer satisfaction).

Table 11: Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.757 ^a	.572	.562	2.39809

a. Predictors: (Constant) Technology orientation, Organizational Commitment, Process Driven Approach, Reliability, Customer Experience

Source: Survey result (2014)

In the above table the R is multiple correlation coefficients between predictor and outcome, with a value of 0.757. Value of R square implies 57.2% of the variance in the dependent variable (customer satisfaction) can be predicted from the independent variables. Thus, the hypothesis which states that customer relationship management dimensions as a cumulative has a positive and significant effect on customer satisfaction is failed to reject.

Table 12: ANOVA

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1563.347	5	312.669	54.369	.000 ^b
	Residual	1167.419	203	5.751		
	Total	2730.766	208			

a. Dependent Variable: CSAT

b. Predictors: (Constant), TO, OC, PDA, RE, CE

Source: Survey result (2014)

The ANOVA table presents result from the test of the null hypothesis that R-square is zero. An R-square of zero indicates no linear relationship between the predictors and dependent variable. The F value serves to test how well the regression model fits the data. If the probability associated with the F statistics is small, the hypothesis that R-square = 0 is rejected. For this analysis, the computed F statistic is 54.369, with an observed significance level of less than 0.001. Thus, the hypothesis that there is no linear relationship between the predictors and dependent variables is rejected.

Multicollinearity refers to the situation in which the independent/predictor variables are highly correlated. When independent variables are multicollinear, there is “overlap” or sharing of predictive power. This may lead to the paradoxical effect, whereby the regression model fits the data well, but none of the predictor variables has a significant impact in predicting the dependent variable. This is because when the predictor variables are highly correlated, they share essentially the same information. Thus, together, they may explain a great deal of the dependent variable, but may not *individually* contribute significantly to the model. Thus, the impact of multicollinearity is to reduce any individual independent variable’s predictive power by the extent to which it is associated with the other independent variables. That is, none of the

predictor variables may contribute uniquely and significantly to the prediction model after the others are included (Robert Ho, 2006).

The tolerance value is an indication of the percentage of variance in the predictor that cannot be accounted for by the other predictors. Hence, very small values indicate “overlap” or sharing of predictive power (i.e., the predictor is redundant). Values that are less than 0.10 may merit further investigation. The VIF, which stands for *variance inflation factor*, is computed as “1/tolerance,” and it is suggested that predictor variables whose VIF values are greater than 10 may merit further investigation. (Robert Ho, 2006).

Table 13: Collinearity Stastics

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Organizational commitment	.512	1.952
	Customer Experience	.518	1.932
	Process Driven Approach	.645	1.550
	Reliability	.635	1.576
	Technology Orientation	.707	1.415

Source: Survey result (2014)

As can be seen from table 13, the result of collinearity statistics analysis shows variance inflation factors (VIF) values ranges from 1.415 - 1.952 and Tolerance value ranges within the value of 0.512-0.707. Thus the values indicate that for this analysis there is no multicollinearity problem.

Table 14: Coefficients

Model		Coefficients ^a				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.875	1.278		-1.468	.144
	Organizational commitment	.162	.075	.139	2.166	.032
	Customer Experience	.144	.081	.114	1.786	.076
	Process Driven Approach	.522	.059	.504	8.828	.000
	Reliability	.122	.131	.054	.938	.349
	Technology Orientation	.479	.147	.178	3.269	.001

a. Dependent Variable: CSAT

Source: Survey result (2014)

The β values indicate the relationship between customer satisfaction and each predictor. If the value is positive, it shows that there is positive relationship between predictor and the outcome, whereas a negative coefficient represents negative relationship. For these data all the five predictors have positive β value which indicates positive relationship.

As can be seen from the above table, organizational commitment, process driven approach and technology orientation have significant effect on customer satisfaction; whereas customer experience and reliability dimensions have no significant impact on customer satisfaction.

The result shows that organizational commitment, process driven approach and technology orientation have a positive relationship with customer satisfaction with significant level of .032, .000 and .001 respectively. Accordingly, Hypothesis 1, Hypothesis 3 and Hypothesis 5 are failed to reject. However, customer experience and reliability have a positive but weak relationship with customer satisfaction with significance value of .076 and .349 which is greater than 5% confidence interval. This indicates that, the predictor is statistically not significant at less than five percent level of significance. Therefore, Hypothesis 2 and Hypothesis 4 are rejected.

The standardized beta value for process driven approach is 0.504. This indicates that, this dimension has relatively strong degree of importance on customer satisfaction than the others. Technology orientation and organizational commitment with standardized beta value of 0.178 and 0.139, respectively ranked second and third in influencing customer satisfaction.

Table 15: Summary of findings

<i>Hypothesis</i>	<i>Decision based on the finding</i>	<i>Reason Significant</i>
H1: Organizational commitment has a significant and positive effect on customer satisfaction	<i>Fail to reject</i>	0.032
H2: Customer experience has a significant and positive effect on customer satisfaction	<i>Rejected</i>	.076
H3: Process driven approach dimension has a significant and positive effect on customer satisfaction	<i>Fail to reject</i>	.000
H4: Reliability has a significant and positive effect on customer satisfaction	<i>Rejected</i>	.349
H5: Technology orientation as a cumulative have a significant and positive effect on customer satisfaction.	<i>Fail to reject</i>	.001
H6: Customer relationship management effectiveness as a cumulative have a significant and positive effect on customer satisfaction.	<i>Accepted</i>	

Source: Survey result (2014)

4.6 Discussion of Findings

The main objective of the study was to study the effect of CRM effectiveness dimensions on customer satisfaction. In this study, both practical managerial and theoretical implications were drawn. For this study, data were collected from 209 respondents and were analyzed. The first part of the analysis was regarding the demographic and general information pertaining to customer respondents. The result indicated that majority of the respondents were male and with regard to age of the majority of the respondents are between the age of 20-30 years which indicates that the bank comprises customers of young age which creates an opportunity for the future for deep relationship with the customers. Most of the respondents were found to used the bank serviced both for their personal consumption and business purpose. Regarding the educational background most of the respondents have first degree which indicates their capability to read and understand the self administered questionnaire properly. As to the year of relationship with the bank majority of the respondents have relationship with the bank 1-4 years. In terms of the varieties of services used by the customers, majority of the respondents are saving customers however most of the respondents use more than one service provided by the bank.

The analysis regarding the effectiveness of CRM dimensions in the second part indicated the overall perception of customers regarding the effectiveness of CRM dimensions namely: organizational commitment, customer experience, process-driven approach, reliability, and technology orientation. The results showed that majority of the respondents perceive that the CRM dimensions effective.

The result of Pearson's correlation coefficient indicated that the independent variables, organizational commitment, customer experience, process-driven approach, reliability and technology orientation, have strong and positive correlation with the dependent variable customer satisfaction. Where the result indicated that process-driven approach dimension have strong and positive significant relationship with the dependent variable customer satisfaction with correlation ($r=0.698$, $p\text{-value}=0.000$). Followed by organizational commitment with value of ($r=0.495$, $p\text{-value}=0.000$). The third dimension which has positive and significant relationship with customer satisfaction is customer experience with value of ($r = 0.484$; $p\text{-value} = 0.000$). The result corresponds with the findings of Padmavathy et al., (2012). The remaining two dimensions, reliability and technology orientation, have value of ($r=0.425$; $p=0.000$) and ($r=0.412$; $p=0.000$) respectively and positively relate to the dependent variable.

Multiple regression analysis was used to clarify the relationship between the independent variables organizational commitment, customer experience, process-driven approach, reliability and technology orientation and the dependent variable, customer satisfaction. The result indicated that process-driven approach, technology orientation and organizational commitment had a significant positive influence on the dependent variable customer satisfaction. Whereas reliability and customer experience dimensions exhibited no significant impact on customer satisfaction. The findings of Padmavathy et al., (2012) revealed that only three dimensions, organizational commitment, process-driven approach and reliability showed significant impact on satisfaction. Whereas, in this study reliability and customer experience dimensions find to have no significant impact on customer satisfaction.

The research at hand relied on a 95% level of confidence; therefore a p-value equal to or less than 0.05 implies that the results are not subject to change, according to the Independent Sample

T-test. More specifically, the relationship between process-driven approach and customer satisfaction is significant at $p = 0.000$; and the relationship between technology orientation and customer satisfaction is significant at $p = 0.001$; while, the relationship between organizational commitment and customer satisfaction is significant at $p=0.032$. The relationship between dimensions, reliability and customer experience, and customer satisfaction is not significant because $p = 0.349$ and $p=0.076$ respectively, which is greater than 5%.

Overall the independent variables in the multi-regression analysis explained 57.2% of the variance (R squared) in the dependent variable of customer satisfaction. Hence 57.2% positive change in the level of customer satisfaction investigated in CBE could be interpreted as resulting from increased on the independent variables; organizational commitment, customer experience, process driven approach, reliability and technology orientation.

Based on the findings it can be concluded that from the hypotheses that the researcher formulated, hypothesis one, three and five are accepted and the remaining should be rejected.

To identify customer relationship management dimension with their importance in influencing customer retention, β values and their significance are important statistics to look at. The standardized beta value for process-driven approach is 0.504. This indicates that, the dimension has relatively strong degree of importance on customer satisfaction than the dimensions. While dimensions technology orientation and organizational commitment indicated strong degree of importance on customer satisfaction with standardized beta value of 0.178 and 0.139 respectively.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

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

5.1 Summary

This research regards the customer as a major factor for successful CRM implementation. Although extant literature does provide helpful insight into the company's point-of-view of CRM implementation activities, researchers have shown little concern about the potential gap between CRM activities and customer attitudes toward those activities and its impact on the behavioral intention of customers' attitude. Hence, the present study provided insight to customers' attitudes towards the CRM implementation activities of the bank and its effect on customer satisfaction. Accordingly data was collected from bank customer.

Most of the respondents tend towards agreeing that the bank is effective from the five dimension evaluated with grand mean value of 3.825. Among the five dimensions of CRM effectiveness higher number of respondents perceived that the bank is effective in technology orientation dimension. The least mean score of 3.479 was for the process driven approach which has strong effect on customer satisfaction according to the study findings.

The observed correlation analysis in table 10 indicated that all CRM dimensions under this study have a positive and significant correlation with customer satisfaction with value of r ranging from 0.412-0.698 which implies that as the CRM dimensions effectiveness increases the customer satisfaction increase and vice-versa. The multiple regression analysis result also indicated that 57.2% of the variance in the dependent variable can be predicted from the independent variables; organizational commitment, customer experience, process-driven

approach, reliability and technology orientation. The result observed in ANOVA table12 also indicated that there is linear relationship between the predictors (independent variables) and the dependent variable with F statics value 54.369 and significant level of 0.000. Multicollinearity test conducted also indicated that there is no overlap between the independent variables tolerance value ranging from 0.512-0.707 which is > 0.10 . The β values also indicated that there is a positive relationship between the independent variables and dependent variable with positive values ranging from 0.122-0.522. The standardized β value indicated that process driven approach, technology orientation and organizational commitment dimensions have positive and significant effect on customer satisfaction.

5.2 Conclusion

The present research seeks to investigate CRM effectiveness dimensions effect on customer satisfaction. Based on the findings summarized in the previous section the following conclusions were drawn:

- Most of respondents agree that CRM is effective in CBE which is evaluated from five dimensions mentioned above.
- The researcher concluded that CRM effectiveness dimensions namely: organizational commitment, customer experience, process-driven approach, reliability and technology orientation, have positive significant correlation with the dependent variable customer satisfaction. Hence as the effectiveness of the five independent variables increases the customer satisfaction increases. Based on the evidence of the R square value obtained which indicates that 57.2% of the variance on customer satisfaction can be predicted by the independent variables. Thus the hypothesis that CRM dimensions as a cumulative have a positive and significant effect on customer satisfaction is accepted
- Based on the value of β all the dimensions have positive relationship with the dependent variable. Among the five dimensions the highest β value of the process driven approach, technology orientation and organizational commitment indicated, 0.522, 0.479 and 0.162 respectively, indicated that the dimensions' significant effect on customer satisfaction.

- Among the five dimensions the process-driven approach has strong degree of importance on customer satisfaction.
- Thus only hypothesis 2 and 3 were rejected.

5.3 Recommendations

Based on the conclusions drawn in the previous section, the following measures are recommended for CBE in order to reach the ultimate benefits from the implementation of CRM activities and enhance customer satisfaction.

- In order to enhance customer satisfaction the bank should make continuous effort to enhance the effectiveness of CRM dimensions specially the dimensions, process-driven approach, organizational commitment and technology orientation, which have significant effect on customer satisfaction.
- As the findings of the study showed the process driven approach has the highest influence on customer satisfaction. Hence CBE should be very conscious in improving more the current customer request handling pace. This will yield more customer satisfaction which may contribute to customer loyalty and retention as argued by some researchers.
- The technology orientation and organizational commitment dimensions also have strong effect next to process driven approach on customer satisfaction. Thus it's recommended that more investment on technological aspect and employees training will enhance more the customer satisfaction.
- Even though the two dimensions; customer experience and reliability, surprisingly have shown little effect on customer satisfaction still they are positively correlate with the dependent variable. Therefore, well organized complaint handling system should be emphasized in order to ensure that the customer requests are being taking care of in an efficient manner and proper response timing.

- High level of customer satisfaction leads to increased customer loyalty, intention to purchase, word-of-mouth recommendation, profit, market share, and return on investment. Hence the management of the bank should enhance the awareness of frontline employees regarding CRM through frequent staff training.
- Managers should be aware of the different effects of each dimension of CRM and plan appropriate strategies to generate and reinforce satisfaction.
- Finally the bank is recommended to utilize the banking technology and the CRM implementation activities in collecting the necessary customer data that will help in customizing the service offered by the bank.

5.2.1. Limitation and Future Research Recommendations

The study is focused on examining CRM dimensions effectiveness and effect on customer satisfaction. Further future research is recommended to assess the influence of the effectiveness of CRM dimensions on customers' retention and loyalty. Moreover the research is conducted in selected grade IV branches of Commercial Bank of Ethiopia located in Addis Ababa, thus further research is recommended to assess the influence of these dimensions on customer satisfaction in branches lower than grade IV and in those branches located outside Addis Ababa too. Additionally future research is recommended to identify other variables of customer relationship management that effect customer satisfaction and the mediating factors as this study evaluated the relationship only from five dimensions. It is further recommended that similar research should be conducted with other industries.

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APPENDIX

APPENDIX 1: QUESTIONNAIRE (ENGLISH VERSION)

Dear Customer first of all I would like to thank you for your willingness to complete this questionnaire.

This questionnaire is a major material in the preparation of a thesis in topic “*Effect Customer Relationship Management effectiveness on customer satisfaction*” for the fulfillment of the requirement of Masters of Art Degree in Marketing Management at Addis Ababa University School of Commerce. The information that you will provide will be used only for educational purpose and will be kept confidential. Moreover, the personal information that you will provide will be utilized as an input for the aggregate result. The questionnaire has two parts, the student researcher kindly ask your cooperation to attempt all questions objectively and honestly.

Thank you for your cooperation!

Part I. Personal Information

Please indicate your reply by putting (✓) Mark

1. Sex Male Female
2. Age group
 20-30 31-40 41-50 More than 50
3. Education
 Primary and secondary school Certificate Diploma
 Bachelor Degree Master’s Degree and above
4. Purpose of usage
 Personal Business Both
 Other please specify _____
5. Relationship with this bank
 Less than 1 year 1-4 years 5-7 years
 8 – 10 years More than 10 years
6. The Service/s you use from the bank (you can indicate more than on service)
 Saving Current account Loan
 Money transfer ATM

Part II. Customer Relationship Management

Please indicate the extent to which you agree/disagree with the following statement. Strongly disagree represents the least weight of 1 while strongly agree is for the highest weight of 5.

Please put (✓) mark according to your choice

Description	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1. Organizational Commitment					
1.1 This bank regularly uses personal information to provide customized service.					
1.2 Employees of this bank often interact with customers to assess service performance.					
1.3 This bank assess customer satisfaction regularly.					
1.4 This bank carefully evaluates customer evolving needs.					
2. Customer Experience					
2.1 This bank attends customer complaints promptly.					
2.1 This bank takes genuine interest in solving customer problems.					
2.3 This bank effectively communicates to customers.					
2.4 This bank is co-operative with its customers in handling their request.					
3. Process-driven Approach					
3.1 This bank delivers services at the earliest.					
3.2 This bank designed its service processes to satisfy the customer.					
3.3 Conducting transactions correctly and rapidly is very common with this bank.					
3.4 This bank provides value-added information along with its service.					
4. Reliability					
4.1 This bank maintains consistent service standards.					
4.2 This bank provides reliable services.					
5. Technology Orientation					
5.1 This bank uses latest technology (ATMs, mobile banking, and internet banking) to offer quality services.					
5.2 This bank makes effective use of ATMs, mobile and internet banking to enhance customer service.					
6. Customer Satisfaction					
6.1 I am satisfied with the services provided by the bank					
6.2 I am satisfied with the bank's customer handling procedure					
6.3 I am satisfied with the quality of services provided by this bank					
6.4 I am satisfied with the speed of the service delivery					

Thank you!

APPENDIX 2: AMHARIC QUESTIONNAIRE (Back Translation)

በአዲስ አበባ ዩኒቨርሲቲ የንግድ ስራ ት/ቤት

የማርኬቲንግ ማኔጅመንት ድህረ-ምረቃ ትምህርት ክፍል

ክቡር ደንበኛ በቅድሚያ ግዜዎን ሰውተው ይህን መጠይቅ ለመሙላት ፈቃደኛ ስለሆኑ አመሰግናለሁ።

ይህ መጠይቅ የተዘጋጀው በአዲስ አበባ ዩኒቨርሲቲ የንግድ ስራ ት/ቤት በገበያ አመራር የድህረ-ምረቃ ትምህርት ክፍል ተማሪ ሲሆን፤ አላማውም “Effect of Customer Relationship Management effectiveness on customer satisfaction” “የባንኩ ደንበኞች ግንኙነት ስኬታማነት በደንበኞች እርካታ ላይ ያለው ውጤት” በተመለከተ ተማሪው በሚያዘጋጀው የመመረቂያ ፅሁፍ እንደ ዋና ግብአትነት ለመጠቀም ነው። ስለሆነም የሚያሰፍሩት ማንኛውም መረጃ ለትምህርታዊ አገልግሎት ብቻ እንደሚውል እገልጻለሁ። ከዚህ በተጨማሪም መሰረታዊ መረጃዎች በጥቅል ለሚደረግ ምርምር ግብአትነት ብቻ የሚውሉ ሲሆን፤ ማንኛውም የሚሰጡት መረጃ ሚስጢራዊነት የተጠበቀ መሆኑን አረጋግጥሎታለሁ።

ይህ መጠይቅ ሁለት ንዑስ ክፍሎች ያሉት ሲሆን ሁሉንም ጥያቄዎች በአግባቡ ይመልሱ ዘንድ በአክብሮት ጠይቃለሁ።

ክፍል1 - መሠረታዊ መረጃ

የ ✓ ምልክት በማድረግ የሚመርጡትን ያመልክቱ።

1. ፆታ፡ ወንድ ሴት
2. የዕድሜ ክልል
 20-30 31-40 41-50 ከ50ዓመት በላይ
3. የትምህርት ደረጃ
 የመጀመሪያ እና ሁለተኛ ደረጃ ሰርተፊኬት ዲፕሎማ
 የመጀመሪያ ዲግሪ ማስተርስ እና ከዚያ በላይ
4. የባንኩን አገልግሎት የሚጠቀሙት፡
 ለግል ለሥራ ለሁለቱም
 ሌላ ካሉ ይግለፁ _____
5. ከዚህ ባንክ ጋር በደንበኝነት ምን ያህል ዓመት ሠርተዋል?
 ዓመት በታች 1-4 ዓመት 5-7 ዓመት
 8-10 ዓመት ከ10 ዓመት በላይ
6. በባንኩ የሚጠቀሙት አገልግሎት፡ (ከአንድ በላይ ማመልከት ይችላሉ።)
 የቁጠባ ሂሳብ
 ተንቀሳቃሽ ሂሳብ
 የብድር አገልግሎት
 ገንዘብ የማስተላለፍ አገልግሎት
 ኤ.ቲ.ኤም

ክፍል 2- የደንበኞች ግንኙነት በተመለከተ

ከዚህ በታች ለተዘረዘሩት መገለጫዎች ✓ ምልክት በማድረግ ያመለክቱ።

በጣም አልሰማምም የሚለው የሚይዘው 1 ነጥብ ሲሆን በጣም እስማማለሁ የሚለው 5 ነጥብ ይይዛል።

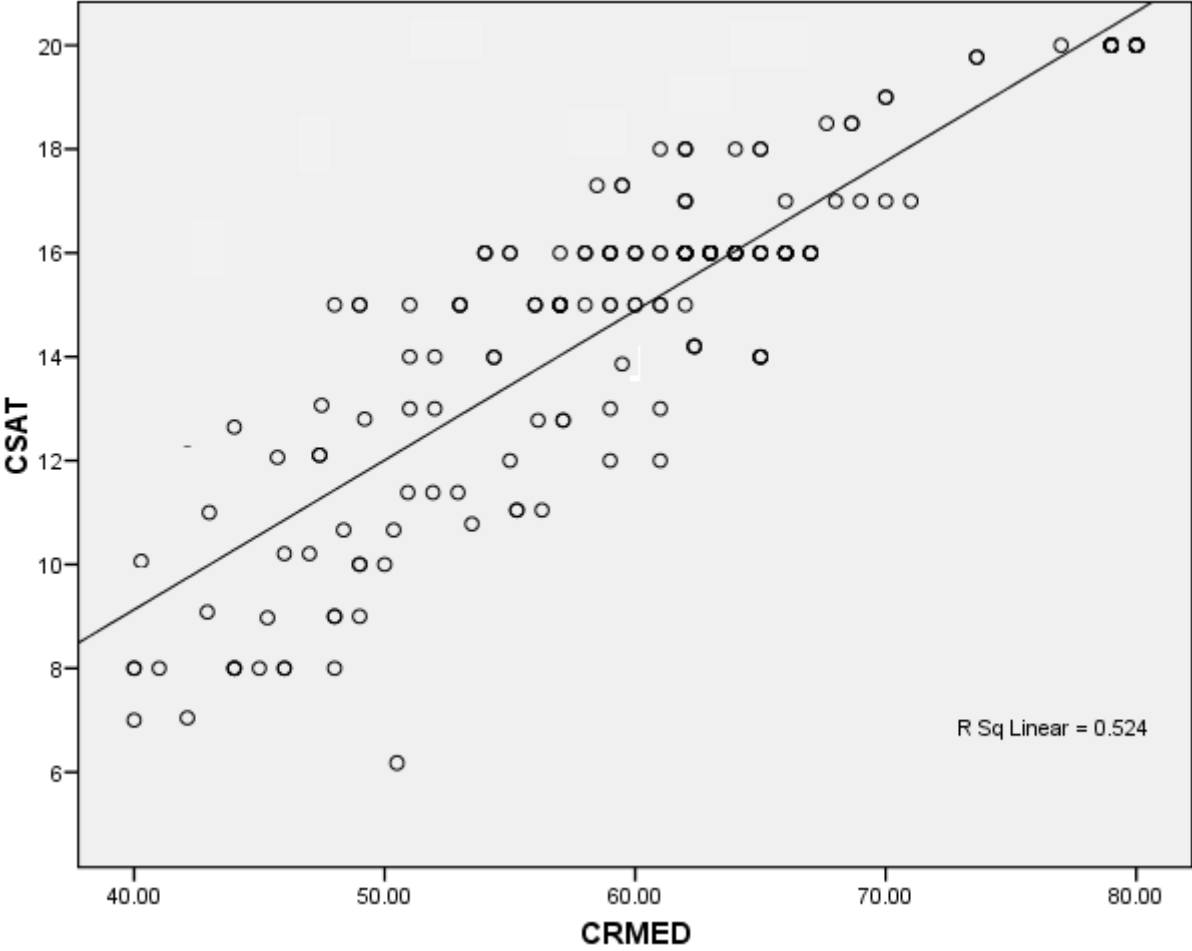
መገለጫ	በጣም አልሰማምም (1)	አልሰማምም (2)	አስተያየት የሰኝም (3)	እስማማለሁ (4)	በጣም እስማማለሁ (5)
1. የባንኩ ድርጅቶች ዝግጁነት					
1.1 ባንኩ ከደንበኞች የሚያገኘውን መረጃ በቋሚነት እንደግብአት ተጠቅሞ በደንበኞች ፍላጎት ላይ የተመሰረተ አገልግሎት ያቀርባል።					
1.2 የባንኩን ሰራተኞች የባንኩን አገልግሎት አፈፃፀም የሚገመገሙት ብዙ ጊዜ ከደንበኞች ጋር በመወያየት ነው።					
1.3 ባንኩ በቋሚነት ደንበኞቹ በአገልግሎቱ አሰጣጥ ምን ያህል ደስተኛ እንደሆኑ ይገመግማል።					
1.4 ባንኩ ከጊዜ ወደ ጊዜ እያደገ ያለውን የደንበኞቹን ፍላጎት በጥንቃቄ ይገመግማል።					
2. ደንበኞች ከድርጅቱ ጋር ያላቸው የስራ ግንኙነት/ልምድ በተመለከተ					
2.1 ባንኩ ከደንበኞች ለሚቀርቡ ቅሬታዎች በአፋጣኝ ሁኔታ ምላሽ ይሰጣል።					
2.2 ባንኩ ደንበኞች አገልግሎቱን ሲጠቀሙ የሚገጥማቸውን ችግር ለመፍታት ቅን ፍላጎት ይታይበታል።					
2.3 ባንኩ ለደንበኞቹ አስረፈላጊ መረጃዎችን በተሳካ ሁኔታ ያስተላልፋል።					
2.4 ባንኩ ከደንበኞች የሚመጣ ጥያቄ ለመመለስ ከደንበኞቹ ጋር በትብብር ነው የሚሰራው።					
3. የአሰራር ሂደት/ዘዴ በተመለከተ					
3.1 ባንኩ አገልግሎቱን በአፋጣኝ ይሰጣል።					
3.2 የባንኩ አገልግሎት አሰጣጥ ሂደት የተዋቀረው ደንበኞችን በሚያረካ መልኩ ነው።					
3.3 በትክክል እና ፍጥነት ባለው መልኩ አገልግሎት ደንበኞችን ማስተናገድ የዚህ ባንክ ልዩ መለያ ነው።					
3.4 ባንኩ ከሚሰጠው አገልግሎት በተጨማሪ ጠቃሚ መረጃን ለደንበኞች ያቀርባል።					
4. የባንኩ አገልግሎት አሰጣጥ አስተማማኝነቱን በተመለከተ					
4.1 ባንኩ ተከታታይነት ያለው ደረጃውን የጠበቀ አገልግሎት አሰጣጥ ይከተላል።					
4.2 ባንኩ ሁሉም አስተማማኝ አገልግሎት ይሰጣል።					
5. አዳዲስ ቴክኖሎጂዎች ስራ ላይ ማዋልን በተመለከተ					
5.1 ባንኩ ጥራት ያለው አገልግሎት ለመስጠት አዳዲስ ቴክኖሎጂዎችን ይጠቀማል (እንደ ኤ-ቲኤም፣ በሞባይል እና በኢንተርኔት የታገዘ የባንክ አገልግሎት የመሳሰሉትን) ።					
5.2 ባንኩ በኤ-ቲኤም፣ በሞባይል እና በኢንተርኔት የታገዘ የባንክ አገልግሎት በአግባቡ ስራ ላይ በማዋል የደንበኞችን አግልግት አሰጣጥ ጥራት ይጨምራል።					

6. የደንበኞች ደስታ/ እርካታ	በጣም አልሰማም (1)	አልሰማም (2)	አስተያየት የለኝም (3)	እሰማለሁ (4)	በጣም እሰማለሁ (5)
6.1 ባንኩ በሚሰጣቸው አገልግሎቶች ደስተኛ ነኝ					
6.2 በባንኩ የደንበኛ አያያዝ ደስተኛ ነኝ					
6.3 በባንኩ ጥራት ያለው አገልግሎት አሰጣጥ ዘዴ ደስተኛ ነኝ					
6.4 በባንኩ የአገልግሎት አሰጣጥ ፍጥነት ደስተኛ ነኝ					

አመሰግናለሁ!

APPENDIX 3: Scatter plot of Customer Satisfaction & CRM Effectiveness Dimensions

Figure 2: Scatter plot of Customer Satisfaction & CRM Effectiveness Dimensions



Source: Survey result 2014