ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS

FACTORS AFFECTING CUSTOMER RELATIONSHIP MANAGEMENT (CRM). CASE OF SELECTED COMMERCIAL BANKS IN ETHIOPIA

BY

METEKU BOGALE BUNGUDO

ID No. SGS1/0056/2004

DECEMBER 2013

ADDIS ABABA, ETHIOPIA

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LIST OF ABBRIVATIONS AND ACCRONYMS

ATM   Automatic Tellers Machine

BOA   Bank of Abyssinia

CI   Continuous Improvement

CBE   Commercial Bank of Ethiopia

CRM   Customer Relationship Management

CSFs   Critical Success Factors

IT   Information Technology

KPIs   Key Performance Indicators

KM   Knowledge Management

OWS   One Window Service

SPSS   Statistical Package for Social Science

ZB   Zemen Bank

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ABSTRACT

Although the promising potentials of Customer Relationship Management (CRM) as a way of capturing comparative advantages in the face of the growing competition, the failure percentage of its implementations is still relatively high which causes increasing concerns for business organizations. The aim of this paper is to extend the line of knowledge about realizing the promising outcomes of CRM. To do so, the researcher conducted an extensive review of the literature in the field of CRM to identify the Critical Success Factors (CSFs) for CRM effectiveness and proposed conceptual implementation CRM model appropriate to Ethiopian banking sector. The paper assessed the feasibility and usefulness of the proposed model by evaluating through a real life case study methodology in three selected banks (Commercial Bank of Ethiopia (CBE), Bank of Abyssinia (BOA) and Zemen Bank (ZB)) in Ethiopian. The primary data were collected using close-ended questionnaires from Customer Service Officers (CSOs) and dichotomy questionnaires from managers and Customer Service Managers (CSMs). The selection of respondents was based on their involvement in the CRM practices. The sample size was 125 with 84.8% response rate. The findings indicate that the success rate of CRM in selected banks is not as expected and also the implementation model they followed is not uniform. Furthermore, the performance measurement practice of all banks is not satisfactory. The study contributed CSFs for CRM effectiveness derived from the conceptual model developed for CRM implementation. Besides, the study provides guidance for commercial bank managers wanting to understand the dynamics of customer expectations in Ethiopian banking sector and who are ready to implement CRM to improve customer relationship that enhance customer satisfaction and loyalty to improve profitability and shareholders value.

Keywords: Customer Relationship Management (CRM), Critical Success Factors (CSFs), Effectiveness, Conceptual models for CRM implementation.

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

In 1994, after nearly two decades of public monopoly, the government of Ethiopia opened the banking sector for domestic private participation. Since then, there have been significant changes in the structure and character of the banking industry. The most visible change, perhaps, is the emergence of new private banks fully owned by Ethiopian nationals. Moreover, the spirit of competition and the emphasis on profitability have pushed public sector banks towards a more profit-oriented model departing from the socialistic approach followed during the DERG regime which ruled the country between 1974 and 1991 (10th anniversary report of NIB).

Customer satisfaction and retention is an important element of banking strategy in today's increasingly competitive environment. Determining the customer's needs and wants and meeting them is one of the ways of enabling consumer satisfaction. For this reason, it is pretty important in our intensively competitive environment to be in regular contact with the customers and to follow the changes in them closely(SIJIEWANG, 2011).

The ability to maximize customer loyalty through close and durable relationships is critical to banks' ability to grow their businesses. As banks strive to create and manage customer relationships, several emerging trends affect the approach and tools banks employ to achieve sustainable growth. These trends reflect a fundamental change in the way banks interact with the customers they have and those they want to acquire. Nowadays, a management tool which focuses on maintaining and developing customer relationships have become a major concern for many business organizations across the globe is Customer Relationship Management (CRM) (SIJIEWANG, 2011).

There is no doubt that CRM as a management strategy and concept was originated in western countries, but the CRM came on stage in banking industry were considered to be a result of ever increasing competition on high value customers. The investment in CRM has helped the banks better monitoring the customer behaviors, understanding what they have done in the past, and predicting the customer's future behavior(Xu, Y., Yen, D.C., Lin, B., Chou, D 2002).

The demand from the customer and pressure from the competitive market drive most of the Ethiopian banks either on their way to implement the CRM systems or they are positively looking for the opportunity to integrate the CRM as an indispensable part of their business strategy in the next few years to come.

However, implementation of CRM is not a panacea, and is not, of itself, sufficient to transform a production oriented organization into a customer-oriented one. The utilization of technology equipment without proper strategy guideline will lead to the failure of CRM implementation. The philosophy of CRM places the customer as the core during the organization's business process and activities. A successful CRM implementation should "create and keep a customer" and to "view the entire business process as it consists of a tightly integrated effort to discover, create, and satisfy the request from the customer"(SIJIEWANG, 2011).From academy to business practitioners, both sides have all put consistent efforts on finding out the success factors from their own perspectives (Wilson, & McDonald, 2002).

Approach to various advantages of implementing CRM would face a serious problem that is high failure rate of CRM projects. Many researches are performed by various institutes on failure rate of CRM projects in different time periods. For instance; Gartner group has announced that around 70 percent of CRM projects have failed or have not faced the expected improvements on CRM performance. Forrester Research center also has announced failure rate of CRM projects equal to 47 percent in 2009 (CRM failure rate: 2001-2009). This high failure rate has increased implementation risk of CRM projects and made direct and indirect disadvantages to the organization. Direct disadvantages are related

to financial resources used for CRM projects and indirect disadvantage is damaging business in sight of customers who have not received good services (Chalmeta R. 2006).

Peter Drucker once said: *"If you can't measure it, you can't manage it."* So banks in Ethiopia have to conduct a scientific, comprehensive CRM success investigation, not only to measure the actual, internal functions of the CRM project but also those critical factors which can impact the final success of the CRM, a more careful examination should be conducted and concrete factors should be identified, the core business process and behaviors of employees shall be monitored and evaluated, in order to guarantee the successful realization of the strategic goals set by the organizations.

1.2 Statement of the problem

The CRM vendors has created spectacular images thrives on the booming expectations towards CRM's benefits for the organizations who plan to implement such systems as part of the business strategy. However, a huge number of CRM projects fail, the efforts are proved to be in vain(SIJIEWANG, 2011).The current situation of CRM in Ethiopian commercial banks may encounter the identical obstacles as the contemporary foreign banks in Europe once had.

As an indispensable part of global financial market, Ethiopian banking sectors have faced similar dilemmas as its contemporaries in western countries once were, while the Ethiopians traditionally planned economic system has its own characteristics which have impacted the CRM systems in the following ways:

1. Insufficient understanding among the managements and the employees on CRM importance and its competitive advantage for business success.
2. Inadequate business process reengineering which can be achieved through the implementation of CRM.
3. Failure to alter the thought of employees which hinder the full utilization of CRM.
4. Traditional business practices, product-centric organizational culture, and customers' poor understanding about CRM.

It is asserted from the literature that most of the financial companies in western counties have already aggregated abundant experiences in conducting the CRM projects; this naturally requires a wide-ranging overhaul of organizational structures, effort on employee training and rewarding system, as well as appropriate IT support (Chen &Popovich, 2003). Compared with the CRM implementation in western countries, Ethiopia might face the problems from both poor and backward economy, incapability in utilizing modern techniques and technology, and other external aspects.

The motivation of researchers and practitioners is to find out the reasons under the cover, and most importantly, assess the CSFs in the program of CRM effectiveness, this approach is believed to be able to help the banks to minimize the project failure percentage. Most researches (Gartner 2005; Payne, A. & Frow, P., Oct. 2005;World Applied Sciences Journal 2012 and others)have addressed the issue of enhancing the success rates of CRM programs.

These studies were naturally under western culture and environments. Nevertheless, such researches in Ethiopia are insufficient. This thesis addressed the subject of implementing CRM in Ethiopian banking sector. As for this subject, it lacks sufficient theoretical and empirical researches. This study analyzed the empirical data from the questionnaires to identify the CSFs for CRM effectiveness that supports to understand the current CRM practices in Ethiopian Banks thus can help to improve the CRM success rates in future.

1.3 Basic Research questions

The basic research questions are summarized as follows:

1. What are the CSFs for effectiveness of CRM in Ethiopian banking sector?
2. Which type of conceptual model isappropriatefor implementation of CRM in Ethiopian banking sector?
3. What methods are suitable to measure the contributions of CRM in organizational performance?

1.4 Objectives of the Study

4.1.1 The general objective of the study:

To assess the Critical Success Factors (CSFs) for Customer Relationship Management (CRM) effectiveness in Ethiopian banking sector.

4.1.2 The Specific objectives of the study:

Research objective One: To assess the CSFs affecting the effectiveness of Customer Relationship Management.

Research objective Two: To add knowledge on how to develop implementation model for CRM effectiveness in Ethiopian banking sector; because CRM is the base for the creation and implementation of customer relationship system.

Research Objective Three: To highlight the assessment methods of the overall performance of CRM effectiveness; because, the success and failure of CRM implementation should be measured to ensure realizing the objectives of CRM strategy.

1.5 Definition of Terms

Conceptual definition of CRM is the establishment, development, maintenance and optimization of long-term mutually valuable relationships between consumers and organizations. Successful CRM focuses on understanding the needs at the heart of the business by integrating them with the organization's strategy, people, technology and business process (CRM(UK) Ltd, 2000).

Operational Definition of Critical Success Factors (CSFs) is factors those determines the success rate of the CRM implementation as per the designed conceptual model.

1.6 Significance of the study

The result of this study was mainly expected to be taken up by Ethiopian banking sectors to improve the success rate of the CRM effectiveness in the future and banks under the study may use to improve their CRM practices underway. Also, it helps to provide important information for decision makers of Ethiopian Banks and others. Therefore, the findings of this study specifically significant for the following reasons:

- Identified CSFs for successful implementation of CRM,
- The important contribution of the current study is the CRM conceptual model proposed by the researcher. This model could be used by organizations those are ready to implement CRM. The proposed CRM model specifies the CRM sequential stages and its important supporting conditions.
- The study also provide guidance for commercial bank managers wanting to understand the dynamics of customer expectations in Ethiopian banking sector, and who are ready to implement CRM to improve customer relationship that enhance customer satisfaction.

1.7 Scope/Limitations of the Study

Considering time and cost constraints in taking large sample size the study was limited to three commercial banks only. The date were collected from Customer Service Officers and Managers and Customer Service Managers (CSM) of six CBE branches from the total 116 branches; similarly, three BOA branches from the total 33 branches; and Zemen Bank; the only branch at Head Office; all found in Addis Ababa. There is lack of sufficient research conducted in the area. Thus, it is difficult to obtain adequate data from published sources concerning the banking sector working in Ethiopia. As result of this, the study considers from employees point of view about CRM. However, the above limitations will never degrade the findings of the study.

1.8 Organization of the paper

The study follows a logical structure and is presented in five chapters. Chapter one serves as an introductory chapter and explains the research problem, basic research questions and objectives of the study. The literature review is focusedon customer relationship management empirical and theoretical literatures. Data presentation, analysis and interpretations are presented in Chapter four. In this chapter, the researcher integrated the theory of Chapter two with the results of the empirical study. Summary, conclusions and recommendations follow in Chapter five.

CHAPTER TWO

LITERATURE REVIEW

This chapter starts empirical literature part by defining CRM and its importance, types of CRM, its benefits, goals and objectives as a starting point for shaping the focus of the research. Formerly, Leadership commitment and support, and CRM strategy development process in terms of business strategy and customer strategy will be assessed. Then, CRM components (people, process and technology) and performance assessment will be assessed in detail. Farther more, the studies in the field of CRM success factors will be organized to identify the most common success factors for CRM implementation.After that, under theoretical literature various implementation models will be evaluated to propose conceptual model for CRM implementation.Consequently, under frame of reference the conceptual model will be developed based on the integration of the previous dimensions and based on some previously existed frameworks. Finally, the CSFs derived from the conceptual model are listed and summary of the literature review.

2.1 Empirical Literature

2.1.1 The Definitions and Importance of CRM

As the business world has shifted from product focus to customer focus, managers have found that the enhancement of existing customer relations brings the benefit of profitable and sustainable revenue growth (Mendoza L.E., 2006). CRM has developed as an approach based on maintaining positive relationships with customers, increasing customer loyalty and expanding customer lifetime value (Lindgreen, A. and F. Wynstra, 2005). According to Lindgreen, A. et al., 2005, CRM is founded on four relationship based tenets.

- Customers should be managed as important assets.

- Customers' profitability varies; not all customers are equally desirable.
- Customers vary in their needs, preferences, buying behavior and price sensitivity.
- By understanding customer drives and customer profitability, companies can tailor their offerings to maximize the overall value of their customer portfolio.

Although the importance of CRM as a successful strategic approach since the 1990s has been widely recognized, there is no consistent definition of it. CRM has been defined variously as *"data–driven marketing"*. CRM is *"an enterprise approach to understanding and influencing customer behavior through meaningful communications in order to improve customer acquisition, customer retention, customer loyalty and customer profitability"* (Swift, R.S., 2001).

The role of relationship marketing is to identify, establish, maintain and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all other parties involved are met; and that this is done by a mutual exchange and fulfillment of promises. According toPiccoli, G., P. O'connor, C. Capaccioli and R. Alvarez, 2003, CRM is an active, participatory and interactive relationship between business and customer. The objective is to achieve a comprehensive view of customers and be able to consistently anticipate and react to their needs with targeted and effective activities at every customer touch point. (Payne, A. and P. Frow, 2005) have a process oriented perspective where CRM is defined as: *"the cross-functional integration of processes, people, operations and marketing capabilities that is enabled through information, technology and applications"*. This definition requires a multidimensional strategic approach to CRM. Customer relationship management incorporates information acquisition, information storage and decision (Payne, A. et al., 2005)

2.1.2 Types of CRM

CRM types/forms will cover the extent in which CRM will act at an organization, where CRM is extending for three levels; strategic, operational, and analytical (Piccoli et al. 2003). The strategic type of CRM deals with the creation of customer-centric business culture by which a better value over competitors is created through taking decisions of where to better invest the organization's resources. The operational type deals with

customers' processes automation including marketing automation, sales-force automation, and service automation. Operational CRM deals with automation and streamlining workflow at the front office which includes collecting data, processing transactions, and controlling workflow at the sales, marketing, and services. The analytical type deals with increasing customer and organization value using the customer data. Analytical CRM builds on operational CRM and analyze customer data to create information about the customer segmentation, customer behavior, and customer value to the organization using statistical analysis tools especially the data mining (Lin, Y. and H. Su, 2003).

In essence, there is another form of CRM, which is collaborative CRM. As collaborative CRM works at the CRM operational level, many researchers counted it as a subset of the operational CRM. Collaborative CRM focuses on customer integration using a set of interaction channels and working intimately with selected customers, suppliers, and business partners. The collaborative technologies include different communication means such as email, phone call, fax, and website pages by which the customer may use at the interaction with an organization. When dealing with the customer data, the involvement of CRM processes is necessary(Lin, Y. et.al, 2003)

2.1.3 Benefits of CRM

According to Chen, Q. and H. Chen, 2004, customer relationships are becoming even more important for banks as market conditions get harder. Competition is increasing, margins are eroding, customers are becoming more demanding and the life-cycles of products and services are shortening dramatically. All these forces make it necessary for banks to intensify the relationship with their customers and offer them the services they need via the channels they prefer. CRM helps banks to provide lot of benefits to their customers; some key benefits are as follows:

- Helping an enterprise to identify and target their best customers, manage marketing campaigns and generate quality leads for the sales team.
- Assisting the organization to improve telesales, account and sales management by optimizing information shared by multiple employees and streamlining existing processes

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- Allowing the formation of individualized relationships with customers, with the aim of improving customer satisfaction and maximizing profits; identifying the most profitable customers and providing them the highest level of service.

- Providing employees with the information and processes necessary to know their customers understand and identify customer needs and effectively build relationships between the company, its customer base and distribution partners.

- CRM permits businesses to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers.

2.1.4 Goals and Objectives of CRM

Every one working in the organization must have a very clear goal in mind; the whole organization must be working as a single unit. It is not affordable that the higher management is looking CRM as marketing and sales and middle management looking towards personal interactions and so on. At every level CRM definition must be very clear, here definition does not mean by few written words, but its role. Why we are sitting in the market? Who are our customers? Why to make contact with them? How to make contact? How to make it long? How to make customer satisfied? How these satisfied customers make to come again and again? These and other questions must be very clear in every one working in the organization (Chantal Rootman (2006).

2.1.5 Leadership

This factor explains the degree of Board of Directors (BODs) and Top Management involving and taking CRM seriously. For CRM program to be successful, the first step is to gain the support and commitment of top management to initiatives. The level of support by top management will determine CRM success or failure. Without the support of top-level managers, the success of CRM activities is cumbersome. Top managers must demonstrate their support to CRM programs by involving themselves in the customer knowledge sharing activities and, including CRM as a part of organizational vision and mission and developing a friendly culture through organization. Since management support is a critical

factor for successful innovation, CRM as an organizational innovation also requires management's strong impetus and support (Zairi, M., 1994).

Without a CRM vision, employees, customers and other stakeholders will not have a clear idea. The vision starts with an overall customer value proposition supported with appropriate corporate brand values. These values must be attractive to target customers and be created from their standpoint to ensure that the enterprise stands out from its competitors. The responsibility for creating the CRM vision clearly lies in the boardroom. The most fertile environment is one in which the board understands what CRM means and is receptive to new ideas and ways of working. The CRM vision must be well-known and accepted throughout the enterprise and the customer base. With this in mind, it is useful to have a meaningful, company-specific definition of CRM, rather than using a generic one from consultants. For successful implementation of the vision, the top management must own it and provide inspirational leadership in creating it (Zairi, M., 1994).

Another role of top management is eliminating constraints (such as rigid regulation, hierarchical bureaucracy, close culture and etc.) faced by organization when implementing CRM process. Proper budgeting of resources is crucial for CRM. Making technical system, recruiting and training employees, reward system and etc. required banking support. Lack of commitment in budgeting and funding would be a major problem and barrier for effective CRM active ties. It is critical that the CRM strategy should be tied to the business strategy. CRM strategy should be developed based on business strategy to confirm that CRM goals are congruence with the strategic goals of the firm (World Applied Science Journal 18 (8):1152-1064, 2012).

2.1.6 CRM Strategy

This should be interwoven with the marketing strategy and provide direction to other operational strategies, such as IT, HR and production. The ultimate driver for all these strategies is the corporate business strategy, which outlines how stakeholder value is to be delivered. The marketing strategy builds the enterprise's position in the market. If the enterprise wants to increase profitability through customer loyalty, it has to weave a

customer management strategy into the marketing strategy. The task of the CRM strategy is to create and maintain a customer base that is an asset to the company. According to Systems Investigation 2002, the CRM strategy is created by:

- Auditing the current position regarding customers, value, loyalty and satisfaction.
- Segmenting customers
- Setting customer objectives (i.e., acquisition, retention and development)
- Defining metrics for monitoring the execution of the strategy (e.g., satisfaction, loyalty and cost to serve)
- Outlining the strategy for the customization by product segment, pricing, communication and contact, channel, customer service, and segment management
- Specifying the customer infrastructure required (e.g., skills, organization, IT, analysis and data) to give direction to the other operational strategies.

2.1.7 CRM Components

Although researchers have developed different detentions for CRM, these definitions are closely related. There is a general acceptance among researchers of the categorization of CRM components. CRM consists of three major components: People, Process and Technology. The contribution to each component varies according to the level of CRM implementation.

2.1.7.1   People

Employees and customers are a key factor for successful CRM projects. CRM is built around customers to manage beneficial relationships through acquiring information on different aspects of customers. The main objective of CRM is to translate the customer information into customized products and services that meet the changing needs of customers in order to gain their loyalty. Nevertheless, a full commitment of the organization's staff and management is essential for an effective CRM implementation to best serve customers and satisfy their needs. The most important things to analyze are ***employees' attitude and knowledge*** (Robbins, 1998).

Employees Attitude: Attitude can be described as a tendency to respond in a specific way, based on positive or negative judgments regarding objects, people and/or situations

(Robbins, 1998:140; Mullins, 1996:116). Attitudes are more specific than the broad values of people and refer to specific "likes" "and dislikes", that result in predispositions to behave in a certain manner towards something and/or someone (Schermerhorn, 1996:136). There are two work related attitudes.

One work-related attitudeis jobsatisfaction. The degree of job satisfaction experienced by employees may predict the occurrence of their workplace behaviors (Schermerhorn, 1996:136). The term job satisfaction refers to individuals' general attitudetowards their jobs. This attituderesults from employees' perception of their jobs (Robbins, 1998:142). Job satisfaction is experienced when employees are able, through their jobs, to satisfy one or all of their physiological, security, social, status and self-actualization needs. A person with a high level of job satisfaction holds positive attitudesto his/her job, while a person who is job dissatisfied holds negative attitudesto his/her job. Additionally, job satisfaction may be viewed as the difference between the level of rewards employees receive and the level they believe they should receive (Robbins, 1998:25).

Another work-related attitudeis theorganizationalcommitmentof an employee. Organizational commitment is the degree to which employees identify with the specific firm they are employed by and the degree to which they identify with the firm's goals (Robbins, 1998:142). If employees wish to maintain membership of the firm, their organizational commitment is high. Greenberg and Baron (2000:181) view organizational commitment as the extent to which an employee is involved with his/her firm and the degree of interest he/she has in remaining on as an employee. Variables that determine organizational commitment can be grouped into four categories, namely *personal characteristics; job-related characteristics; job experiences; and structural characteristics* (Tait, 1996:98). Age, qualifications and gender are examples of personal characteristics. Job-related characteristics include, amongst others, the degree of challenge in an employee's job. Job experiences indicate the degree of dependability that an employee assigns to the firm. Structural characteristics are reflected by the ways in which the firm is structured and levels of authority are designed.

Employee Knowledge: Knowledgerefers to the level of insight an employee has regarding specific aspects, products and/or services of a firm. Employees require academic and tacit knowledge. *Academic knowledge*is the ability to remember formulas and information, whereas *tacit knowledge*is the ability to be practical and action orientated with regard to a firm's products and services. The tacit knowledgeof an employee is not documented, but comprises his/her insights, intuitions, and emotions (Greenberg & Baron, 2000:118)

In a banking institution, employees' academic knowledgewill depend on their insight in and ability to fully understand banking procedures, policies, products and/or services. Banking employees' tacit knowledgewill depend on their ability to practically implement banking procedures and perform duties regarding banking service delivery through the relevant banking systems. The above implies that an employee should have technical, product and firm knowledge (Walker, 1990:36).

2.1.7.2 Business Process

CRM is a business strategy that has its philosophical basis in relationship marketing (Chen and Popovich, 2003). CRM success requires a change of business processes towards customer – centric approach. As such, all business processes that involve both direct and indirect interaction with customers should be analyzed and assessed (Mendoza 2007). Although CRM has an organization-wide impact, process that has direct interaction with customers should be dealt with as a priority when integrating and automating business processes.

In most companies there are many process gaps. Process gaps occur when the customer wants one thing but the process produces something else. Managers commonly believe that deploying CRM technology will bridge these gaps. But these gaps often exist because the processes that affect the customer are poorly designed. These poorly designed processes causes wait times between the steps a customer has to take to get what they want. Examples of these are:
- Processes that require too many managers' approval

- Processes that don't add any value to the customer experience
- Processes that cannot get done properly because of poor organizational culture (i.e. a culture that rewards individuals with information, chilling collaboration)
- Processes that are not done properly because individuals do not understand the goal of the organization

Implementing CRM requires discipline and a commitment to closing gaps and removing resistance to change. It involves much more than just automating existing process. Automating processes just speeds up the **"old goat paths,"** increasing the rate at which bad processes are performed.

The goal should be to close the process gaps to make it easier for the customer to do business with the company; the goal should not be installing CRM technology. The customer might want instant information, but the process takes too long to deliver it. CRM is "a strategic concept to manage the assets of a company" and is adamant that those companies, which view it only as a technology, are doomed to failure. Technology is certainly a major part of the equation, but it should only be introduced after the strategy has been determined. And this should be built on the foundation of its assets, which in the final analysis are its customers. These should be segmented according to their profitability, and then strategy and tactics can be tailored according to the value of these customers to the company (Chen et al., 2003).

2.1.7.3 Technology

Technology refers to computing capabilities that allow a company to collect, organize, save, and use data about its customer. Technology is the enabler for CRM systems to achieve their objectives of collecting, classifying, and saving valuable data on customers. Integration technology allows organizations to develop better relationship with customers by providing a wider view of the customer behavior (Thompson et al., 2006). Thus, organizations are required to integrate IT to improve the capabilities of understanding customer behavior, develop predictive models, build effective communications with customers and respond to those customers with real time and accurate information (Chen and Popovich, 2003). For an organization to integrate IT, concepts such as data warehouse,

software customization, process automation, help desk and call centers, and internet influence should be addressed (Mendoza et al. 2007).

A. Network and Internet service

The Internet accommodates different languages, enabling banks to increase their market share. Instead of geographical presence, the delivery of high quality services through technology has become one of the main determinants in competition between banks. The majority of banks view the Internet as an important tool in reducing costs and increase revenues (Buckley &Caple, 2004:64)

B. Application of Technology

The positive application of technology in the delivery of services can, however, is restricted by various negative consequences of technological advancement. Technological advancement limits the possibility of human error, but requires more extensive training of service employees. Banks need to more extensively educate and train their employees to adequately equip them with knowledge of the use of the technology (Buckley &Caple, 2004:64; Hirschowitz, 1986:27).

C. Self –Service Technology

Presently (2005), self-service technology is challenging the service firm-client relationship, for example, banking transactions can be conducted through the use of a telephone, the Internet and television (Swartz &Iacobucci, 2000:103). This decreases physical interaction between a bank and its clients and may negatively influence the relationships the bank has with clients. The development of ATMs changed the method of interaction between banks and clients. Initially, ATMs were met with some resistance, because people were not used to interacting with a machine instead of a bank employee (Buckley &Caple, 2004:64)

2.1.8 Performance Assessment

It is crucial to evaluate the success of CRM to see whether it is helping the organization meet its strategic aims and whether it will continue to deliver looked for improvements. The key actions involve understanding the drivers of shareholder value, identifying the appropriate metrics to measure the various CRM activities against and establishing an effective performance monitoring system (Simon Knox, Stan Maklan, Adrian Payne, Joe Peppard and Lynette Ryals 2003.)

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Shareholder Results: The ultimate objective of CRM is to increase shareholder value. Building value for employees and customers and cutting costs to improve profit margins all contribute to shareholder value. Employees, customers and shareholders are an organization's key stakeholders. It is widely acknowledged that good leadership and management behavior lead to positive employee attitudes, customer satisfaction and increased sales, profits and shareholder results (Simon Knox, et.al. 2003).

Cost Reduction: Reducing costs is the time-honored way of growing short-term profits. In the context of CRM, there are two major opportunities to cut costs: reducing staff and overheads by using electronic systems, such as automated telephony services; and using new channels, such as online self-service facilities, to reduce the costs of acquiring and servicing customers (Simon Knox et.al. 2003).

Performance monitoring: The metrics available to companies wanting to monitor their CRM activities are largely unsophisticated. For example, there is no internationally recognized set of standards for CRM against which best practice can be measured. Historically, most companies' performance measurement systems have been functionally driven. We advocate that companies consider the following four main categories:

Strategic metrics measure the success of the organization's strategic approach to CRM. They measure, for example, the extent to which marketing information is used when developing the business strategy; the role of CRM in positioning the organization in the market place; and whether the vision and objectives of the company focus sufficiently on the customer (Simon Knox et.al. 2003).

Customer metrics measure the value delivered by the organization to the customer and the value the customer provides to the organization. These set Key Performance Indicators (KPIs) to measure the levels of customer satisfaction and customer retention, customer acquisition costs, and customer lifetime value (Simon Knox et.al. 2003).

Operational metrics measure both people and process performance. People measures include the appraisal, compensation, recognition, training and career progression of staff; measures include employee retention, productivity, employee satisfaction and performance

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targets; process measures include customer service levels, supplier performance targets, and product and service development targets (Simon Knox et.al. 2003).

Output metrics measure the effectiveness of the CRM strategy on organizational performance by calculating the value delivered to each of the three main stakeholders: shareholders, employees and customers. Value is determined in terms of customer satisfaction, increased key segment profitability, reduction in operational costs, and employee retention and productivity (Simon Knox et.al. 2003).

2.1.9 CSFs of CRM process

Previous Studies in CRM CSFs: A variety of factors determine significant success ingredients for successful implementing CRM in organization. There are many pervious researchers to identify critical success factors (CSFs). CSFs are described as "being in necessary and sufficient for success: each factor is necessary and the set of factors aresufficient". Many researchers have attempts to develop a comprehensive list of CSFs for CRM implementation.

There are great expectations for what CRM can accomplish. However, despite consider able organizational and executive commitments these expectations have not always been met. The perception of a widening gap between the potential of customer relationship management (that is, what it can ideally achieve) and its actual accomplishments has increased the need for better understanding of the nature of the problem and for better measures of factors that influence outcomes (Pemberton, J.D. and G.H. Stonhouse, 2000). Failure rates of CRM projects are high. These failures reflect that CRM is too often implemented with a focus on a software package without an in-depth understanding of the issues of integrating culture, process, people and technology within and across organizational context (Lave, J. and E. Wenger, 1991. The following are summarized CSFs of CRM from various researches:

Dimensions	Factors
Top Management	1. Support and Commitment 2. The link between business vision, mission and task and CRM strategy 3. Providing necessary resources and budget 4. Remove organizational constraints
Chief Executive Officer (CEO)	1. Champions and leaders 2. Defining CRM strategy and vision 3. Network of experts 4. The pilot of formal CRM program, Communication and Segmentation
Culture	1. Strategic change to customer-focused culture 2. Customer orientation and customer satisfaction 3. Acceptance of customer knowledge sharing with the positive attitude
Organizational infrastructure	1. Establishing CRM roles and teams 2. The CRM implement unit (department) 3. The unit (committee or team) to plan and promote CRM 4. Committees of practice and Having a flat or network structure
Human resource management (HRM)	1. Employee empowerment and involvement 2. Employee training and development 3. Employee recruitment and selection 4. Employee retention
Continuous improvement (CI)	1. Measurement 2. Benchmarking
Knowledge management (KM)	1. Knowledge-enabled Customer Relationship Management 2. Customer knowledge sources, management and competence
Technical infrastructure	1. Building ICT infrastructure 2. Integrating with current systems 3. Effective use of software tools 4. Security of data on internet 5. The database is updated periodically
CRM process According to Kim and Kim (2009)	1. Acquiring customer relation 2. Retaining customer relation 3. Expanding customer relation

Table 2.1 Summary of CSFs for CRM from various literatures

2.2 Theoretical Literature

2.2.1 CRM implementation Models

2.2.1.1 Payne's Five-process Model

The first model was developed by Adrian Payne. This model identifies five core processes in CRM: the strategy development process, the value creation process, the multichannel integration process, the performance assessment process and the information management process. The first two represent strategic CRM; the multichannel integration process represents operational CRM; the information management process is analytical CRM.
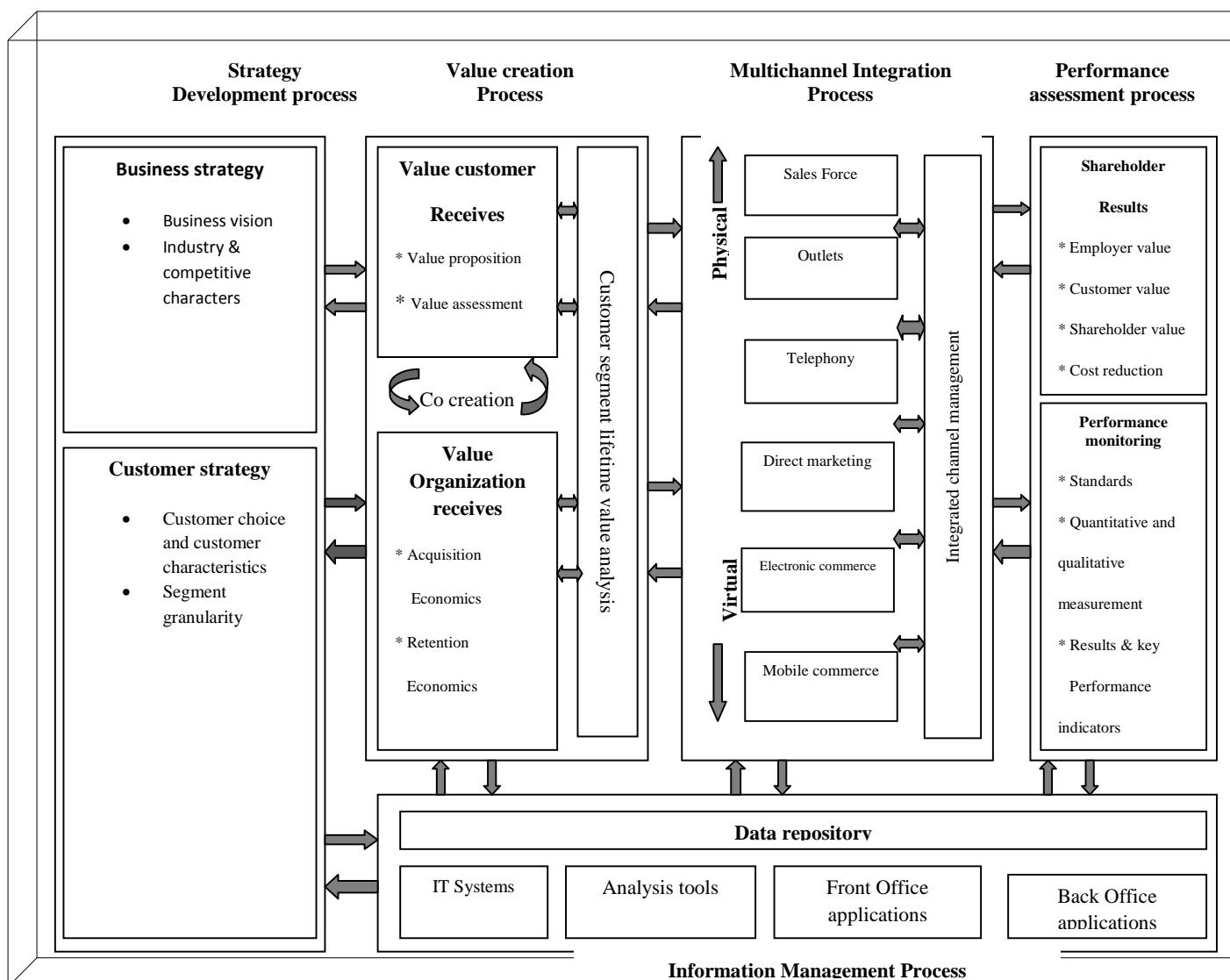
Figure 2.1 Payne's model of CRM

2.2.1.2   The Eight Building Blocks of CRM; Gartner Research

The eight building blocks in the model are the fundamental components for effective true CRM. Beneath each component are a variety of interlinked capabilities. A key feature of the framework is to emphasize the need to create a balance between the requirements of the company and the customer. Gartner estimates that through 2005, 90 percent of successful CRM initiatives will have balanced the needs of improved customer experience with improved organizational collaboration (0.8 probabilities). Far too many CRM initiatives suffer from an inward focus on the enterprise, whereas the point of CRM is to achieve a balance between value to shareholders or stakeholders and value to customers for mutual beneficial relationships.

The Eight Building Blocks of CRM

1. CRM Vision: Leadership, Market Position, Value Proposition

2. CRM Strategy: Objectives, Segments, Effective Interaction

3. Valued Customer Experience

Understand Requirements
Monitor Expectations
Satisfaction vs. Competition
Collaboration and Feedback
Customer Communication

4. Organizational Collaboration

Culture and Structure
Customer Understanding
People: Skills, Competencies
Incentives and Compensation
Employee Communications
Partners and Suppliers

5. CRM Processes: Customer Lifecycle, Knowledge Management

6. CRM Information: Data, Analysis, One View Across Channels

7. CRM Technology: Applications, Architecture, Infrastructure

8. CRM Metrics: Value, Retention, Satisfaction, Loyalty, Cost to Serve

Source: Gartner Research

Figure 2.2. The Eight Building Blocks of CRM

2.2.1.3   *Emerged frame of Reference basedon previous studies, and experience*

The figure below presents the research variables used in the research questions and the chosen operational definitions. It summarizes the benefits as a result of the implementation

process of CRM which includes the consideration of the components (i.e. people, process and technology, as well as the key factors to be studied (i.e. strategy, leadership and integration. All this is the effort to answer the research problem (i.e. to gain a better understanding of CRM).
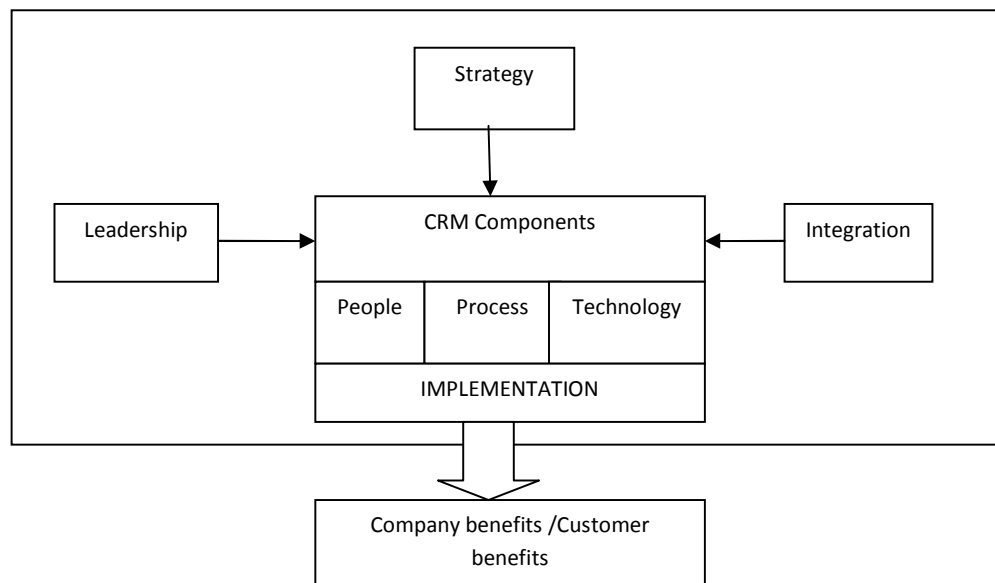
Figure 2.3: Frame of reference by Thomas KwakuObeng& Karla Loria

2.2.1.4 *A conceptual framework based on common sense, previous studies, and experience*

The framework integrates three major constructs; *CRM implementation phases, CRM major components, and CRM success factors.* The framework starts by a *pre-implementation phase* where the organization has to *gain the support of top management* for implementing CRM before involving in the actual implementation process. Based on gaining sufficient commitment by top management the process could precede to assessing the readiness of the organization in terms of its human, technological, and organizational (process) capabilities to implement CRM. Therefore, the *CRM strategy* should be developed, aligned, and communicated to staff. The arrows reflect the flow of the process implementation. Hence, the CRM strategy should be put into action by implementing CRM project focusing on the success factors within each component of CRM. Consequently, implementing each success factors should be measured to ensure successful

implementation of CRM project. The final step of the framework focuses on measuring the impact of CRM implementation banking and on marketing performance to ensure realizing the objectives of CRM strategy and to assess the effect of other possible external factors. The ascending arrows reflect the process of feedback and learning process of the implementation which is based on measuring implementing CRM success factors and measuring the performance of CRM project after it is fully implemented as a continues process. The organization could use the feedback to re-design and re-assess its implementation process.
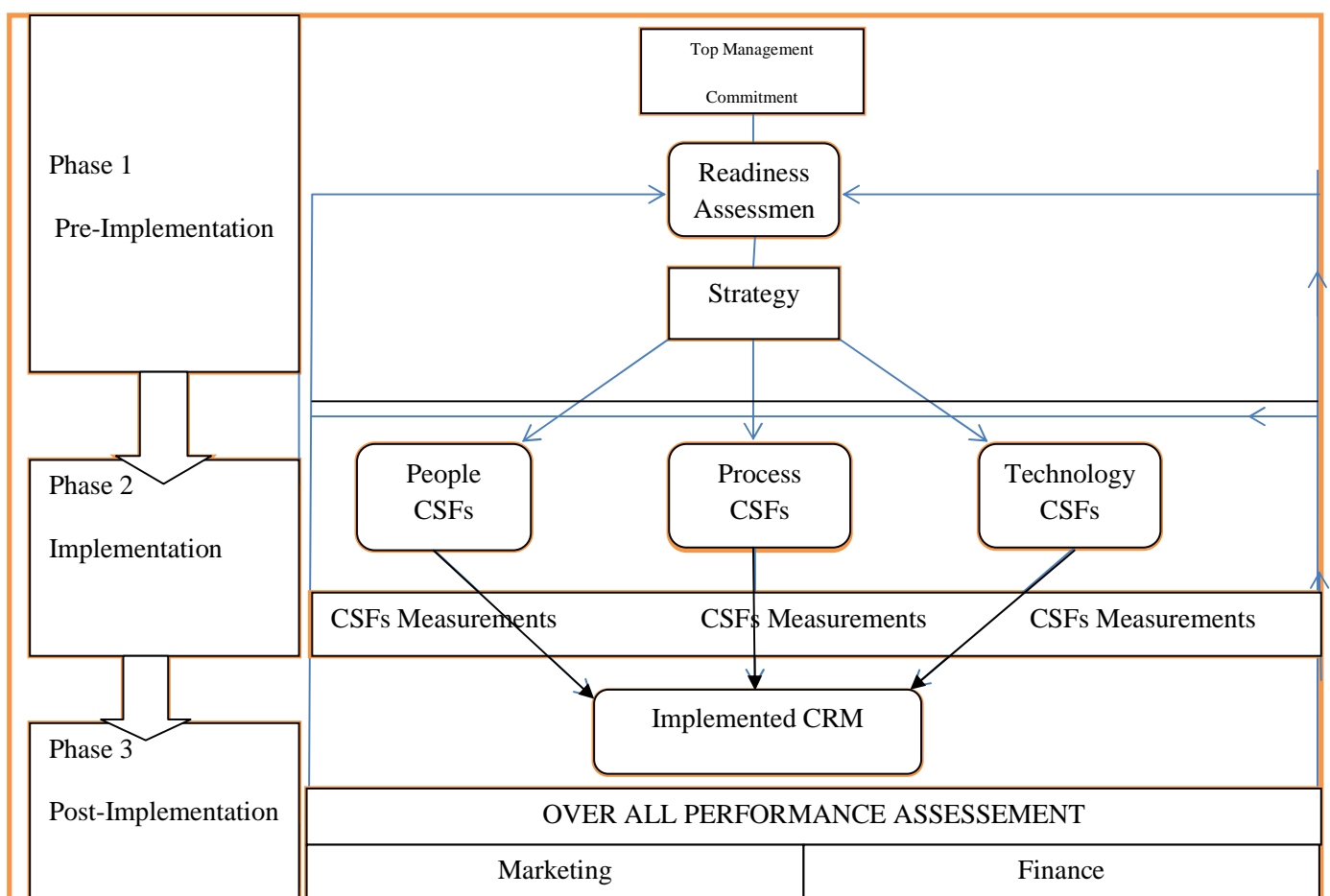
Figure 2.4 Conceptual Frameworks for CRM by Payne and Frown, 2005.

2.3 Frame of Reference

A frame of reference according to Miles and Huber man (1994) explains, either graphically or in narrative form, the main things to be studies- the key factors, constructs or variables and the presumed relationship between them. Consequently, a frame of reference presents the theory and models that are most suitable for the research problem and it also describes how the theories are related to each other. There are three main areas of study in this project which intends to gain a better understanding of CRM implementation: i.e. the Pre-implementation phase- Leadership (Board of Directors and Top Management) and CRM Strategy (Business and Customer Strategy); the implementation phase- CRM Components (People, Process and Technology) and Post-implementation phase-CRM performance measurement and feedback.
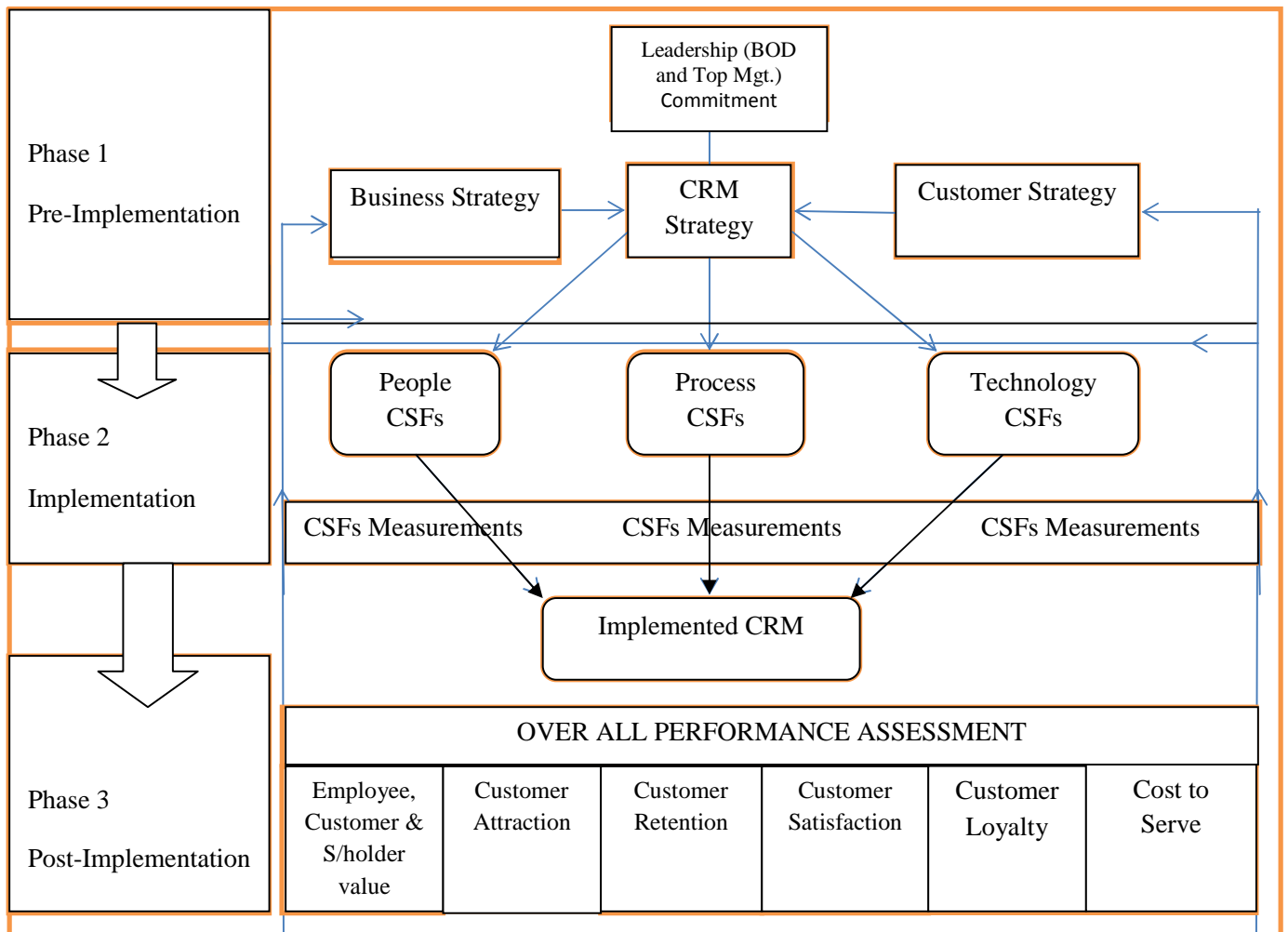
Figure 2.5: The proposed Model for CRM Implementation

The researcher proposed the above model to be followed in Ethiopian banking sector. The model integrates three major ideas; *CRM implementation phases, CRM major components, and CRM critical success factors.* The model starts by a ***pre-implementation phase*** where the bank has to gain the support of top management for implementing CRM before involving in the actual implementation process. Based on gaining sufficient commitment by top management the process could precede to developing CRM strategy after assessing its organizational business strategy and customer experience The arrows reflect the flow of the process implementation. ***In implementation phase,*** the CRM strategy should be put into action by implementing CRM program focusing on the success factors within each component of CRM (People, Process and Technology). Consequently, implementing each success factors should be measured to ensure successful implementation of CRM program.

The final step of the model ***(Post implementation phase)*** focuses on measuring the impact of CRM implementation interns of customers, employees and shareholders value; the ability of customer attraction, retention, satisfaction and loyalty; cost reduction to ensure realizing the objectives of CRM strategy and to assess the effect of other possible external factors. The ascending arrows reflect the process of feedback and learning process of the implementation which is based on measuring implementing CRM success factors and measuring the performance of CRM program after it is fully implemented as a continues process. The organization could use the feedback to re-design and re-assess its implementation process.

2.4.1 CSFs drawn from the proposed model for CRM implementation

Dimensions	Factors
Leadership (BOD and Top Management)	1. Commitment and Support 2. Develop CRM vision, mission and friendly organizational culture 3. The link between business vision, mission, and CRM strategy 4. Providing necessary resources and budget 5. Remove constraints such as rigid regulations, closed culture, etc., 6. Confirm CRM goals are congruence with corporate strategic goals

	I. Business Strategy
CRM Strategy	1. Auditing the current position regarding customers' value, loyalty and satisfaction. 2. Setting customer objectives (i.e., acquisition, retention and development) 3. Defining metrics for monitoring the execution of the strategy (e.g., acquisition, satisfaction, loyalty and cost to serve) 4. Outlining the strategy for the customization by product segment, pricing, communication and contact, channel, customer service, and segment management 5. Restructuring organizational structure to align with customer relationship 6. CRM is a continues improvement process therefore consider it as program to as a project
	II. Customer Strategy
	1. Understanding customers' requirements or wants 2. Monitor customers' expectations and segmenting 3. Analyze customers satisfaction Vs. competition 4. Collaboration and feedback 5. Predicting change in customers' future needs and want 6. Customers knowledge source, management and competence
People	1. Employee skill and competence 2. Employee attitude towards customer handling 3. Employee encouragement, empowerment and involvement 4. Employee training and development 5. Employee recruitment, selection and retention 6. Employee commitment and satisfaction 7. Employee incentives, compensation and reward system
Business Process	1. Re-engineering the processes that require too many approval 2. Re-engineering the processes that don't add any value to the customer experience 3. Highly organized and carefully planned service delivery 4. Considering process from customers perspectives 5. Efficient and full-fledged banking service delivery 6. Functional departments collaboration to work together

Technology	1. Building CRM infrastructure and integrating with current system
	2. Updating the database periodically to give comprehensive information to customers to be responsive
	3. Effective use of software tools and hardware
	4. Providing channels to enable ongoing two-way communication
	5. Having the right technical personnel
Performance Measurement	1. Measurement of the effectiveness of CRM in terms of customers, employees and shareholders value.
	2. Analyzing the causes of customer defection through exit interview and lost customer survey
	3. Measuring the role of CRM on company's performance
	4. Measuring the level of customer satisfaction, loyalty and acquisition costs
	5. Monitoring employees attitude and knowledge, business process and technology performance

Table 2.2 CSFs for CRM derived from modified model for CRM implementation

2.4 SUMMARY

The beauty of true CRM is the promise that companies can now undertake business with the right hand knowing what the left hand is doing; serving the customer on his/her terms using complete and meaningful information.

Clearly, embarking on a successful CRM implementation requires a great deal of research, documentation, planning, and evaluation. The idea, that successful customer relationship management is a journey and not a destination, cannot be emphasized enough. Organizations need to be constantly aware of their environment, the competition and their changing customers' needs and wants. Without this awareness and constant attention to detail, complacency will set in and that can be the beginning of a dangerous, downward spiral.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

The previous chapter showed how the literature has been condensed and conceptualized in this study. This section of the study deals with the research design and methodology of the study. It includes the research design, population and sample size, sampling techniques, sources of data,data collection instruments, and methods of data analysis and interpretations.

3.1 Research Design

Both qualitative and quantitative research methods used in the study through questionnaires, though, the type of the research is explanatory. The research purpose in this study has been assessed as explanatory. It aims from the fact that knowledge about implementing CRM is limited, fragmented and scared. The study increases our knowledge about CRM and implementation factors. Further, by exploring it will enable an insight in to the new phenomenon of CRM implementation and related issues in banking sector.

In Ethiopia there are nineteen commercial banks of which three are public sector banks and the remaining sixteen are private banks. Currently, banks in Ethiopia are categorized in two groups: public sector banks and private banks. Furthermore, the researcher classified private banks in to two groups according to their peer-age. The researcher has chosen Commercial Bank of Ethiopia (CBE) from public sector banks, Bank of Abyssinia (BOA) from pioneer pear-age private banks and Zemen Bank (ZB) from lately entered pear-age private banks. Also, six branches of CBE, three branches of BOA and the only branch of ZB found in Addis Ababa only are chosen to undertake the research study. Thus, analyzing the issues practically involved and rose in the implementation of the management system aimed at creating customer value, and also putting forward the experiences of three

different banks in the same industry. Therefore, looking into the challenges created for the management, causes/factors associated with and resulting in the success/failure of CRM as a means of creating customer value, and overall experience of the companies attempting to implement CRM.

3.2 Population and Sample Size

A population consists of all elements: individuals, items, or objects-whose characteristics are being studied. The population that is being studied is also called the target population (Mann, 1995).The target population of the study comprises Customer Service Officers, and Managers and Customer Service Managers of three banks carefully chosen branches with respect to the implementations of CRM.

Selection of sampling technique depends on the probability of collecting data to address research`s questions & research objectives from the entire population (Saunders et al, 2000). In census, data is collected from entire population, which is not possible for the researcher due to resource constraints. It is not possible for researcher to study all branches of all banks serving in Ethiopia, hence a sampling criterion is used as it provides valid alternative to the census.

For achieving this research study`s purpose, the researcher has chosen Customer Service Officers, and Managers and Customer Service Managers of two banking categories namely public sector banks and private banks. Furthermore, private banks are classified in to two categories (Six pioneer private banks peer-age and lately entered private banks peer-age) according to the following sampling criteria:

- Banks with considerable market-share
- Offering services to public at large, and
- Banks implemented CRM and at least one year of experience with CRM.

According to the above mentioned sampling criteria, Commercial Bank of Ethiopia (CBE) serving as public sector bank, Bank of Abyssinia (BOA) from six pioneer private bank peer-ages, and Zemen Bank from the lately entered private banks peer-age. Debug Global and Enat Banks were not fulfilled the above-mentioned sampling criteria hence this

madethe sample representative of the population as a whole. Based on the same criteria mentioned above, the researcher chosen Six CBE branches from the total 116 branches; similarly, three BOA branches from the total 33 branches; and the only branch of Zemen Bank at Head Office.

In this study Customer Service Officer (CSO) refers employees hired by the banks to serve in the front line and directly deal with customers of the banks whereas Managers refers any employees hired in the banks in any position to control and supervises the overall operation of the banks. Therefore, the population of the study was divided into two: CSOs and Managers. The selection of the sample will be limited to CSOs and Managers, because, the objective of the study is only assessing CRM from their perceptions due to their direct responsibility for CRM success. Therefore, sub-populations are individually more homogeneous than the total population and selecting items from each stratum constitute a sample of the study. If each stratum is more homogeneous than the total population, the researcher is able to get appropriate estimates. Due to the homogeneity of the population stratified random sampling is used to obtain more efficient results. The respondents selected on the basis of a criterion which demands at least two years experiences in their current job.

3.3 Sampling Technique

In selecting the research subjects, stratified random sampling used. When the population is heterogeneous with respect to the variable or characteristics under study, then the technique of stratified random sampling is used to obtain more efficient results. Thus, stratified sampling technique is generally applied in order to obtain a representative sample.

Considering the study, the researcher used proportional allocation method under which the sizes of the samples from the different strata was kept proportional to the sizes of the strata. In this study, if "Ni" represents the proportion of population included in stratum i and "n" represents the total sample size, the number of elements selected from stratum Ni. The researcher designed a sample of size n = 125 (60%), desired to be more representative in relation with population of the study size (CBE, BOA and ZB) and the population of the study was represented as N1 = CBE, N2= BOA and N3 = ZB. The total population "P" of

the study were 208 (primary data source from three banks) which were divided into three strata of size N1 = 145, N2 = 47, and N3 = 16. Based on proportional allocation, the sample sizes under the different strata: For strata with N1 = 144, we had N1 = n(N1/P) = 125 (145/208) = 87; similarly, for strata with N2 = 47, then N2 = n(N3/P) = 125 (47/208) = 28; and for strata with N3=16, then N3 = n(N3/P) =125(16/208) = 10 Thus, using proportional allocation, the sample sizes for different strata were 87, 28, and 10 respectively which was proportional to the sizes of the strata viz., 145: 47: 16. Proportional allocation is considered most efficient and an optimal design when the cost of selecting an item is equal for each stratum, there was no difference within-stratum variances, and the purpose of sampling happens to be to estimate the population value of some characteristic (Kothari, 2004:63).

In addition, purposive/judgment sampling used for both groups of respondents, because it is better control of significant variables, homogeneity of subjects and sample groups data can be easily matched to those selected commercial banks with their head office and branch banks. Accordingly, those respondents meeting the experience required selected.

3.4 Sources of Data

According to Walliman (2001) data may be collected as either primary or secondary. In the context of this study and for me to achieve its purpose both primary and secondary data were used. The primary data is first-hand information of the situation, the information is more reliable, and the only way of finding out opinions, personal qualities and attitudes, etc. On the other hand, secondary data is cooked information which supplements the primary data collected through closeended questionnairesand dichotomy questionnaires.

Primary data collected through close-ended questionnaires in the form of Likert five scales were designed and distributed to Customer Service Officers (CSOs). In addition to this, dichotomy questionnaires prepared and distributed to Managers and Customer Service Managers (CSMs) to get further clarifications and additional information on CRM practices. Secondary sources of data for the study include books, published journals,

articles, web sites and relevant documents related the study were extensively reviewed as references.

3.5 Method of Data Collection

Methods of data collection relatively dependent on standard questionnaires prepared by Swaminathan (2004) which was prepared in the form of Likert five scales to measure CRM dimensions by modifying in relation to the study. For the purpose of data collection, the researcher used close-ended questionnaires that were prepared on the basis of CRM practices of the study that helps measure respondent's knowledge about the topic. In addition, the researcher incorporateddichotomy questionnaires which require some discussions with Managers and Customer Service Managers (CSMs) of the banks' assuming them as key informative to gather the necessary data. The managers provide their opinion from the questionnaires which deems "Yes" or "No" and they prescribed their justification for saying "Yes" or "No" indicated under each items.

3.6 Methods of Data Analysis

The date analyzed through close-ended questionnaires with the aid of SPSS which consists of descriptive statistics in terms of Percentage, Mean, and Standard Deviation. For easier understanding, the researcher used tables and figures followed by discussions on each analysis. In addition to this, the researcher also concerned with the interpretation and the representation of justifications.

CHAPTER FOUR
DATA PRESENTATION, ANALYSIS AND INTERPRETATION

The first part of the questionnaire consists of the demographic information of the respondents of Commercial Bank of Ethiopia (CBE), Bank of Abyssinia (BOA) and Zemen Bank (ZB). This part of the questionnaire requested a limited amount of information related to personal and professional demographic characteristics of respondents. These variables include sex, age, working experience in the banks, and their educational qualification under each questionnaire. It was distributed to the respondents by categorizing them in to two. The first type of the questionnaire was distributed to CSOs while the second type of questionnaire was distributed to Managers and Customer Service Managers (CSMs) those are having work experience at least two years in the current job. Out of 17 dichotomy questionnaires distributed to Managers and CSMs 14 (82.4%) and 108 close-ended questionnaires distributed to CSOs 92 (85.2%) responded. The total response rate is 84.8%.

4.1 DEMOGRAPHIC CHARACTERISTICS OF RESPONDENTS

Table 4.1: Sex of CSOs, Managers and CSMs

	Sex of Customer Service Officers			
Name of Banks	**Male**	**Female**	**Total**	**Remark**
CBE	47(72.7%)	18 (27.3%)	65 (100%)	
BOA	12 (54.5%)	10 (45.5%)	22 (100%)	
ZB	2 (40%)	3 (60%)	5 (100%)	
Total	**61 (66.3%)**	**31 (33.7%)**	**92 (100%)**	
	Sex of Managers and CSMs			**Remark**
CBE	8 (88.9%)	1 (11.1%)	9 (100%)	
BOA	3 (75%)	1 (25%)	4 (100%)	
ZB	1(100)	0	1(100%)	
Total	**12 (85.7%)**	**2 (14.3%)**	**14 (100%)**	

Source own survey, 2013 G.C

As indicated in Table 4.1 about CSOs sex category in CBE, 47(72.7%) of the respondents are male and 18(27.3%) of the respondents are female. About, 12(54.5%) of the respondents are male and 10(45.5%) are female in BOA. On the other hand, 2(40%) of the respondents are male and 3(60%) are female in Zemen Bank. From this datum, we can easily observe most of the respondents of CBEare male. The male proportion is high in CBE but almost the same in BOA and Zemen Bank. The ultimate goal of the study was not considering the number of females and males but to incorporate both sexes.

On the other hand, Table 4.1 specified about Managers and CSMs sex category in CBE, 8(88.9%) of the respondents are male and 1(11.1%) of the respondentis female. Conversely, 3(75%) of the respondents are male and 1 (25%) is female in BOA. On the other hand, 100% of the respondents are male in managerial position from Zemen Bank. From this datum, we can easily observe that most of respondents are male. It is sufficient number for the study to gather the desired data. The ultimate goal of the study is not considering the number of females and males, but to incorporate both sexes.

Table 4.2: Age of CSOs, Managers and CSMs

	Age of CSO Respondents				
Name of Banks	**20-30**	**30-40**	**40-50**	**Above 50**	**Total**
CBE	52 (80%)	12 (18.5%)	1 (1.5%)	0 (0%)	65 (0%)
BOA	14 (63.6%)	7 (31.8%)	1 (4.6%)	0 (0%)	22 (0%)
ZB	4 (80%)	1 (20%)	0 (0%)	0 (0%)	5 (100%)
Total	**70 (76.1%)**	**20 (21.7%)**	**2 (2.2%)**	**0 (0%)**	**92 (100%)**
	Age of Managers and CSM respondents				
CBE	1(11.1%)	5(55.6%)	3(33.4%)	0	9(100%)
BOA	0	4(100%)	0	0	4(100%)
ZB	0	1(100%)	0	0	1(100%)
Total	**1(7.2%)**	**10(71.4%)**	**3(21.4%)**	**0**	**14(100%)**

Source own survey, 2013 G.C

According to Table 4.2, out of 65 CSOrespondents of CBE, 52(80%) of them are between the age of 20-30 years, 12(18.5%) of them are between 30-40 years, 1(1.5%) is found between 40-50 years and there is no respondent in the age interval of above 50 years. Likewise, 14(63.6%) respondents are between age category of 20-30 years, 7(31.8%) of them are between 30-40 years, and 1(4.6%) of them is 40-50years and there is no

respondent above 50 years of age in BOA. Besides, respondents of Zemen Bank 4(80%) of them are in between 20-30 years, 1(20%) of them is found between 30-40 but no respondent in the remaining age categories. From this data the researcher can conclude that most of the respondents of the selected banks are between 20 to 30 years. Most of them are young age group who can easily interact with customers, active and ready to accept changes. It is obvious that, the level of the age determines how to deal with customers and contributes to the banks to attract new and preserve existing customers. Therefore, the researcher concluded that the age category of the respondents is appropriate to CRM implementation effectiveness.

As per Table 4.2, out of the Managers and CSM respondent of CBE, 1(11.1%) of them is between the age of 20-30 years, 5(55.6%) of them are between 30-40 years, 3(33.3%) of them are found between 40-50 years of age and there is no respondent above 50 years. Also, all 4(100%) of BOA respondents are in between age category of 30-40 years, and there is no respondent above 40 years of age. However, 1(100%) of the respondent is between 30-40 years of age intervals in managerial position from Zemen Bank. In general, most of the respondents' age of all banks is between 20 to 40 years. This shows that, the managers and CSMs are matured to handle internal and external customers properly. Moreover, the level of age determines how to deal with customers and contributes to the banks to preserve the existing customers and to attract the new ones.

Table 4.3: Work Experience of Customer Service Officers

	Work Experience of CSOs				
Name of Banks	**2-10**	**10-20**	**20-30**	**Above 30**	**Total**
CBE	59 (90.8%)	5 (7.7%)	1 (1.5%)	0 (0%)	65(100%)
BOA	20 (90.9%)	2 (9.1%)	0 (0%)	0 (0%)	22(100%)
ZB	4 (80%)	1 (20%)	0	0 (0%)	5(100%)
Total	**83 (90.2%)**	**8 (8.7%)**	**1 (1.1%)**	**0 (0%)**	**92(100%)**
	Work Experience of Managers and CSMs				
CBE	3(33.3%)	3(33.3%)	3(33.4%)	0	9(100%)
BOA	2(50%)	2(50%)	0	0	4(100%)
ZB	0	1(100%)	0	0	1(100%)
Total	**5(38.5%)**	**6(38.5%)**	**3(23%)**	**0**	**14 (100%)**

Source own survey, 2013 G.C

As per Table 4.3, majority of the CBE CSO respondents; 59(90.8%) have working experience of 2-10 years; 5(7.7%) of them have working experience of 10-20 years, 1(1.5%) has a working experience of 20-30 years and there is no respondent above 30 years of experience. Whereas, BOA respondents 20(90.9%) of them have a working experience in the range of 2-10 years, and the remaining 2 (9.1%) of respondents have got work experience of 10-20 years on the current job. On the other hand, from Zemen Bank respondents; 4(80%) have working experience of 2-10 years, 1(20%) has work experience between 10-20 years; there is no respondent above 30 years of working experience. To this end, the working experience of CSOs in the selected banks fulfilled the minimum requirements of the study for the collected data.

As we can observe from Table 4.3, 3(33.3%) of CBE Managers and CSM respondents have working experience from 2-10 years; 3(33.3%) of them are from 10-20 years, and 3(33.4%) of them are from 20-30 years. Whereas, 2(50%) of BOA respondents have working experience from 2-10 years and the remaining 2(50%) of the respondents from 10-20 years on the current job. On the other hand, 100% of Zemen Bank respondents have working experience between 10-20 years of age. To this end, the experience of respondents in the selected banks fulfilled the minimum requirements of the study for the collected data & shows that the respondents have sufficient working experience to manage CRM effectively.

Table 4.4: Educational Qualifications of CSOs, Managers and CSMs

Banks	Educational Qualifications of CSO Respondents				
	Technical School	College Diploma	BA/BSC Degree	Masters' Degree	Total
CBE	2 (3.1%)	3 (4.6%)	60 (92.3%)	0 (0%)	65(100%)
BOA	0 (0%)	7 (31.8%)	15 (68.2%)	0 (0%)	22(100%)
ZB	0 (0%)	0 (0%)	5 (100%)	0 (0%)	5(100%)
Total	**2 (2.2%)**	**8 (8.7%)**	**82 (89.1)**	**0 (0%)**	**92(100%)**
	Educational Qualifications of Managers and CSM Respondents				
CBE	0	0	8 (88.9%)	1 (11.1%)	9 (100%)
BOA	0	0	4 (100%)	0	4 (100%)
ZB	0	0	1(100%)	0	1(100%)
Total	**0**	**0**	**13 (92.9%)**	**1 (7.1%)**	**14(100%)**

Source own survey, 2013 G.C

Table 4.4 indicates, 2(3.1%) of CSO respondents of CBE are Technical School graduates, 3(4.6%) of them are College diploma holders and 60(92.3%) of them are BA/BSc holders. On the other hand, in BOA 7(31.8%) respondents are diploma holders and 15(68.2%) of them are BA/BSc holders. In addition to this, all Zemen Bank respondents, 5(100%) are BA/BSc degree holders. On average more than 89% of the respondents in the selected banks are BA/BSc degree holders. Thus, it can be inferred that, the majority of the respondents are first degree holders with little variations between the selected banks. This shows that, most of CSOs of the banks holds appropriate academic qualification which contributes a lot towards the collected data. On the other hand, the educational status of the given individuals has a great value to do with the efficiency and effectiveness of CRM.

As far as educational qualification of Managers and CSMs is concerned in Table 4.4, from CBE respondents 8(88.9%) of them are BA/BSc Degree holders, and 1(11.1%) of them is Masters' Degree holders. On the other hand, all BOA and Zemen Bank respondents 4(100%) and 1(100%) are BA/BSc Degree holders respectively. Almost all of the respondents in all banks have educational qualifications BA/BSc degree and above. Definitely, the educational status of the given managerial staff has a great value to do with the efficiency and effectiveness of CRM. Also, the appropriate academic qualification contributes a lot towards the collected data.

4.2 ANALYSIS OF DATA PERTAINING TO THE STUDY
4.2.1 SECTION II: CLOSE ENDED QUESTIONS FOR CSOs

Employees' Perception on CSFs of CRM effectiveness of the Banks: Based on the information gathered from Customer Service Officers of the banks, the researcher tried to discuss the employees' perception on CSFs for CRM effectiveness. The questionnaires were designed using Likert five scale where almost all the statements were measured on a five point scale with *5 = Strongly agree; 4 = Agree; 3 = Neutral; 2 = Disagree; and, 1 = Strongly disagree.* The information obtained from the questionnaire were summarized and discussed in tables below.

4.2.1.1. The Employees' perception towards Leadership Commitment and Readiness as per six questions asked under Appendix I.

Table 4.5: Leadership Commitment and Readiness for effectiveness of CRM

Name of Banks	Leadership (BOD and Top Management) Commitment and Readiness					
	Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Total**
CBE	5(7.7%)	9(13.8%)	17(26.2%)	23(35.4%)	11(16.9%)	65(100%)
BOA	1(4.5%)	4(18.2%)	6(27.3%)	9(40.9%)	2(9.1%)	22(100%)
ZB	0	0	2(40%)	2(40%)	1(20%)	5(100%)
Total	**6(6.5%)**	**13(14.1%)**	**25(27.2%)**	**34(37%)**	**14(15.2%)**	**92(100%)**

Source own survey, 2013

As indicated in Table 4.5, about 21.5% of CBE respondents disagreed with the statement of leadership commitment and support for successful implementation of CRM. On the contrary, 26.2% of them are neutral but 52.3% of them agreed with the statement. Similarly, 22.7% of BOA respondents disagreed with the statement while 27.3 are neutral and 50% of them agreed with statement. At the same time, not any of Zemen bank respondents disagreed on this statement but 40% of them are neutral whereas the remaining 60% of them agreed with that of leadership commitment and support for CRM effectiveness in their bank. From the above figure, it is possible to infer that all banks leaders are committed for successful implementation of CRM but the Zemen bank leaders are more committed and ready to support the CRM in relation with CBE and BOA.

4.2.1.2. The Employees perception towards CRM strategy as per six questions asked under appendix I.

Table 4.6: CRM Strategy (Business and Customer Strategy)

Name of Banks	CRM Strategy (Business and Customer Strategy)					
	Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Total**
CBE	4(6.2%)	7(10.7%)	12(18.5%)	26(40%)	16(24.6%)	65(100%)
BOA	1(4.5%)	3(13.6%)	5(22.7%)	8(36.4%)	5(22.7%)	22(100%)
ZB	1(20%)	0	1(20%)	3(60%)	0	5(100%)
Total	**6(6.5%)**	**10(10.9%)**	**18(19.6%)**	**37(40.2%)**	**21(22.8%)**	**92(100%)**

Source own survey, 2013

As indicated in Table 4.6, about 16.9% of the respondents of CBE disagreed with the statement of having clear CRM strategy for CRM implementation. On the contrary, 18.5% of them are neutral but 64.6% of them agreed with the statement. Similarly, 18.1% of BOA respondents disagreed with the statement while 22.7% of them are neutral but 59.1% of them agreed with statement. At the same time, 20% of Zemen bank respondents disagreed but 20% of them are neutral whereas the remaining 60% of them agreed with that of the development of clear CRM strategy for successful implementation of CRM in their banks. From this information, it is possible to infer that all banks have designed CRM strategy before implementation of CRM that was driven by customer needs and wants by setting goals, restructured the organizational structure and considered future changes in business. However, they are not updating it continuously.

4.2.1.3. The Respondents perception towards Employees attitude and knowledge as per seven questions raised under Appendix I.

Table 4.7: People-Employee attitude and knowledge on CRM

	People - Attitude and Knowledge on CRM					
Name of Banks	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total
CBE	7(10.8%)	8(12.3%)	11(16.9%)	25(38.5%)	14(21.5%)	65(100%)
BOA	3(13.6%)	3(13.6%)	3(13.7%)	10(45.5%)	3(13.6%)	22(100%)
ZB	0	1(20%)	1(20%)	3(60%)	0	5(100%)
Total	**10(10.9%)**	**12(13.0%)**	**15(16.3%)**	**38(41.3%)**	**17(18.5%)**	**92(100%)**

Source own survey, 2013

Table 4.7 revealed that, 23.1% of the respondents of CBE disagreed with employee attitude towards customers and knowledge on CRM benefits and importance. However, 16.9% of them are neutral whereas 60% of them agreed with the statement. On the other hand, 27.2% of BOA respondents disagreed while 13.7% of themare neutral and the remaining 59.1% of them agreed on the statement. Moreover, on this issue, 20% of Zemen Bank respondents disagreed but 20% of them are neutral whereas 60% of them agreed with the statement.

From this data we can conclude that there is no variation among the selected banks on employees' attitude towards quality customer service and their knowledge on CRM benefits and importance, but it needs improvement.

4.2.1.4. Customer Service Officers' Perception towards Business Process Re-engineering as per six questioned raised under Appendix I.

Table 4.8: Business Process Re-engineering

Name of Banks	Business Process Re-engineering					
	Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Total**
CBE	4(6.2%)	8(9.2%)	14(21.5%)	27(41.5%)	12(18.5%)	65(100%)
BOA	2(9.1%)	3(13.6%)	5(22.7%)	9(40.9%)	3(13.6%)	22(100%)
ZB	0	0	1(20%)	4(80%)	0	5(100%)
Total	**6(6.5%)**	**11(12%)**	**20(21.7%)**	**40(43.5%)**	**15(16.3%)**	**92(100%)**

Source own survey, 2013

As depicted in Table 4.8, 15.4% of CBE respondents disagreed with the statement about business process re-engineering to deliver efficient service in a carefully planned way and the coordinated efforts among departments. This helps to give insight to the bank about the need of employee involvement to modify business process. However, about 21.5% of the respondents are neutral whereas 60% of them agreed with the statement. On the other hand, 22.7% of BOA respondents disagreed but 21.5% are neutral. Conversely, about 54.5% of the respondents agreed with the statement indicated above. Moreover, on this issue neither of the Zemen Bank respondents disagreed with the statement. About 20% of the respondents are neutral whereas 80% of them agreed with the statement.

In conclusion, most of the banks are continuously re-engineering the business process through updating technology to address the need of the customers. CBE and BOA are relatively similar in improving business process; whereas, Zemen Bank is more exerted in modifying business process demanded by the customers in today's banking industry.

4.2.1.5. Customer Service Officers' Perception towards CRM Technology as per five questions asked under Appendix I.

Table 4.9: CRM Technology utilization capacity

Name of Banks	Technology					
	Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Total**
CBE	3(4.6%)	6(9.2%)	10(15.4%)	26(40%)	20(30.8%)	65(100%)
BOA	3(13.6%)	6(27.3%)	3(13.6%)	8(36.4%)	2((9.1%)	22(100%)
ZB	0	0	1(20%)	3(60%)	1(20%)	5(100%)
Total	**6(6.5%)**	**12(13%)**	**14(15.2%)**	**37(40.3%)**	**23(25%)**	**92(100%)**

Source own survey, 2013

As depicted in Table 4.9, 13.8% of the CBE respondents disagreed with the statement about technologically advanced service delivery system to enable on-going two-way communication by availing different channels. However, about 15.4% of themare neutral; whereas 70.8% of them agreed with the statement. On the other hand, 40.9% of BOA respondents disagreed with the statement but 21.5% are neutral. Conversely, about 45.5% of the respondents agreed with the statement indicated above. Moreover, on this issue neither of the respondents disagreed with the statement from Zemen Bank but 20% of themare neither agreed nor disagreed whereas 80% of them agreed with the statement.

In conclusion, most of the banks are using modern technology to address the need of the customers. CBE is relatively better than BOA; whereas, Zemen Bank is more exerted in providing technologically advanced service with various channels those facilitates two-way on-going communication to build worthy relationship between customers and the bank.

4.2.1.6. Customer Service Officers' Perception towards performance assessment of CRM Effectiveness as per five questions asked under appendix I.

Table 4.10: Performance assessment of CRM effectiveness

Name of Banks	Performance assessment of CRM effectiveness					
	Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly Agree**	**Total**
CBE	6(9.2%)	9(13.8%)	15(23.1%)	25(38.5%)	10(15.4%)	65(100%)
BOA	1(4.5%)	4(18.2%)	5(22.7%)	9(40.9%)	3(13.6%)	22(100%)
ZB	0	0	2(40%)	3(60%)	0	5(100%)
Total	**7(7.6%)**	**13(14.1%)**	**22(23.9%)**	**37(40.2%)**	**13(14.1%)**	**92(100%)**

Source own survey, 2013

The above Table 4.10 shows that, 23% of CBE respondents disagreed with the statement about establishment of customer-centric performance standards to monitor all touch point of the bank. This study helps the bank to measure the effectiveness of CRM and to get feedback on performance improvement and other operational and service issues. However, about 23.1% of themare neutral; whereas, 53.9% of them agreed with the statement. On the other hand, 22.7% of the respondents of BOA disagreed with the statement but 22.7% of them are neutral. However, 54.5% of them agreed with the statement indicated above. Moreover, on this issue, neither of the Zemen Bank respondents disagreed with the establishment of customer-centric performance standards and monitoring it in all touch points of the bank. In reality, about 40% of the respondents are neutral; whereas, 60% of them agreed with the statement.From the above explanation we can infer that in CBE and BOA average numbers of the respondents agreed on their banks CRM performance measurement practices; whereas, Zemen Bank respondents indicated that their bank properly monitors performance improvement as a result of CRM. However, all banks are not properly monitoring CRM performance.

4.2.2 DICHOTOMY RESEARCH QUESTIONS FOR MANAGERS AND CUSTOMER SERVICE MANAGERS (CSMs)

The researcher considered managerial respondents as key informants of the study. Because managers are most of the time responsible for all operations or activities taking place in the banks. Thus the researcher distributed 14 'YES or 'NO' questions which require justifications for why things were happened.

4.2.2.1 Do you think that, your bank top managements are actively involved in CRM leadership by understanding its competitive advantage, interacting with internal and external customers and asking them for feedback and idea for current and future success of CRM? YES, NO. If your answer is "No" Why? & if your answer is "Yes", would you please explain it.

Table 4.11: Leadership commitment and support

Banks	Yes	No	Total	Remark
CBE	8(88.9%)	1(11.1%)	9(100%)	
BOA	3(75%)	1(25%)	4(100%)	
ZB	1(100%)	0	1(100%)	
Total	**12(85.7%)**	**2(14.3%)**	**14(100%)**	

Source own survey, 2013

As indicated in Table 4.11, 88.9% of CBE managers and CSMs justified for their responses regarding to YES. They stated that leaders are committed and supportive, designed CRM strategy, allocate fund, collect idea and feedback and organize discussion forum to respond ever changing customer needs and business conditions. But the remaining 11.1% contrary to this view and stated that, the CRM department of the bank is positioned at Head Office level. They collect feedback, analyze and interpret it and present to top management for decision. However, they are pooled at Head office which is far from customers found and mainly focusing on credit customers. We are not able to see their clear involvement in attracting new customers, retaining the existing and making them loyal to the bank.

On the other hand, 75% of the respondents of Bank of Abyssinia said YES and stated that the leadership of the bank is committed and supportive to facilitate the CRM effectiveness by allocating budget, training employees on customer handling, implementing Core Banking Solution system, and preparing discussion forum with internal and external customers to get feedback. However, 25% of them have contrary view. They raise the same argument with CBE respondents that CRM department is establish at Head Office which is far from customers found and focusing only on credit customers. Therefore, the bank should open CRM section at branch level not only to credit customers but also to address

all customers. Besides, the only respondent of Zemen Bank said that leaders of the bank are committed to support the effectiveness of CRM. They allocate budget, interact with key customers including employees for the success of CRM. The bank's operation is fully based on relationship. That is why the bank is successful in operating with one branch.From the above details we can infer that there isleadership commitment & support for CRM success in selected banks with some limitations except Zemen Bank.

4.2.2.2 Do you believe that, your bank has clearly defined CRM business strategy? Is it predicts your customers' future needs & wants and changes in business? YES, NO. If your answer is "No" why? & if it is "Yes" would you please explain it.

Table 4.12: CRM Business Strategy

Banks	Yes	No	Total	Remark
CBE	7(77.8%)	2(22.2%)	9(100%)	
BOA	3(75%)	1(25%)	4(100%)	
ZB	1(100%)	0	1(100%)	
Total	**11(78.6%)**	**3(21.4%)**	**14(100%)**	

Source own survey, 2013

As indicated in Table 4.16, 77.8% of CBE managers justified for their responses regarding to YES that the bank benchmarked banks from abroad those implemented CRM successfully, assessed the organizational readiness for CRM implementation, analyzed business environment, and done competitor analysis before designing CRM strategy. However, the remaining 22.2% of the respondents are contrary to this view. Some of them stated that, the bank has designed CRM strategy based on the government's political and economic policy without considering customers need and want, competitors, and current and future business conditions.

On the other hand, 75% of the respondents of Bank of Abyssinia said YES and stated that the bank analyzed its internal and external environment, done competitor analysis, and integration of functional departments before designing CRM business strategy. However, 25% of them have contrary view. They stated that there is CRM strategy but not yet fully

applied. Besides, Zemen Bank's respondent indicated that the bank has well developed customer handling strategy. We prudently analyze the business environment continuously to update our strategy based on customers' preferences and business condition.

From the above explanation of the respondents we can conclude that all banks have designed CRM strategy before implementation of CRM that is driven by customers need and want with some limitations in execution.

4.2.2.3 Do you believe that, your bank's organizational structure, culture, and others are driven by internal and external customers need and want? Yes, No. If your answer is "No" why? & if your answer is "Yes", would you please explain it.

Table 4.13: Organizational Structure, culture and the like

Banks	Yes	No	Total	Remark
CBE	7(77.8%)	2(22.2%)	9(100%)	
BOA	2(50%)	2(50%)	4(100%)	
ZB	1(100%)	0	1(100%)	
Total	10(71.4%)	4(28.6%)	14(100%)	

Source own survey, 2013

As indicated in Table 4.13, 77.8% of CBE managers justified for their responses regarding to YES that the bank restructured the organizational structure from top to bottom that holds the CRM strategy. In addition to this, in order to develop good service culture the bank gives continuous training to its employees. To increase internal customers' satisfaction the bank gives monitory and non-monetary incentives, promotion, professional development, and the like. However, the rest 22.2% of the respondents were contrary to this view. Some respondents stated that, the bank only focused on external customers need and want. They don't care about internal customers. Therefore, all the efforts of the bank were failed due to resistance of employees.

On the other hand, 50% of the respondents of Bank of Abyssinia said YES and stated that the bank restructured the organization before implementation of CRM but the effort on changing culture is not clearly defined. However, 25% of them have contrary view. They

argue that the restructured organizational structure of the bank is not appropriate to embrace the new CRM strategy and overall change in business environment. The effort made to bring service culture is not effective due to leadership short sighted view, inappropriate organizational structure and monetary and non-monetary incentives attached on each position. Moreover, the only respondent of Zemen Bank said that the organizational structure of the bank is properly designed to develop relationship with key customers. The bank has well developed service culture than any other banks and we proactively assess customers need and want to address timely.From this we can infer that Zemen Bank proactively respond its customers need and want, they have well organized structure to facilitate relationship and have well developed service culture than other banks. Still CBE and BOA have some limitations in this regard.

4.2.2.4 Do you believe that, the attitude of the employees of the bank towards clients positively influences the relationship with customers? YES, NO. If your answer is "No" why? & if your answer is "Yes", would you please explain it.

Table 4.14: Employee attitude towards client

Banks	Yes	No	Total	Remark
CBE	7(77.8%)	2(22.2%)	9(100%)	
BOA	3(75%)	1(25%)	4(100%)	
ZB	1(100%)	0	1(100%)	
Total	**11(78.6%)**	**3(21.4%)**	**14(100%)**	

Source own survey, 2013

As indicated in Table 4.14, 77.8% of CBE managers justified for YES that the employees of the bank are qualified, experienced, dedicated to satisfy customers need by meeting service delivery time set by the bank. They are helpful and have good relationship with them. However, the remaining 22.2% of the respondents were contrary to this view. Some respondents stated that, some of the employees of the bank are not committed, supportive and willing serve customers due to dissatisfaction in poor employee handling and attention.

On the other hand, 75% of the respondents of Bank of Abyssinia said YES and stated that the employees of the bank are efficient, committed and experienced to deliver quality

service. Moreover, they treat customers respectfully and have good relationship with them. However, 25% of them have contrary to this view. They are not confortable on employees' commitment, willingness and dedication on serving customers. On the other hand, the only respondent of managerial group of Zemen Bank responded that the bank has well qualified, experienced and motivated employees ready to serve customers beyond their expectations. He further explained that the bank focuseson recruitment and selection stage, train employees on customer handling continuously; they are well paid and rewarded based on their performance. However, it needs continuous improvement in the future.

From this, we can conclude that employees' attitude towards bank clients, commitment and satisfaction level, empowerment and recognition to exceed customers' expectations, and reward system of all banks seems good but needs improvement in the future.

4.2.2.5 Do you believe that, your bank frontline employees are knowledgeable, wise and empowered to exceed customer expectations? YES, NO. If your answer is "No" why? & if your answer is "Yes", would you please explain it.

Table 4.15: Employee Knowledge and wisdom;

Banks	Yes	No	Total	Remark
CBE	8(88.9%)	1(11.1%)	9(100%)	
BOA	3(75%)	1(25%)	4(100%)	
ZB	1(100%)	0	1(010%)	
Total	12(84.6%)	2(15.4%)	14(100%)	

Source own survey, 2013

As indicated in Table 4.15, 88.9% of CBE managers justified for YES that the employees of the bank are knowledgeable to understand the bank's policy and procedures to respond customers request properly, encouraged and empowered to answer all the request of the customers. They are capable to address customers need and want. However, the remaining 11.1% of them were contrary to this view. Some respondents stated that, there is clear knowledge gap and lack of willingness to address customers request properly and timely.

On the other hand, 75% of the respondents of Bank of Abyssinia said YES. They stated that the employees of the bank are knowledgeable on bank's policy and procedures to respond customers' request timely. Moreover, they are empowered and encouraged to decide by themselves on the spot. However, 25% of them were contrary to this view. They are not confortable on some employee knowledge, willingness and dedication to serve customers. Moreover, the only respondent of Zemen Bank stated that the bank has knowledgeable employees to answer customers' request. They are encouraged and empowered to take decisions by themselves.

From this we can infer that all banks employees are knowledgeable, empowered and encouraged to assist customers. Still there is gap in the degree of empowerment to take decisions by themselves among the selected banks.

4.2.2.6 Do you think that, your bank's business process gives more emphasizes on key customers and provides customized services for them? YES, NO. If your answer is "No" why? & if your answer is "Yes", would you please explain it.

Table 4.16: Business Process;

Banks	Yes	No	Total	Remark
CBE	6(66.7%)	3(33.3%)	9(100%)	
BOA	3(75%)	1(25%)	4(100%)	
ZB	1(100%)	0	1(100%)	
Total	10(69.1%)	4(30.9%)	14(100%)	

Source own survey, 2013

As indicated in Table 4.16, 66.7% of CBE managers justified for their responses regarding to 'Yes' stated that CBE gives more attention and priority to key customers of the bank. Those are customers especially investing in export sector, import substitution, corporate credit customers and government organs. They get customized service to support the government's development strategy and to minimize customer turnover to other banks. Some respondents stated that the bank considers its key customers as "King" due to stiff competition among banks. Without properly handling key customers there is no profit and very difficult to achieve the goals of the bank. Adding to this, the bank provides loans,

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holiday gifts to the key customers to make them to feel like their own business. However, the remaining 33.3% were contrary to this view. Some respondents of the bank argued that the bank gives equal attention to all customers of the bank. There is no clear differentiation strategy among customers for the time being.

On the same issue in the above table, Bank of Abyssinia respondents forwarded their justification for their relationship with key customers in the bank. Majority of the respondents (75%) responded that their bank gives more emphasis to key customers by giving loans and collecting cash from their premises for deposit. However, the remaining 25% of the respondents argued that there is no customized service delivery strategy to key customers all customers are treated equally. Even though, some managers and employees are trying to give especial service to key customers by their own initiation. Likewise, the only respondent of Zemen Bank stated that the bank gives more attention and priority to key customers of the bank. The bank has clear differentiation strategy among customers. The bank delivers customized services to key customers in their premises also.

From this we can infer that Zemen bank delivers customized service to key customers better than CBE and Bank of Abyssinia.

4.2.2.7 Do you think that, in your opinion your organization provides channels like customer call centers, direct mails, internet, etc., to enable ongoing two-way communication between key customers? YES, NO. If your answer is "No" why? & if your answer is "Yes", would you please explain it.

Table 4.17: Channel of Communication

Banks	Yes	No	Total	Remark
CBE	6(66.7%)	3(33.3%)	9(100%)	
BOA	1(25%)	3(75%)	4(100%)	
ZB	1(100%)	0	1(100%)	
Total	**8(57.1%)**	**6(42.9%)**	**14(100%)**	

Source own survey, 2013

As shown in Table 4.17, 66.7% of the CBE respondents stated their views for question above CBE currently providing channels of communication to its customers through suggestion boxes, branch expansion that facilitates face-to-face communication, ATM, and call center via free call line 951 to express their feelings about the services they get from the bank. The bank has planned to implement electronic mail, mobile banking and internet banking in the near future to expand its communication channel with its customers and to get feedback. Even though, 33.3% of the respondents were not satisfied with the availability of communication channels of the bank. They argued that the availability of channels by itself is a means not an end. The ultimate goal is having appropriate strategy that responds customers need and want based on the feedback obtained through communication channels.

On the other hand, 25% of the respondents of BOA stated their views that BOA currently providing channels of communication with its customers through suggestion boxes and branch expansion that facilitates face-to-face communication to express their feelings. However, 75% of the respondents were argued that BOA has no available channel of communication to interact with its customers to build relationship and to get feedback on its service delivery. Therefore, they advised the bank to work hard to have various communication channels like call center, ATM, electronic mail, mobile banking and internet banking. Besides, the reflection of the only respondent of Zemen Bank stated that, the bank facilitates online banking service, mobile banking service, SMS banking and call services. Thus, the customers forwarded any question at any given time and the bank solves the problem back immediately. Finally, the level of incorporating communication technology with available channels in the selected banks shows big variations among the banks. CBE and Zemen Bank communicate with their customers better that BOA.

4.2.2.8 Do you think that, CRM practices helped your bank in increasing marketing performance in terms of increasing number of customers, customer satisfaction, market share, and growth in profit than before? YES, NO. If your answer is "No" why? & if your answer is "Yes", would you please explain it.

Table 4.18: CRM performance measurement

Banks	Yes	No	Total	Remark
CBE	6(66.7%)	3(33.3%)	9(100%)	
BOA	2(100%)	2(50%)	4(100%)	
ZB	1(100%)	0	1(100%)	
Total	**9(64.3%)**	**5(35.7%)**	**14(100%)**	

Source own survey, 2013

As shown in Table 4.18, 66.7% of the respondents of CBE replied that the implementation of CRM helped their bank to increase marketing performance in better way after dealing more with customer relationship. The marketing performance of the bank shows an increment in terms of number of customers, market share, sales and profitability. On the other hand, 33.3% of them have contrary view. The growth in overall performance of the bank is not due to CRM but rather it is the result of government special support and huge capital base. All the government operations and huge public sectors are forced to use the CBE. The bank grants huge amount of loans to government projects like condominium house building, infrastructure development projects in Ethiopian Telecommunication and Electric Power Corporation are the major sources of profit.

In the case of Bank of Abyssinia, managerial respondents 2(50%) of them responded as the practice of CRM helped the banks to increase its marketing performance. They believe that, CRM integrates the bank and the customer to have positive relationship among them. This helped the bank to maximize its income by attracting new customers and retaining the existing ones. On contrary to this, the only respondent of Zemen bank articulated that the practice of CRM helped them to increase their marketing performance in terms of attracting new customer, customer satisfaction, market share, sales growth and profitability. This in turn helped the bank to minimize the number of dissatisfied customers and employees.From this, we can infer that, the implementation of CRM helped all banks to increase their performance but they aren't certainly justify the increase in performance is the result of CRM or not.

4.2.2.9Do you think that, your bank measures the role of CRM in positioning the organization in the market place in terms of market share, profitability, and the like? YES, NO. If your answer is "No" why? & if your answer is "Yes", would you please explain it.

Table 4.19: The role of CRM on performance

Banks	Yes	No	Total	Remark
CBE	5(55.5%)	4(44.5%)	9(100%)	
BOA	2(50%)	2(50%)	4(100%)	
ZB	1(100%)	0	1(100%)	
Total	**8(57%)**	**6(43%)**	**14(100%)**	

Source own survey, 2013

As shown in Table 4.19, 55.5% of the respondents of CBE answered that the bank measures the role of CRM in market place by comparing its profitability against the budget and previous year's performance. On the contrary, 44.5% of them argued that the bank is not scientifically measure its performance. The bank is not sure that the increase in overall performance from year to year is the result of CRM or other factors like government special support, its huge capital base, and the like. In the case of Bank of Abyssinia, 75% of the managerial respondents agreed that the bank measures its marketing performance. But they are not able to justify how the bank measures its performance However, 25% of the respondents argued that the bank has not designed measurement methods and not able to measure its performance. On the other hand, the only managerial respondent of Zemen Bank agreed that the bank measures its overall marketing performance. But the bank is not yet able to measure the contribution of CRM to its performance separately.From this, we can infer that all the selected banks are not able to properly measure the contribution of CRM for increase in marketing performance independently.

4.2.2.10.In your opinion, do you think that customer-centric performance standards are established and monitored at all customer touch points? YES, NO. If your answer is "No" why? & if it is "Yes", would you please explain it.

Table 4.20: Establishing and monitoring of CRM performance;

Banks	Yes	No	Total	Remark
CBE	7(77.8%)	2(22.2%)	9(100%)	
BOA	2(50%)	2(50%)	4(100%)	
ZB	1(100%)	0	1(100%)	
Total	**10(69.2%)**	**4(30.8%)**	**14(100%)**	

Source own survey, 2013

As shown in Table 4.20, 77.8% of the respondents of CBE answered that the bank established Service Delivery Time (SDT) standard to monitor customer-centric performance at all touch points. On the other hand, 22.2% of them argued that even though the bank has established SDT in all touch points it is not yet applied properly. In the case of Bank of Abyssinia, 50% of the managerial respondents agreed that the bank established One Window service (OWS) for single point of contact with service delivery time standard of 5 minutes to serve one customer. The bank monitors its service delivery efficiency properly. On the contrary, 50% of the managerial respondents argued that even though the bank has established a single point of contact and Service Delivery Time standard of five minutes, it is not fully implemented and practical to monitor our service delivery efficiency. On the other hand, the only respondent of Zemen Bank answered that the bank established Service Delivery Time (SDT) standard to monitor customer-centric performance at all touch points. So far, it is not satisfactory.

From the above statement we can conclude that there is variation in establishing and monitoring the customer-centric performance standard in all touch-points. They partially established and monitor their performance at some touch points.

4.2.2.11. What were the problems you faced when implementing the CRM system?
- It lacks full understanding and commitment from leadership to lower employees,
- Lack of clear CRM strategy and poor communication with employees,
- Lack of customers awareness and continues change in their need and want,

- The employees are not yet clearly understood the importance of CRM,
- The CRM department is located at Head Office which is far from customers found and mainly focused on Credit customers,
- Considering CRM as a project or one time activity.
- Lack of coordination among functional departments
- Absence of effective two way communication channels and Resistance to change.

4.2.2.12. What were the benefits achieved from adopting CRM concepts?

- Relationship between bank and its customers increased,
- Number of customers, their satisfaction level and loyalty improved,
- Complaint handling efficiency improved,
- Service delivery efficiency enhanced,
- Two-way communication enhanced,
- Well-organized operation and service delivery activity,
- Helped to understand customers need and want,
- Scaled up two way communication to some extent,
- Increased market share, deposit, and profitability,
- Made us competitive in the market.

4.2.2.13. What ideas do you have for improving CRM in the future?

- Work to increase the coordination between Core and Support,
- Continuously revise the CRM strategy based on customers need and want and properly communicate with all concerned parties,
- Provide professional development training continuously,
- Plan customers awareness training on CRM,
- Assign interested, qualified and experienced employees.
- Enhance communication skill of employees through training and development
- Analyze business condition and customers need continuously to update CRM strategy.

4.2.2.14. Do you have any other opinion and comments concerning the topic under study?

- CRM requires restructuring of the organizational structure,
- Update business process and technology
- Focus on developing customer-centric service culture
- Provide continues awareness training to all employees and customers about CRM
- Continuously assess the business environment and customers preference,
- Revise the CRM strategy from time to time
- Enhance employee understanding on CRM importance through training.

4.2.3 Descriptive statistics Analysis in terms of Mean and Standard Deviation (SD)

Annex-III indicates that the Mean score of CBE on leadership commitment and support is 3.446 with Standard Deviation 0.787 whereas the Mean and Standard Deviation of BOA is 3.371 and 0.673 respectively. On the other hand, the Mean value and Standard Deviation of Zemen Bank accounts 3.867 and 0.321 respectively. This shows that the Mean value of Zemenbank is better regarding leadership commitment but the degree of deviation for CBE and BOA is comparatively the same but exceptionally higher than Zemen bank.

The Mean score of CBE on CRM business and customer strategy development is 3.697 with Standard Deviation 0.809 whereas the Mean and Standard Deviation of BOA is 3.591 and 0.798 respectively. On the other hand, the Mean value and Standard Deviation of Zemen Bank accounts 3.300 and 1.023 respectively. From this we can conclude that the Mean value of CBE is better than BOA and BOA is better regarding CRM strategy development and continuous update but the degree of deviation for Zemen Bank is very high as compared to CBE and BOA.

The Mean score of CBE on employees' attitude and knowledge is 3.478 with Standard Deviation 0.804 whereas the Mean and Standard Deviation of BOA is 3.361 and 0.864 respectively. On the other hand, the Mean value and Standard Deviation of Zemen Bank

accounts 3.800 and 0.329 respectively. This clearly indicates that the Mean value of Zemen bank is better regarding employee attitude and knowledge but the degree of deviation for CBE and BOA is relatively the same but extremely higher thanZemen Bank.

The Mean score of CBE on business process re-engineering is 3.651 with Standard Deviation 0.860while the Mean and Standard Deviation of BOA is 3.320 and 0.808 respectively. Besides, the Mean value and Standard Deviation of Zemen Bank accounts 3.533 and 0.594 respectively. From this we can conclude that the Mean value of CBE and Zemen bank is relatively the same and better than BOA regarding business process reengineering but the degree of deviation for CBE and BOA ishigher than Zemen Bank.

The Mean score of CBE to address the dynamic need of customers towards advancement of banking technologies that make available channels to enable ongoing two-way communication is 3.837 with Standard Deviation 0.783 whereas the Mean and Standard Deviation of BOA is 3.911 and 0.143 respectively. On the other hand, the Mean value and Standard Deviation of Zemen Bank accounts 3.080 and 0.522 respectively. From this we can conclude that the Mean value of BOA and CBE is better than Zemen Bank but the degree of deviation for CBE is higher than other two banks.

The Mean score of CBE on CRM performance measurement practices is 3.428 with Standard Deviation 0.901 whereas the Mean and Standard Deviation of BOA is 3.352 and 0.890 respectively. On the other hand, the Mean value and Standard Deviation of Zemen Bank accounts 3.520 and 0.414 respectively. From this we conclude that the Mean value ofZemenbank is slightly better than the two banks regarding performance measurement practices but the degree of deviation for CBE and BOA is extremely higher than Zemen Bank.

CHAPTER FIVE
SUMMARY, CONCLUSION & RECOMMENDATION

This chapter will present, firstly, a brief summary of the research. Conclusions from the empirical findings of the theoretical model will form the basis of this chapter. Then limitations of the study the researcher faced during data collection briefly mentioned. Finally, recommendations of the findings will be presented. The impact of the findings on the acceptability of the conceptual model developed for CRM implementation in Chapter two, the achievement of the research objectives and the answer of the research questions will be discussed in this chapter. Various recommendations that follow from these conclusions will be made in order to assist banks in their CRM implementation.

5.1 SUMMARY

The main objective of this study is to assess the CSFs affecting the effectiveness of CRM and to justify and validate the summarized CSFs through the empirical evidence and suggest how to best reach success according to these factors. Then, it is to develop conceptual model for successfulimplementation CRMspecifically to Ethiopian banking sector. Also, to highlight the assessment methods of the overall performance of CRM effectiveness; because, the success and failure of CRM implementation should be measured to ensure realizing the objectives of CRM strategy that increase the knowledge of CRM in Ethiopian banking sectors. Based on the results of the study, the following summaries were forwarded:

❖ The study indicated that the leadership commitment and support for CRM success in Zemen Bank is better than CBE and BOA with low deviation. Moreover, Zemen

Bank proactively responds customers need, have well organized organizational structure that facilitates relationship than the two banks.

❖ The study indicated that, in all the selected banks there is lack of understanding the importance of CRM and its competitive advantage. In addition, most of them are not updating their CRM strategy. Besides, they are weak in creating customer-oriented friendly culture that initiate the need & create the awareness of CRM and the importance of the main principles and values of CRM.

❖ The study illustrated that Zemen Bank employees' have positive attitude towards bank clients, committed,satisfied, and knowledgeableand experiencedbut there is some limitations in other two banks. Besides, all banks are relatively similar in improving business processre-engineering and streamliningto eliminate extraneous activities and unnecessary checksthrough One Window Service(OWS) and the like.On the other hand, CBE and Zemen Bank are relatively better than BOA in providing technologically advanced service with various channels those facilitates two-way on-going communication to build worthy relationship.

❖ The study disclosed that all the selected banks are paying relatively high attention on customer retention to reduce customer's turnover and improving marketing performance through providing quality services but CRM effectiveness measurement practices is not satisfactory and relatively similar. Besides, they have tried to establish customer-centric performance standard to monitor all touch points but not yet accurately executed.

5.2CONCLUSSION

Based on the results and summary of the study, the following conclusions were forwarded:

- Leaders have limited understanding about CRM importance, therefore commitment and support is limited,

- Lack of clear CRM strategy and poor communication of it to employees,

- In some selected banks employee attitude towards bank clients and their knowledge is not at satisfactory level,

- Focusing only on external customers by ignoring internal customers / employees
- Realistic business process reengineering practice and redesigning the organizational structure that support customer relationships
- Banks owned modern CRM technology infrastructure but the utilization of all the features is not up to the standard
- Lack of clear CRM performance measurement criteria in all banks
- All the selected banks are paying relatively high attention on customer retention to reduce customer's turnover

5.3 LIMITATIONS OF THE STUDY

Even though the research has shown interesting results in terms of CRM successful implementation, their critical success factors, difficulties and obstacles, some limitations did emerge. The most significant limitation arose from the difficulties in getting timely and reliable response, while trying to gain access to the organizations chosen.

Like all academic research, this research was dependent upon the qualitative data given to the researcher from the questionnaires, and hence, the analysis and results were dependent on the data obtained and the secondary datacollected in the area.

Another limitation that needs to be borne in mind when assessing the current research is that the model did not include any measurement matrices or measurement tools. The respondents have no intention to supply information about the measurement tools they have for evaluating their CRM performance and some of them have no clear and defined measurement tools at all. They considered this kind of information to be confidential and hence not to be shared.

5.4RECOMMENDATION

During the study, the researchers found out several challenges facing the organization in implementing CRM. Based on the conclusion of the study, the researcher recommended the CSFs for CRM effectiveness in Ethiopian Banking Sector; focusing on Leadership Commitment, CRM strategy, People, Business process, Technology, and CRM

performance measurement. The three banks in Addis Ababa should pay attention on CRM as it was found to have a direct, positive and significant effect on their overall performance. Therefore, the recommendation was mainly help Ethiopian banking sectors to improve the success rate of the CRM in the future and banks under the study may use it to improve their CRM practices underway.

Critical Success Factor #1: Leadership

> Leadership plays key role for successful implementation of CRM within any type of organization. It is very important to win the commitment of the Board of Directors (BODs) and top management. They have to be totally dedicated, *"hearts-and minds"* commitment and support is required which needs to be extended downwards across all the organization and customers.

> Leadership has to clearly understand the importanceof CRM; develop its clear vision & mission; set measurable goals and objectives, provide necessary resources and budget; remove constraints such as rigid rules, regulations, and closed culture, etc., that hinders the CRM success rate.

> Leadership has to view the path to CRM as an evolution and be willing to make mistakes, learn from them, and regroup to get closer to the goal. Treat CRM as a change effort, establish success measures, recognize and reward successes, and establish processes to ensure continuous improvement.

Critical Success Factors #2: CRM Strategy

2.1 Business Strategy

> Audit the current position regarding customers' value, loyalty and satisfaction to establish customer acquisition, retention and development strategy. Besides, create customer-oriented culture that initiate the need and create the awareness of CRM and the importance of the main principles and values of CRM.

> Define proper and realistic business strategies that have huge impact on the final success of the CRM project. When the strategy suits the real situation of the banks,

it can enhance the customer satisfaction and tighten the relations between the customers and the banks. Also, continuously update the CRM business strategy

➢ Define metrics for monitoring the execution of the CRM business strategy (e.g., acquisition, satisfaction, loyalty and cost to serve) that ensure alignment between the organizational purpose and the CRM strategy.

2.2 Customer Strategy

➢ Understand customers' requirements, needs and wants through extensive survey. Besides, monitor their expectations and segment them based on their needs and wants. Then, evaluate customers' satisfaction level to address their need timely. Also, predict changes in their future needs and business conditions based on continuous assessment result.

➢ Put the customers at the center of all the business process, adopting the customer-centric approach in every business activities, the banks has to put its own interests aside first to satisfy the customers' needs and try every possible measure to guarantee the customer's benefits.

Critical Success Factor #3: People/Employee/ - Attitude and Knowledge

➢ Prepare clear employee recruitment, selection and retention strategyand continuously assess employee skill, competence, commitment, and satisfaction level for further actions.

➢ Satisfactory incentives, compensation and reward system encourage and empower employees to involve in designing the CRM solution. Besides, give attention to enhance employee performance measurement practices and reward them based on their level of achievement in ensuing customer relationship.

➢ Provide the necessary resources to enhance the skill, competence and behavior of the employees to acquire customers and building harmonious relationships with them by analyzing the training gap needs and implement cost effective training program for better competitive advantages.

Critical Success Factor #4: Business Process

➢ Consider business process and work flow from customers' perspectives and redesign the organizational structure that support customer relationships.

➢ Processes and workflows should be re-engineered and streamlinedto eliminate extraneous activities and unnecessary checks. This ensures that communications and transactions keep moving. It is also important to identify where the real "pain" and root causes of problem are in the current operations and eliminate them.

➢ CRM is a comprehensive project which requires different departments in the bank can work together; lack of effective communication will hinder the success of the CRM. So for certain issues which require the necessary cooperation between different departments, the management team shall strive to create a harmonious atmosphere.

Critical Success Factor #5: Technology

➢ Build CRM infrastructure, integrate with current system and update the database periodically to build the central access point for all customer interactions and relationships to have comprehensive view.

➢ Utilize software tools and hardware effectively to address the dynamic need of customers towards advancement of banking technologies that make available channels like internet service, ATM, mobile banking, fax, free call line to call center and the like to enable ongoing two-way communication through the right technical personnel capable for utilization of computers and banking technologies to improve customer relationships.

Critical Success Factor #6: Performance Measurement

➢ Measure the effectiveness of CRM in terms of customers, employees and shareholders value and analyze causes of customer defection through exit interview and lost customer survey. Besides, monitor the level of customer satisfaction, loyalty and acquisition costs by assigning service delivery time (SDT) standards of customer-centric performance and monitor them in all point of contact.

➢ Measure the role of CRM on company's strategic, economic, operational and output performance by using matrixes and also monitor employees attitude & knowledge, business process and technology performance.

5.5 FUTURE RESEARCH

Since CRM is new concept in Ethiopian banking sector, there still are plenty of untapped research opportunities. With growing interest and significant investments being made in CRM systems, several research opportunities will emerge.

It is difficult to statistically test the Critical Success Factors (CSFs) derived from the proposed CRM model and the model itself in a true/false format. The present model is in its present form a conceptual model developed after evaluating various models designed and proposed by different researchers. Moreover, under post-implementation phase - performance measurement parts of it would lend themselves well to quantitative tests. Future research could statistically identify the level of importance and influence of each phase on the overall CRM implementation success.

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Appendix I

St. Mary's University
Post Graduate Studies
MBA Program
Questionnaire to be filled by Customer Service Officers

Researcher:	MetekuBogale
Contact Address:	**Mobile:** +251-913-172518; and **Office**: +251-112-770272
Email:	meteku20@yahoo.com

Research Topic: *FACTORS AFFECTING CUSTOMER RELATIONSHIP MANAGEMENT (CRM). CASE OF SELECTED COMMERCIAL BANKS IN ETHIOPIA*

Dear Respondents; I would like to express my sincere appreciation and deepest thanks for your generous time, frank and prompt responses.

Objective: The purpose this study in general and this questionnaire in particular is designed to collect data about CSFs for CRM success in Ethiopian financial sector at CBE, BOA and ZB. The information that you offer me will be used as a primary data in my case research which I am conducting thesis for MBA at St. Mary's University; Post Graduate Studies-MBA program. Therefore, this research is to be evaluated in terms of its contribution to our understanding of the CSFs for CRM success and its contribution to improvements in the area. I would appreciate your giving 30 minutes to complete the attached questionnaire and answer the questions related to CRM practices in your company. Results will be used to help and expand our knowledge and understanding of any major shift in CRM practices.

Confidentiality: All answers will be used for academic purpose, kept strictly confidential and only aggregate results will be reported. No one will have access the data collected. In any sort of report I might publish, but, I will not include any information that will make it possible to identify any respondents.

General Instructions

- There is no need of writing your name.
- In all cases where answer options are available please tick (√) in the box.

SECTION I: Respondents Background Information

1. Sex: Male ☐ Female ☐

2. Which of the following age categories describes you?

20-30 ☐ 30-40 ☐ 40-50 ☐ 50& above ☐

3. Number of years you have worked for the Bank:

1-10 ☐ 11-20 ☐ 20-30 ☐ 30 years or more ☐

4. Educational Qualification:

Technical school ☐ College Diploma ☐ BA/BSc Degree ☐ Master's Degree ☐

SECTION II: Questions related to CSFs for CRM implementation.

Note: SDA=Strongly Dis-Agreed, DA=Dis-Agreed, N=Neutral, A=Agreed, SA=Strongly Agreed

S. No	Research Questions	SDA (1)	DA (2)	N (3)	A (4)	SA (5)
	Phase 1: Pre-implementation Stage					
	1. Leadership (Board of Directors and Top Management)					
1.	My bank Top Management team provides leadership and support for building and maintaining CRM as a major goal.					
2.	My bank Top Management is including CRM as a part of organizational vision and mission and developing a friendly culture through organization.					
3.	My Bank Top Management team is eliminating constraints (such as rigid regulation, hierarchical bureaucracy, lack of funding to CRM programs, closed culture and etc.) faced by organization when implementing CRM process.					
4.	My Bank Top Management understands proper budgeting of resources and allocation of fund is crucial for CRM success.					
5.	My bank CRM strategy is developed based on the corporate business strategy to confirm that CRM goals are congruence with the strategic goals of the firm.					

6.	My Bank properly assessed organizational reediness before CRM project implementation.					
	2. CRM Strategy					
1	My bank has a clearly defined CRM business strategy, driven by customer needs and wants.					
2	My bank's organizational structure is accurately designed around our customers' relationships.					
3	My bank's culture emphasizes the values of honesty, transparency and fairness					
4	My bank can predict our customers' future needs and can change our business to meet them.					
5	We established clear business strategies and goals related to customer acquisition, development, retention and reactivation.					
6	My bank's policies and procedures to managing customer relationships are well-documented and consistent across all customer touch points.					
	Phase 2: Implementation					
	1. People CSFs-Attitude & Knowledge					
1	All my bank employees understand what CRM is all about and its benefits					
2	The attitude of the employees of my bank towards clients positively influences the relationship with customers.					
3	Employees of my bank are committed and satisfied with their jobs and feel more positive towards customers.					
4	Employees of my bank have extensive knowledge and experience regarding the banking products and services					
5	My bank's knowledge management system provides customer insight, profiles, habits, contact preferences and understanding to improve contact with the customer.					

6	My bank frontline employees are encouraged and empowered to exceed customer expectations.					
7	My bank recognize and reward successful employees in CRM initiatives					
	2. Business Process CSFs					
1	My bank made business process re-engineering before implementation of CRM initiatives					
2	My bank delivers efficient and full-fledged banking services to its customers.					
3	We work in a highly organized and carefully planned way					
4	We have considered our processes from our customers' perspective and continuously re-engineers it					
5	All functional areas in my bank works co-operatively to determine integrated customer contact strategies					
6	We understand how process improvements relate to CRM strategic objectives					
	3. Technology CSFs					
1	My bank provides technologically advanced services like internet banking, ATM, etc.					
2	My bank technology is designed to give comprehensive information to our customers, so that we can be responsive					
3	Our computer technology can help create customized offerings to our customers.					
4	My bank has the right technical personnel and hardware & software to provide technical support for the utilization of computer technology in building customer relationships.					
5	My Bank provides channels to enable ongoing two-way communication between our key customers and us.					

	Phase 3: Post Implementation					
	4. Performance Assessment					
1	My bank measures the effectiveness of the CRM strategy on organizational performance by calculating the value delivered to each of the three main stakeholders: shareholders, employees and customers.					
2	My bank analyzes the causes of customer defection through exit interviews and lost customer surveys with the aim to win back customers who have strong profit potential.					
3	My bank measures the role of CRM in positioning the organization in the market place					
4	My bank measures the levels of customer satisfaction and retention, acquisition costs, and customer lifetime value.					
5	My bank measures people attitude and knowledge, business process and CRM technology performance.					

Thank you again for your cooperation!

Appendix II

St. Mary's University
Post Graduate Studies
MBA Program
Questionnaire for Managers and Customer Service Managersonly

Researcher: MetekuBogale

Contact Address: **Mobile:** +251-913-172518; and **Office**: +251-112-770272

Email: meteku20@yahoo.com

Research Topic: *FACTORS AFFECTING CUSTOMER RELATIONSHIP MANAGEMENT (CRM). CASE OF SELECTED COMMERCIAL BANKS IN ETHIOPIA*

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Objective: The purpose this study in general and this questionnaire in particular is designed to collect data about CSFs for CRM success in Ethiopian financial sector at CBE, BOA and ZB. The information that you offer me will be used as a primary data in my case research which I am conducting thesis for MBA at St. Mary's University; Post Graduate Studies-MBA program. Therefore, this research is to be evaluated in terms of its contribution to our understanding of the CSFs for CRM success and its contribution to improvements in the area. I would appreciate your sparing 25 minutes to complete the attached questionnaire and answer the questions related to CRM practices in your company. Results will be used to help and expand our knowledge and understanding of any major shift in CRM practices.

Confidentiality: All answers will be used for academic purpose, kept strictly confidential and only aggregate results will be reported. No one will have access the data collected. In any sort of report I might publish, but, I will not include any information that will make it possible to identify any respondents.

General Instructions

- There is no need of writing your name.
- In all cases where answer options are available please tick ($\sqrt{}$) in the box.
- For questions that demands your opinion, please try to honestly describe as per the questions on the space provided.

SECTION- I: Respondents Background Information

1. Sex: Male ☐   Female ☐

2. Which of the following age categories describes you?

20-30 ☐   30-40 ☐   40-50 ☐   50& above ☐

3. Number of years you have worked for the Bank:

1-10 ☐   11-20 ☐   20-30 ☐   30 years or more ☐

4. Educational Qualification:

Technical school ☐ College Diploma ☐ BA/BSc Degree ☐ Master's Degree ☐

SECTION- II: Questions related to CSFs for CRM implementation.

1. Do you think that, your bank top managements are actively involved in CRM leadership by understanding its competitive advantage, interacting with internal and external customers and asking them for feedback and idea for current and future success of CRM?

    Yes ☐   No ☐

    If your answer is "No" Why? & if your answer is "Yes", would you please explain it

    _____

    _____

Do you believe that, your bank has clearly defined CRM business strategy? Is it predicts your customers' future needs & wants and changes in business?

    Yes ☐   No ☐

    If your answer is "No" why? & if your answer is "Yes", would you please explain it

_____

_____ _____

2. Do you believe that, your bank's organizational structure, culture, and others are driven by internal and external customers need and want?

    Yes ☐   No ☐

    If your answer is "No" why? & if your answer is "Yes", would you please explain it

    _____

    _____

3. Do you believe that, the attitude of the employees of the bank towards clients positively influences the relationship with customers?

Yes ☐   No ☐

If your answer is "No" why? & if your answer is "Yes", would you please explain it

_____

_____

4. Do you believe that, your bank frontline employees are knowledgeable, committed, encouraged and empowered to exceed customer expectations?

Yes ☐   No ☐

If your answer is "No" why? & if your answer is "Yes", would you please explain it

_____

_____

5. Do you think that, your bank's business process gives more emphasizes on key customers and provides customized services for them?

Yes ☐   No ☐

If your answer is "No" why? & if your answer is "Yes", would you please explain it

_____

_____

6. Do you think that, in your opinion your organization provides channels like customer call centers, direct mails, internet, etc., to enable ongoing two-way communication between key customers?

Yes ☐   No ☐

If your answer is "No" why? & if your answer is "Yes", would you please explain it

_____

_____

7. Do you think that, CRM practices helped your bank in increasing marketing performance in terms of increasing number of customers, customer satisfaction, market share, and growth in profit than before?

Yes ☐   No ☐

If your answer is "No" why? & if your answer is "Yes", would you please explain it

_____

_____

8. Do you think that, in your opinion your bank measures the role of CRM in positioning the organization in the market place in terms of market share, profitability, etc.? How?

Yes ☐   No ☐

If your answer is "No" why? & if your answer is "Yes", would you please justify it

_____

_____

9. In your opinion, do you think that customer-centric performance standards are established and monitored at all customer touch points?

Yes ☐   No ☐

If your answer is "No" why? & if your answer is "Yes", would you please explain it

_____

_____

10. What were the problems you faced when starting/implementing the CRM solution system?

_____

_____

11. What were the benefits achieved from adopting CRM concepts?

_____

_____

12. What ideas do you have for improving CRM in the future?

_____

_____

13. Do you have any other opinion and comments concerning the topic under study?

_____

_____

_____

_____

Thank you again for your cooperation!

Appendix III

Descriptive Statistics Analysis of three banks: Commercial Bank of Ethiopia, Bank of Abyssinia and Zemen Bank

Variables	measurement	Bank			Overall	Remark
		CBE	BOA	ZB		
Q211-Q216	Mean	3.4462	3.3712	3.8667	3.54511	
	SD	$\pm$0.78733	$\pm$0.67246	$\pm$0.32059	$\pm$0.745	
Q221-Q226	Mean	3.6974	3.5909	3.3000	3.65	
	SD	$\pm$0.80896	$\pm$0.79803	$\pm$1.02334	$\pm$0.81390	
Q2_11-Q2_17	Mean	3.4777	3.3604	3.8000	3.4671	
	SD	$\pm$0.80372	$\pm$0.86399	$\pm$0.32888	$\pm$0.80016	
Q2_21-Q2_27	Mean	3.6513	3.3197	3.5333	3.5656	
	SD	$\pm$0.85953	$\pm$0.80840	$\pm$0.59395	$\pm$0.84013	
Q2_21-Q2_27	Mean	3.8369	3.9114	3.0800	3.6288	
	SD	$\pm$0.78334	$\pm$0.14330	$\pm$0.52154	$\pm$0.95484	
Q3_41-Q3-45	Mean	3.4277	3.35200	3.5200	3.4141	
	SD	$\pm$0.90130	$\pm$0.89002	$\pm$0.41473	$\pm$0.87374	

DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of Asst. Prof. Mesfin Lemma. All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

_____   _____

                     Name   Signature & Date

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

_____   _____

Advisor   Signature & Date