ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

ASSESEMENT OF CUSTOMER RELATIONSHIP MANAGEMENT:
A CASE STUDY ON COMMERCIAL BANK OF ETHIOPIA NORTH ADDIS
DISTRICT

BY: SURAFEL MELAK

ID NO SGS/0133/2008A

JUN, 2017

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ASSESEMENT OF CUSTOMER RELATIONSHIP MANAGEMENT
(A CASE STUDY ON COMMERCIAL BANK OF ETHIOPIA NORTH ADDIS
DISTRICT)

A THESIS SUBMITED TO ST.MARYS UNIVERSITY SCHOOL OF
GRADUATE STUDIES IN PARTIAL FULFILMENT OF THE
REQUERMENTS FOR THE DEGREE OF MASTER OF GENERAL BUSINESS
ADMINISTRATION

BY
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APROVED BY BOARD OF EXAMINERS

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DECLARATION

I, **Surafel Melake Ayalew,** hereby declare that the thesis work entitled "Assessment of Customer Relationship Management Practices in commercial bank of Ethiopia North Addis District)" submitted by me in partial fulfillment of the requirements for the award of the degree of master of Business Administration St. Marry University, Department of General Management, is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. The matter embodied in this thesis work has not been submitted for any degree in this or any other university to the best of my knowledge and belief.

Name _____

Signature _____

Date_____

LETTER OF CERTIFICATION

This is to certify that the thesis work entitled **"**Assessment of Customer Relationship Management Practices in commercial bank of Ethiopia north Addis district)" is done by **Mr. Surafel Melake** who carried out the research under my guidance. The matter embodied in this project work has not been submitted earlier for award of any degree or diploma.

Advisor Solomon Markos (PhD)

Signature_____

Date_____

Acknowledgement

It is the grace, mercy, charity, forgiveness, help and kindness of the almighty God- Jesus Christ that made me still alive to achieve this success and strength and to go through all the difficult time.

While there are several people who have helped me in one way or another to achieve the completion of this thesis, it would have not been possible without the guidance, support and expertise of my thesis advisor Dr Solomon Markos. So, I would like to begin by thanking DR Solomon Markos for his constructive comments and outstanding help with this thesis, for allowing me the complete freedom to pursue this study, to work on my own initiative and for making me to use the potential that I have with confidence on my ability.

I also would like to express my deepest gratitude and thanks to my family and my wife whose financial, material and moral support goes beyond what I can inscribe on paper, it will remain engraved in my heart. This is for you father, if you had been here and live I don't know how much I would have been happy.

Last but not least, I am deeply indebted to my intimate friends for their encouragement and friendly cooperation in the process of distributing and collecting questioners.

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ABSTRACT

Customer relationship Management (CRM) as a strategy has gained tremendous interest among researchers and practitioners in recent times. Thus, this study tries to assess the status and approaches of CRM in Commercial bank of Ethiopia. CRM has been measured in terms of its related dimensions such as trust, reciprocity, empathy, bonding and responsiveness. To achieve the objective of the study, primary data were collected through questionnaire from sample of 90 business customers who were selected using convenience sampling technique. By using both qualitative and quantitative approaches. The data collected through questionnaire were analyzed using descriptive statistical analysis method. The result of the study indicated that, there are several loopholes; such as, lack of continuous supervision and monitoring in the quality of bank services, weakness in giving individualized attention to customers, heavy reliance on suggestion boxes to get feedback from customers, lack of technological advancement etc. In addition to the above findings, the common challenge of the selected branches is network interruption. The finding also suggests some measures which can be taken in to consideration in order to enhance CRM practices of the bank. The researcher forwards some recommendations such as the need for continuous supervision on the quality of services, provision of training to employees, and recurrent research on customer needs.

Keywords: Customer relationship marketing, Relationship marketing, commercial bank of Ethiopia

CHAPTER ONE

INTRODUCTION

1.1. Background of the study

According to Singh and Arora (2011), banks play a great role of considerable economic significance as intermediaries in mobilizing public savings and channelizing the flow of funds for productive purposes, keeping on the process of the economic growth of the country. On the other hand, the purpose of banking business is "accepting deposits of money from public for the purpose of lending or investing, repayable on demand through cheque/draft or otherwise" (Chaudhary and Sharma, 2011).

Agarwal (2009) noted that customer relationship management is the establishment, development, maintenance and optimization of long-term mutually valuable relationships between consumers and the organizations. Moreover, customer relationship management is not simply some application of software but the philosophy, the way a company works so as to build long-lasting relationships with its customers (Blery and Michalakopoulos, 2006).

This supported by Agarwal (2009) is that successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes. Only those banking institutions that know the target customer base for their products and services will be able to achieve significantly better results, provided they use the proper channels to promote them (*Mylonakis, 2009)*. Therefore, understanding of customer's expectation with regard to quality service and meeting their expectations help to retain existing customers as well as to attract the potential ones.

As stated by Blery and Michalakopoulos (2006) CRM evolved from business processes such as relationship marketing and the increased emphasis on improved customer retention through the effective management of customer relationships. Thus, if CRM practices are conceived and implemented properly, they will enable companies to retain customers for life, get maximum value out of each customer and generate exemplary customer bonding (Tamilarasan, 2011).

Through CRM practices retaining an existing customer has paramount importance for banking industry. Because, the cost of winning a new customer is five times higher than that of maintaining an existing customer (Rosenberg &Czepiel, 1984 cited in Chang, 2007). Thus, retaining an existing customer helps to save the cost of the organization.

Pritesh et al. (2010) described that the first step towards successfully winning, retaining and growing the profitability of private banking customers is to understand what their wants and needs are, so that the organization can be built around serving those needs. Understanding customers' requirements is fundamental to business success. "It's incredibly arrogant for a company to believe it can deliver the same sort of product that its rivals do and actually do better for very long. That's especially true today, when the flow of information and capital is incredibly fast" (Michael porter)

From the above explanation, understanding the wants and needs of customers' are essential for banking industries. Therefore, assessing CRM practices of the banks are a prerequisite to know the wants and needs of customers as well as for the success of the banking industry.

1.2. Background of the Study Units

Modern banking in Ethiopia introduced was in 1905 and it began rendering banking services on February 15, 1906 when Emperor Menelik II officially opened the Bank of Abyssinia in Addis Ababa-months after he set up a national monetary system (based on Ethiopian Thalers) and signed a convention with the national bank of Egypt for establishing the Bank of Abyssinia (Bekele, 2011).

The commercial bank of Ethiopia (CBE) is the largest commercial bank in Ethiopia as of June 2015; it had about 303.6 billion birr in assets and held approximately 67% of deposit and about 53% of all bank loans in the country. The bank has around 22908 employees, who staff its headquarters and it's over 1000+ branches positioned in the main cities and regional towns. The latter include 120 branches in the national capital Addis Abeba. CBE's banking network has reached online 783 branches as of February 12, 2016.

The bank also operates two branches in south Sudan, and is contemplating opening re-opening a branch in Djibouti, and opening branches in Dubai and Washington dc, all to serve the Ethiopia diaspora

The bank is pioneer to introduce modern banking to Ethiopia and credited for playing a catalytic role in the economic progress and development of the country. It also the first bank in Ethiopia to introduce ATM service for local users. (Wikipedia)

1.3   Statement of the Problem

Customer relationship management practice, particularly in the banking industry, has enormous problems. It is supported by Mishra et al. (2011), that the banking sector is facing enormous challenges of attracting the new customers and retaining the existing ones, specially retaining the

existing customer because CBE has many inactive(dormant account more than six continuous months)

However, in today's banking environment, it is becoming difficult to build and maintain strong and lasting relationships with customers (Oogarah-Hanuman, 2011). A study conducted on imperatives of customer relationship management in Nigeria banking industry proves that customers have experienced challenges ranging from delay, stock out, non-availability of staff at service points, unprofessional conduct or rudeness by the staff of the bank, poor standard of records or improper information, failed promises among others (Ogbadu and Usman, 2012).

Now days, in Ethiopia the banking industry increases from time to time; as a consequence users have many choices to prefer and as a result of this they are focusing on the quality of service. In Ethiopia, many customers voice concerns about inefficiency and lack of quality in the banking sector (Gebre, 2010).

There are various customer relationship management problems that businesses are faced with time after time .proper management of customer interactions is a major challenge for modern companies, especially with the high competition that is now witnessed. The ages of monopoly has long gone and consumers' rapid sophistication rate has meant dissatisfaction in the first experience will lead to ultimate loss.

One of the problems that Commercial bank of Ethiopia faces is that losses of its business customers to private banks due to lack of a proper management of customer interaction.

To be competitive in the prosperous market, CRM practice is the fashionable solution. But researches that have been conducted in the banking industry both by academicians and practitioners, focus on the transactional marketing rather than what specialist in the marketing says.

Therefore, the researcher would like to assess the status and ways CRM has been put into practice by commercial bank of Ethiopia. This is, therefore, as Tamilarasan (2011) says, when one wants to evaluate the effectiveness of CRM, one has to consider the voices of customers which help to improve customer satisfaction and loyalty than evaluating CRM programs based on other criteria. As a result, customer perception feedback regarding the service level of the banks is essential in retaining existing customers and attracting potential ones. Therefore, to assess CRM practices by using the five CRM dimensions trust, bonding, reciprocity, empaty and responsiveness study was carried out with a special reference to customers of commercial bank of Ethiopia Addis Ababa city branches.

Basic Research questions

This research addresses the following questions:

1. What CRM practices are being implemented in the selected branches?

2. How do customers perceive the CRM practices of the selected branches?

3. What challenges are faced by the selected branches in implementing CRM?

The five common CRM dimensions considered in this study are trust, reciprocity, empathy, bonding and responsiveness.

1.4. Objectives of the study

1.4.1 General objective

The main objective of the study is to assess customer relationship management practices with a special reference on Commercial bank of Ethiopia north Addis District

1.4.2 Specific objectives

1. To assess whether the customer relationship management practice are being implemented in the selected branches.
2. To assess customers perception on the banks' customer relationship management practices.
3. To assess the challenges of customer relationship management applications.

1.5. Significance of the Study

Banks invest large amount of money to retain existing customers as well as to acquire new customers with the intention of achieving their profitability. But to achieve this without proper customer relationship management their investment is meaningless. Therefore, the finding and recommendations of the research significantly contribute to the bank:-

1. To arrange their CRM practice in order to achieve their profit motives.
2. Help the selected branches to know the perception of their customers related to their service.
3. The study tries to indicate problem areas to be researched in future time for interested researchers.

1.6. Scope of the study

CRM practices are measured under different dimensions, for this study, the relevant dimensions that trust, reciprocity, empathy, bonding and responsiveness are examined the reason that I choses this dimensions are because of their importance for banking service and customer retention.

The target groups of the population are taking from customers of the CBE that engage in import business and user of credit facility (business customers). Of these customers, the sample size is determined by using mean formula from published article that is relevant to this study. Based on the broader nature of the research, the study limited to Commercial banks of Ethiopia Addis Abeba city branch north Addis district.

1.7 Organization of the study

This paper is organized in to five chapters:-

- ❖ Chapter one contain introduction part that include background of study and organization, statement of problem, objective of the study, significance of the study, scope and limitation of the study.
- ❖ Chapter two contains review of related literatures.
- ❖ Chapter three is about methodology of the study.
- ❖ Chapter four contain presentation, analysis, and interpretation of data collected.
- ❖ Chapter five contains conclusion and recommendation

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical review of customer relationship management

Different organizations define CRM differently (Chopra et al., 2012). For this study it is defined as the utilization of customer-related information or knowledge to deliver relevant products or services to customers (Blery and Michalakopoulos, 2006). Others also defined CRM as a managerial philosophy that seeks to build long term relationships with customers (Berndt etal.2005). Another definition describes CRM as a simple philosophy that places the customer at the heart of a business organization's processes, activities and culture to improve his satisfaction of service and, in turn, maximize the profits for the organization (Agarwal, 2009).

Today, banks have realized the importance of CRM and its ability to retain existing customers and thereby maximization of customer lifetime value (Tamilarasan, 2011). Thus, Rouholamini&Venkatesh (2011) says the relationship between banking and CRM practices is such that nowadays it is almost impossible to think of the former without the latter. This indicates that they are inseparable.

It has been observed by Blery and Michalakopoulos (2006) that CRM helped the bank to come closer to its customers and emphasis was given to customers instead of sales. Also, Rigby et al.(2003) added that, Customer Relationship Management is, above all, about building a relationship with your most valuable customers.

Chang (2007) stated that CRM involves a concerted effort to improve customer identification, acquisition, and retention in addition to this; it aims to improve customer satisfaction, boost customer loyalty, and consequently increase revenues from existing customers. Thus, CRM involves new and advance marketing strategies which not only retain the existing customers but also acquire new customers (Jasola and Kapoor, 2008). Therefore, maintaining good CRM practice helps to retain existing customers and attract potential customers of the bank.

The first step towards successfully winning, retaining and growing the profitability of private banking customers is to understand what their wants and needs are so the organization can be built around serving those needs (Pritesh et al., 2010). One of the original big ideas in marketing is that for firms to stay in existence, they should not focus on selling products but rather on fulfilling needs (Levitt, 1960 cited in Bouldinget al., 2005). To do this you need to know your customers well enough to determine what kind of relationship they want to have (Rigby et al.,

2003). In other words, successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes (Agarwal, 2009). Understanding what their wants and needs is necessary so the organization can build the service around those needs (Pritesh et al., 2010). But, its failure is due to improper conception and implementation of CRM practices (Tamilarasan, 2011).

2.2. The benefits of customer relationship management

In banking industry banks can get benefits either through technology or through marketing perspectives. The benefits of CRM practices and their motives stem from the establishment of a client-oriented bank management that, in turn, leads to the achievement of market competitive advantages (Mylonakis, 2009). Blery (2006) mentioned some of the other benefits from the implementation of CRM are: it reduced costs (one supplier with a long-term relationship), decreased complexity (a common platform for all the bank decreased the need for integration, offered one contact point and decreased the need for technical support) and improved operations (increased employees' capabilities, decreased the problems of maintenance and support because of the unique platform).

This research is focused in marketing perspective. Therefore, the benefit of CRM in marketing approach can describe here under. Agarwal (2009) described that a relationship-based marketing approach has the following benefits. These include:

➢ Over time, retail bank customers tend to increase their holding of the other products from across the range of financial products / services available.
➢ Long-term customers are more likely to become a referral source.
➢ The longer a relationship continues; the better a bank can understand the customer and his/her needs & preferences, and so greater the opportunity to tailor products and services and cross-sell the product / service range.
➢ Customers in long-term relationships are more comfortable with the service, the organization, methods and procedures. This helps reduce operating cost and costs arising out of customer error.

According to Gifford (2002) as cited by Ogbadu and Usman (2012), states that there are significant business benefits derivable from an integrated customer relationship management approach. Those benefits are:-
➢ It reduces costs, because the right things are being done (i.e., effective and efficient operation).

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- ➢ It increases customer satisfaction, because they are getting exactly what they want (i.e., exceeding expectations).
- ➢ It ensures that the focus of the organization is external.
- ➢ Growth in number of customers.
- ➢ Maximization of opportunities (i.e., increased services, referrals etc).
- ➢ Increase access to a source of market competitor information.
- ➢ Highlighting poor operational processes.
- ➢ Long term profitability and sustainability.

Benefits of relationship as defined by Gummerson

Gummerson(1994) explains that the building of relationships is the key to reaching and maintain a successful market share. Gummerson defines the benefits as:

Retention
- ➢ By learning relevant information about the customer such as; names, habits, preference and expectations one-on-one relations can be formed and customers can be kept coming back continuously; maybe even become friends.

Intimacy and profits

Through the use of information technology a feeling of intimacy can be created with the customer as no matter whom they come in contact with the "know" them. The major benefits being that once the relationship has taken form increased profits can be attained by both parties adapting better to each other.

2.3. The major challenges that banks face in implementing CRM

The banking industry is facing an ever-increasing level of competition around the world as the dynamics of the business change (Pokharel). Therefore, any bank that wishes to either grow in size of its banking operation or improve its profitability must consider the challenges affecting its customer relationship (Kumar & Rajesh, 2009 cited in Das, 2012). Because knowing CRM challenge can help in finding the true solutions.

CRM is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationship with those customers through individualized marketing, reprising, discretionary decision making, and customized service through the various sales channels that the bank uses (Das, 2012). Despite many benefits, CRM is exposed to various problems as discussed in the following lines (Chary and Ramesh, 2012).

1. Building and maintaining a customer database require a large investment in computer hardware, database software, analytical programmer's communication links and skilled personnel.

2. It is difficult to collect the right data, especially to capture all the occasions of company interactions with the individual customers.

3. The difficulty of getting everyone in the company to be customer-oriented and to use the available information. Employees find it far easier to carry on with the traditional transaction marketing than to practice CRM.

4. The other problem is that not all customers want a Relationship with the company and they may resent knowing that the company has collected that much personal information about them.

5. Marketers must be concerned about customer attitudes towards privacy and security.

2.4. Traditional marketing and Modern relationship marketing

The modern CRM theory refers to the idea of integrating the customer: this new way of looking at the business involves integrating the customer (more precisely the customer's relevant people and processes) into all aspects of the supplier's business, however the traditional approach to customer relationships was based on a simple transaction or trade, and little more, one person on each side (Ogbadu and Usman, 2012).

There are many distinctive factors between traditional marketing and modern relationship Marketing (Chary and Ramesh, 2012). According to them they are:-

Traditional marketing	Modern relationship marketing
➢ Focus is on single sale	➢ Focus is on customer retention
➢ Orientation on product features	➢ Orientation is on product benefits
➢ Little emphasis on customer service	➢ High emphasis on customer service
➢ Limited commitment for customers	➢ High commitment for customer
➢ Moderate contact with customers	➢ High contact with customers
➢ Quality is primarily a-concern of product departments	➢ Quality is the concern of all departments of the organization

2.5. Customer satisfaction

Agarwal (2009) point out that CRM is a simple philosophy that places the customer at the heart of a business organization's processes, activities and culture to improve his satisfaction of service and, in turn, maximize the profits for the organization. Thus, customer satisfaction forms the basis for

the enhancement of mutually beneficial relationship between customers and banks (Rouholamini&Venkatesh, 2011). They also added that customer satisfaction can be attributed to factors like satisfaction with the frontline employees, the core service or the organization as a whole.

Customer satisfaction has for many years been perceived as key in determining why customers leave or stay with an organization (Cohen et al., 2006). Customers are becoming more individualistic quality conscious and impulsive in their buying behavior that demands a complete range of products and services under one roof in order to optimize their satisfaction (Chopra et al., 2012).

A customer always wants something and expects that the bank should come up to the level to fulfill those needs (Mishra et al., 2011). Individual clients need can be satisfied by customizing the banks product, service and communication. It is supported by Berndt et al. (2005)customization is carried out by the organization in order to ensure that customer needs are met, to address the specific needs and profile the customer, and organization also makes use of personalization as part of this process. This would not only ensure better customer relations but also loyalty among them, which is very critical and important in today's competitive world (Agarwal, 2009). Customer satisfaction and loyalty are inseparable to each other. Oogarah-Hanuman et.al (2011) supported that, customer satisfaction and loyalty are some key elements of business success and profitability thus the more satisfied the customer, the more loyal the customer and the more durable the relationship. Lastly, it is understood that customer satisfaction is very important for the aim of CRM practice of the banking industry.

2.6. Customer retention

Customer retention is increasingly thought of as an important managerial issue, especially in the context of saturated market or lower growth of the number of few customers (Ghavami&Olyaei, 2006). Cohen et al. (2006) have noted that customer retention is potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment. Thus, organizations need to focus on existing customers in order to ensure that they continue purchasing and continue supporting the product (Berndt et al., 2005). Thus, at this time, close relationship with customers will require a strong coordination between banks and its marketing departments to provide a long-term retention of selected customers (Chary and Ramesh, 2012).

Rust and Zahorik (1993) as cited by Cohen et al. (2006), the financial implications of attracting new customers may be five times as costly as keeping existing customers. Doing so significantly

helps to reduce the cost of the organization. According to Rouholamini &Venkatesh (2011), several research show that customer acquisition costs 5 to 7 times higher than customer retention costs. Thus, since revenues increase with incremental improvements in customer retention, the ultimate goal of a professional services firm should be to retain customers (Crutchfield, 2001).However, this is only achieved when you are providing excellent customer service, which then turns in to Customer loyalty (Ghavami&Olyaei, 2006). Thus, retaining an existing customer has beneficiary to the organization than attracting new once. Villanueva and Hanssens (2007) cited by *Parker et al. (2009)* clearly stated the following five customer retention benefits. Those benefits are:-

1. It is cheaper to retain customers than to acquire them.
2. The costs of serving long-life customers are less than those of serving new customers.
3. Long-life customers improve the reputation of the company and attract new customers through word-of-mouth advertising.
4. Long-life customers are less price sensitive than new customers and are therefore more willing to pay higher prices in some cases.
5. Long-life customers are more likely to buy more from the company so the company can increase their share-of-wallet through up-selling and cross-selling.

Therefore, the above benefit proof that long-life customers are means of profit to the organization and they can attract potential customers through their formal and informal communications.

2.7. Customer loyalty

Customer loyalty, as we conceptualize it, focuses on a customer's repeat purchase behavior that is triggered by a marketer's activities (Hennig-Thurau et.al, 2002). Therefore, loyalty is the result of developing past passive experiences with an individual and having that person returned back to you various times due to these experiences (Ghavami&Olyaei, 2006). Cultivating loyal customers is frequently argued to be the single most important driver of organizations' long-term financial performance, which can lead to increased sales and customer share, lower costs, and higher prices (Alrubaiee and Al-Nazer, 2010).

The rationale behind CRM is that it improves business performance by enhancing customer satisfaction and driving up customer loyalty (Roberts-Lombard, 2011). Thus, loyalty leads them to retain with the organization. Customer retention improves profitability principally by reducing costs incurred in acquiring new customers (Cohen et.al, 2006). Therefore, we can say that they are faithful to the business because of their return again & again to do business with the organization.

2.8. Private banking and CRM practice (empirical review)

According to Oogarah-Hanuman et.al (2011), customer relationship management has been as important to the banking industry at the start of the 21st century as it has been to any other industry.

Chothani et al. (2010) described that private banking sectors are traditionally viewed themselves as exceedingly 'customer centric' offering what they believe to be highly personalized services to the high net worth Customers. It is supported by Muhammad and ulHaq (2012) that, private sector Banks seem to have satisfied its customers with good services and they have been successful in retaining their customers by providing better facilities than public sector banks though still private banks need to go a long way to become customer's first preference.

2.9. Customer experiences

The only real sustainable business growth strategy is through a mutualistic symbiotic relationship with customers, which allows the business to understand the customers' needs more clearly and to create and deliver superior value (Roberts-Lombard, 2011).

In service industry especially private banks, the secret towards successfully winning, retaining and growing the profitability of private banking customers is to understand what their wants and needs are, so that the organization can be built around serving those needs (Chothani et al., 2010).
In addition to this, Building et.al (2005) has also added that an underlying premise of CRM is that customers have different needs, and thus the firm should treat them differently. Therefore, to mention some, customers are needed advice and expertise which is directly related to their needs, consistent quality service, value added advice and others.

Figure 2.1: The basic High Net Worth customer experience
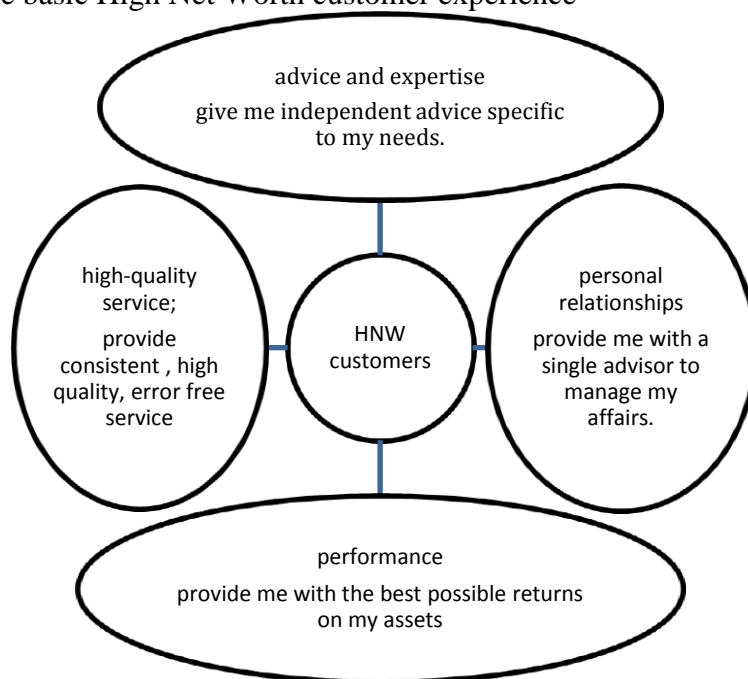
The basic HNW customer experience
(Source: Chothani et al., 2010)

2.10. Breakdown of customer relationship management

CRM has been a part of marketing literature since more than a decade (*Das and Garg, 2010)*.However, marketing strategies both influence and are influenced by consumers' affect and cognition, behavior and environment (Kantidas, 2012). Therefore, to achieve its marketing strategy it helps to use CRM as a strategy which enables the banks to analyze the customer profiles, to direct their needs to the potential profitability areas and establish the necessary actions to achieve customer satisfaction, competitive advantage and thus the profitability
(Ogbadu and Usman , 2012).

According to Mylonakis (2009), CRM is a business strategy designed to help enterprises meet the expectations of their existing or prospective customers and build a strong business relationship with them over time. In addition to the above strategy Chary and Ramesh (2012)also added that the major objective-cum-meaning of CRM is "to turn current and new customer into regularly purchasing clients and then to progressively move them through being strong supporters of the company and its products and finally being active and vocal advocate for the company in the market.

Das (2009) described that any discussion on RM would be incomplete without referring to CRM. Some of the researchers have used both the terms almost interchangeably (Sin et al., 2005 cited in

Das, 2009). Therefore, to describe their similarities, Agarwal (2009) says that customer relationship management is the establishment, development, maintenance and optimization of long-term mutually valuable relationships between consumers and the organizations. Whereas, Lindgreen *(2001)* explained to relationship marketing as it is focused in establishment, maintaining, and enhancing relationships with customers and other partners at a profit so that the objectives of the parties involved are met. From the above explanation we can see that the definition and objective of customer relationship management and relationship marketing are almost related each other. This is, therefore, the model developed by Lindgreen (2001) to classify the various disciplines in RM has been adapted & modified to use as CRM model.

Lindgreen's model is also used by Kallol Das (2009). Therefore, the model which is adapted from Lindgreen (2001) has been described in figure-2 as follows.

Figure 2.2: Breakdown of customer relationship management into objectives, defining constructs and instruments.
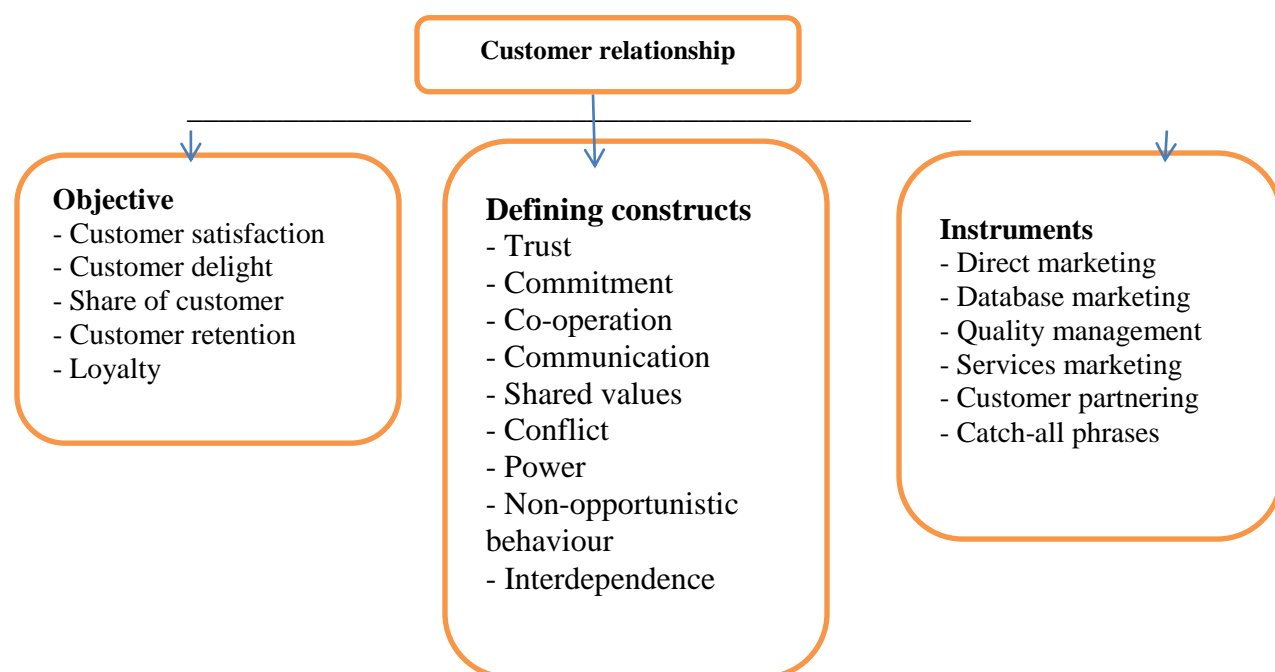
Source: Adapted from Lindgreen (2001)

With regard to objectives of CRM, it has been defined in terms of customer satisfaction, customer delight, customer share, customer retention, and loyalty. All of these represent the attainment of ongoing relationship development objectives. Regarding defining constructs,

CRM has been characterized in terms of trust, commitment, cooperation, communication, share values, conflict, power, non-opportunistic behavior and interdependence. With regard to instruments, CRM has achieved its objectives through direct marketing, database marketing, quality management and the like.

In addition to the above breakdown of CRM, there were a lot of research papers in the online databases pertaining to privacy, cultural impact, impact of gender, impact of technology, impact of societal marketing, and others that were classified as issues as they represented topics which will be directly impacted by or having an impact on CRM (Das, 2009).

2.11. Measurements of customer relationship management

Researchers divide different mechanisms of customer relationship management into internal and external programs (Ghafari et al., 2011). According to them internal programs emphasize on organizational structure, culture and knowledge management while external programs include interactive activities with customers (for example information exchange with the customer or involving him/her). Thus, based on this the present paper has been focused on external programs of customer relationship management. This is, therefore, although CRM practices are measured under different dimensions but for this study the relevant dimensions are trust, reciprocity, empathy, bonding and responsiveness.

2.11.1. Trust

Trust is defined as a belief or conviction about the other party's intentions within the relationship (Taleghani et. al., 2011). Thus, trust plays a major role in separating purely economic actions from those that have a social nature such as with professional services (Crutchfield, 2001).

Good relationships and trust are built over time, with give and take on both sides, and not too much pressure (Rigby et. al, 2003). We conceptualize trust as existing when one party has confidence in an existing partner's reliability and integrity (Morgan and Hunt 1994).

Trust can lead to commitment, which can in turn lead to long-term cooperation between the two sides involved in a relationship (Hunt and Morgan, 1994). Therefore according to these authors, trust permits firms to lessen or avoid dependence on expensive formal controlling mechanisms to maintain their partnerships.

2.11.2. Reciprocity

Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon&Trimetsoontorn, 2009 cited in Taleghani et. al., 2011).

2.11.3. Empathy

Velnampy and Sivesan (2012) stated that empathy can be viewed as the ability to share, understand and feel another person's feelings in a relational situation. Thus, it is the dimension of a business relationship that enables two parties to see a situation from the other's perspective.

Empathy is the ability to see a situation from another person's perspective (Wang, 2007 cited in Taleghani et. al., 2011). Taleghaniet. al., (2011) added to the above fact that empathy is defined as seeking to understand somebody else desires and goals.

Other writers also described to empathy (including access, communication, understanding the customer) – as caring and individualized attention that the firm provides to its customers (Khenget. al., 2010). Therefore, Empathy is the care and importance the service provider gives to an individual customer and the degree to which specific customer needs and preferences can be understood and articulated (Taiwoet.al., 2011).

2.11.4. Bonding
As per Taleghaniet. al., (2011), bonding is defined as the dimension of a business relationship that results in two parties (the customer and the supplier) acting in a unified manner toward a desired goal. They added that in the dyadic relationship of a buyer and a seller, bonding can be described as a dynamic process that is progressive over time.

If CRM practices are conceived and implemented properly, it will enable companies to retain customers for life, get maximum value out of each customer and generate exemplary customer bonding (Tamilarasan, 2011). The bonding process begins with the very basic force of the need for a seller to find a buyer for their product, and the desire for a buyer to purchase a product that will satisfy their needs. Various bonds exist between parties and indicate different levels of relationships.

2.11.5. Responsiveness
Responsiveness is Willingness to help customers and provide prompt service (Ananthet.al.2010; Kheng et. al., 2010)**.** Responsiveness is the willingness to support customers and provide them immediate services right on demands. However, Taiwoet.al. (2011) described that responsiveness is the degree to which customers perceive service providers' readiness to assist them promptly.

2.12. Conceptual Framework
Callaghan et al. (1995) cited by Kojo, disclosed that trust, reciprocity, empathy, bonding and responsiveness are dimension of customer relationship management. Kojo applied the above dimension to measure customer relationship marketing. However, according to Das (2009), any discussion on RM would be incomplete without referring to CRM. Therefore, this shows that CRM and RM have a strong similarity. Sin et al., 2005 cited by Das, 2009 support the above argument as CRM and RM are focused on individual buyer-seller relationships, accept that these relationships are longitudinal in nature, and that both parties benefit in the process. Das added that CRM can be regarded as, to some extent, a subset of RM.

Figure2.3: Conceptual Framework for CRM Practice.

Satisfaction

Trust

Reciprocity

Empathy

Bonding

Responsiveness

Retention

Loyalty
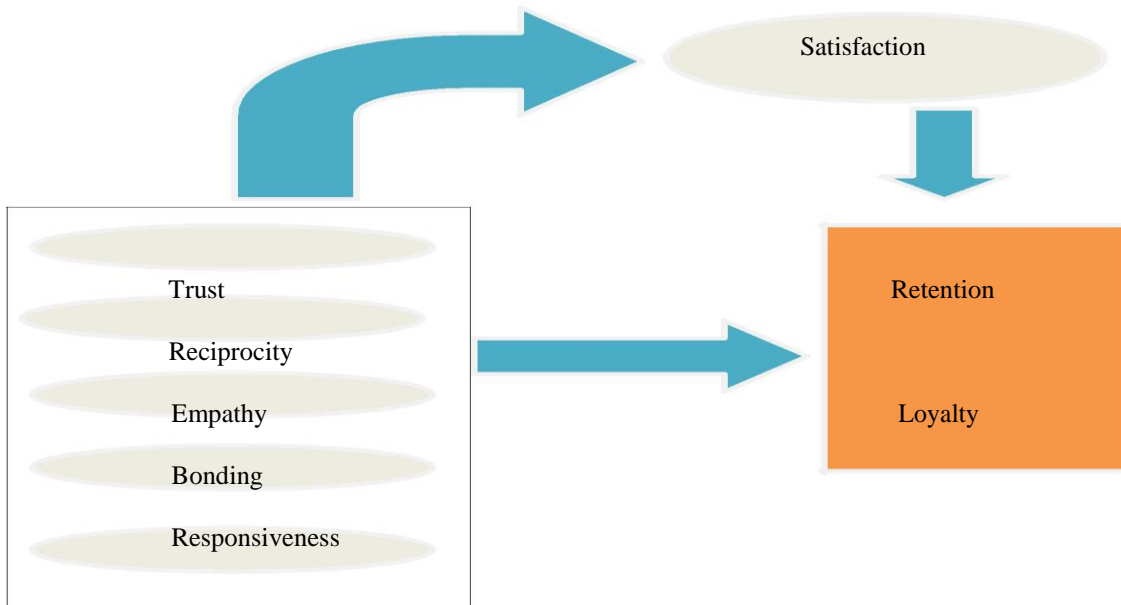
Source: Own Construction (2017)

CHAPTER THREE

METODOLOGY OF THE STUDY

3.1 Research Design and Approach

Researcher uses descriptive research design in order to describe the assessment of CRM practices of the bank. To do so the researcher data were collected through questionnaire. And both qualitative and quantitative research approaches are used.

As said by Zegeye et al. (2009), surveys collect data at a particular point in time with the intention of describing the nature of existing conditions, or identifying standards against which existing conditions can be compared, or determining the relationships that exist between specific events. Therefore, to assess CRM practices selected city branches from North-Addis Ababa district by using qualitative approach.

3.2 Types and sources of data

The study mainly depends up on primary source of data. Primary data were collected from customers of the different branches of the banks through questionnaire.

3.3 Sampling Design

The sampling technique that is implemented for the study is simple random sampling technique. This technique of sampling is selected because it enables to get accurate and sufficient information. By using these techniques 10branches selected from total population of 50 city branches because of homogeneity of the service the researcher only take 20% of the branch based on their proximity.

The total population of the business customer is calculated by using the Arithmetic Mean formula

$$\text{Average} = \frac{11+6+9+8+15+9+8+7+10+7}{10} = \frac{90}{10} = 9$$

By depending on the formula 9 customers selected for questioners from the total selected 10 branches each and that will be 90 questioners will be distributed by using convenience sampling.

3.4 Data Collection Tool

In the data collection process different types of data collection method is used in the study. These methods vary according to the source of data that has been collected. To collect primary data, two different types of data collection methods used, such as questionnaires adopted from**,** (Ravichandran et.al, 2010 and Frank KojoKuranchie) by using the five dimensions trust,

reciprocity, bonding, empathy and responsiveness. The secondary data has been collected from pamphlets bank manual, reference books and others research material which related with the topic.

3.5 Data Analysis & Presentation

The data collected were analyzed using qualitative and quantitative data analysis techniques. The qualitative data were analyzed using content analysis; that is items will be identified, categorized and grouped. Based on their group the data were interpreted. However, the numerical data was analyzed using SPSS (statistical packages for social science) software program.

The researcher also used for data analysis editing, coding and tabulation. Editing is used to involves the inspection of questionnaire on a raw data and necessary calculations of each questionnaires and defecting the most glaring omission in accuracy in detail.

Coding is a technical procedure by which data are categorized through coding the raw data to transfer into symbols usually numerals. They may be tabulated and counted. This can be done by specifying the categories in to which remains to be place. The number is depending up on the number of question on the questionnaires. Coding open- ended questions. This is done through developing consistent set of standard to each question.

Tabulation consists of simply counting the number faces that fall into varies categories. It communicates the result of the study, can be used for several propose (i.e. to calculate summary statistic).

Tabulation can be done by hand. It is facilitated determining the empirical distribution. Variables frequencies were numerated in each table for calculation of varies statistics and communicative distribution function would be employed to observer with less than or equal to specify quantity using mean and standard deviation.

CHAPTER FOUR

RESULTS AND DISCUSSIONS OF FINDINGS

4.1. Introduction

The primary focus of the study is to assess Customer Relationship Management Practices at commercial bank of Ethiopia Addis Abeba North Addis district. Therefore, this chapter presents the analysis for the responses that were received from the questionnaires distributed to customers of the bank on the customer relationship management practices. The researcher was able to get back 85 out of the 90 questionnaires administered to the customers of the sampled branches a 94.44% response rate. On the whole, data collection lasted a total of four (4) weeks. This was done in order to obtain a larger response rate. Of the ninety (90) questionnaires distributed, five (5) questionnaires were not returned at all and thus not included in the analysis. At the end of the editing, all the returned questionnaires were successfully processed for the analysis.

The scale items were developed from previously suggested and validated measures in many researches and carefully restated to reflect the characteristics of CRM in banking. The analysis is done in line with the research questions and objectives set in the proposal and it is presented in the form of tables as well as graphs in order to give better explanations. All tables as well as graphs in the analysis are generated from survey data through the SPSS 20 (statistical package for social studies) after being coded. However, in addition to the SPSS version excels spreadsheets are used to make the necessary calculations.

4.2. Demographic characteristics of respondents

This aspect of the analysis deals with the basic data on the respondents of the questionnaires sent to them. The basic data comprise of the respondents sex, age, educational background, the number of years spent with the bank and their frequent usage of the bank service. The table below shows the details of the respondents' demographic data.

Table 4.1: Demographic Characteristics of Respondents

parameters			frequency	Percentage
Gender	Male		59	69.4
	female		26	30.6
	total		85	100
Age	18-27		43	50.6
	28-37		30	35.2
	38-47		10	11.8
	48-57		2	2.4
	Total		85	100
education	Primary school completed		4	4.8
	Secondary school completed		2	2.4
	Certificate		9	10.6
	Diploma		31	36.5
	Degree and above		39	45.7
	Total		85	100
years of service	0-3		11	12.94
	3-5		13	15.29
	5-7		15	17.64
	7-9		21	24.7
	above 9		25	29.41
	total		85	100
frequency of bank usage	1-3 times		46	54.11
	4-6 times		16	18.8
	1-3 times in 2 weeks		12	14.11
	1-3 times in 3 weeks		9	10.58
	1-3 times in 4 weeks		2	2.35
	Total		85	100

Source: Own survey data, 2017

The above table shows us that the demographic characteristics of respondents for the branches. Out of 90 questionnaires distributed to respondents, a total of 85 questionnaires were properly filled and collected, of which 69.4% were males and 30.6% females.

It is evident from the table that majority of bank users were found to be between the age group 18-27(50.6%). Respondents with age group between 18 up to 27 and 28 up to 47 years account for 50.6% and 35.3%, respectively. The rest 11.8% and 2.4% are respondents in the age group between 38 up to 47 and 48 up to 57 years respectively.

The distribution of the respondent by educational qualification shows that 4.8% of the respondent's complete primary education, 10.6 % of the respondents is certificate holders, 36.5% of the

respondents are diploma holders, 22.4% of the respondents are first degree holders and the remaining 23.5% of the respondent are above degree holders.

With regard to length of relationship with their bank, 12.94% of respondents have less than 3 years of relationship, 15.29% have 3 to 5 years of banking relationships, 17.64% have 5 to 7 years banking relationships, and 24.7% have 7 to 9 years banking relationships and the rest 29.41% of them have been with the bank for more than 9 years. The table also shows us that 57.3% of the respondents have more than three years banking experience. The longer the customer stayed with the bank, the stronger the relationship he/she develops with it. From this we can infer that customers at CBE have a good banking experience to judge the bank service.

The above table illustrates that more than half of respondents (54.11%), have 1 to 3 times a week bank usage, 18.8% have 4 to 6 times a week bank usage. The rest 14.11%, 10.58% and 2.35% of the respondents are 1-3 times in 2 weeks, 1-3 times in 3 weeks and 1-3 times in 4 weeks bank usage, respectively. From this fact we can understand that 62% of the respondents are visiting the bank one to six times in a week. It also shows that CBE is effective and in a good track in retaining existing customers in line with attracting new ones.

4.3. Reliability of the data

Reliability analysis helps to test the internal consistency of the measures before launching the questionnaire to the respondents using Cronbach's alpha as it is the most frequently used reliability measure by researchers to test the internal consistency instruments (Mohammad, *n.d*). Reliability test coefficient can hold a value of 0 to 1 and the result of 0.7 and above implies an acceptable level of internal reliability (Shifera, 2011).

Table 4.2 Reliability of the data

Cronbach's Alpha	N of Items
.920	5

The result in above table revealed that, the Cronbach's alpha for the five CRM variables is 0.920. Therefore, this indicated that the data is reliable and can be used for further analysis.

4.4 Dimensions of CRM variables

For this study, five variables (trust, reciprocity, empathy, bonding and responsiveness) and miscellaneous questions were used as a proxy of CRM of banks under consideration. To confirm their significance, perception of the customer on CRM of the bank and the challenges were also

tested. All variables were measured by different response results, the least being strongly disagree and the highest being strongly agree.

4.5 Trust

Trust is a belief or conviction about the other party's intentions within the relationship (Taleghani *et al.*, 2011). It can be also perceived as sincerity about the other party's intentions. This can in turn lead to long-term cooperation between the two sides involved in a relationship (Hunt and Morgan, 1994).

Table 4.3 Perception on safety of transaction

Question item	Response	Frequency	Percent	Valid Percent
You feel safe in all of your transactions with your bank.	strongly disagree	8	9.4	9.4
	Disagree	12	14.1	14.1
	Neutral	7	8.2	8.2
	Agree	34	40.0	40.0
	strongly agree	24	28.2	28.2
	Total	85	100.0	100.0

Source: Own survey data, 2017

As clearly shown in table 5 above, 9.4% and 14.1% of the respondents strongly disagree and disagree, respectively, with the statement about their feeling of safety in their transactions with their bank, About 8.2% of the respondents are neutral. Majority of sample respondents does feel safe on the transaction with their bank 40% of them agree and 28.2% of them strongly agree). Trust can lead to commitment, which can in turn lead to long-term cooperation between the two sides involved in a relationship (Hunt and Morgan, 1994).

Table 4.4 Customer perception on fulfilling its promises

Question item	Response	Frequency	Percent	Valid Percent
The bank always does what it promised to do.	strongly disagree	5	5.9	5.9
	Disagree	15	17.6	17.6
	Neutral	10	11.8	11.8
	Agree	42	49.4	49.4
	strongly agree	13	15.3	15.3
	Total	85	100.0	100.0

Source: Own Survey Data, 2017

Considering the feeling of respondents on the performance of the banks in terms of keeping their promise, 5.9%, 17.6% and 11.8% of the branches customers are strongly disagree, disagree and neither agrees nor disagrees, respectively. About 64.7% of the customers are, however, satisfied with their bank's loyalty in keeping its promise.

Table 4.5 customer perception on financial status of the bank

Question item		Frequency	Percent	Valid Percent
I am confident on the financial status of the bank.	strongly disagree	3	3.5	3.5
	Disagree	9	10.6	10.6
	Neutral	12	14.1	14.1
	Agree	28	32.9	32.9
	strongly agree	33	38.8	38.8
	Total	85	100.0	100.0

Source: Own Survey Data, 2017

Sample respondents were also asked a question about their level of confidence on the financial status of their banks. The above table tells us this fact. 71.7% of the respondents were found to be confident on the financial status of the bank, the rest 14.1% of the respondents do not have confidence on the financial performance of their bank while 14.1% of them show neutrality.

Table 4.6 customer's perception of confidence in the bank in case financial loss

Question item	Response	Frequency	Percent	Valid Percent
I am confident that the bank will take care of me in case I incur financial loss.	strongly disagree	11	12.9	12.9
	Disagree	20	23.5	23.5
	Neutral	22	25.9	25.9
	Agree	16	18.8	18.8
	strongly agree	16	18.8	18.8
	Total	85	100.0	100.0

Source: Own Survey Data, 2017

One measure of bank trust is customers' confidence on the ability of the bank to take care of them when they encounter financial problem. In this regard, 37.6 believe that their corresponding banks will assist them if they encounter any financial loss. However, 25.9% neither disagree nor agree on their banks assistance at the time of financial loss. 36.4% however, do not have any confidence on the assistance ability of their banks when they face financial difficulty. The above table also tells us that, though significantly large proportions of the respondents have doubt on the provision of financial support by their banks.

Table 4.7 perception of trustworthiness of the bank

Question item	Response	Frequency	Percent	Valid Percent
The bank is trustworthy on calculating charge and making payments.	strongly disagree	6	7.1	7.1
	Disagree	13	15.3	15.3
	Neutral	14	16.5	16.5
	Agree	33	38.8	38.8
	strongly agree	19	22.4	22.4
	Total	85	100.0	100.0

Source: Own Survey Data, 2017

Trust worthiness can also be used as a measure of CRM. In this regard respondents 22.4% of the respondents disagree with trustworthiness on of the bank. On the contrary, 16.5% of the respondents neither agreed nor disagreed with the statement above, whereas 61.2 of them agreed. This shows that the bank is trustful in calculating charges and payment process.

Table 4.8 the bank provides consistent quality services at different time

Question item	Respondent	Frequency	Percent	Valid Percent
The bank provides consistent quality services at different time.	strongly disagree	3	3.5	3.5
	Disagree	13	15.3	15.3
	Neutral	20	23.5	23.5
	Agree	37	43.5	43.5
	strongly agree	12	14.1	14.1
	Total	85	100.0	100.0

Source: Own Survey Data, 2017

Bank customers need to have quality of service which persists throughout the operation of the bank. As clearly showed in the table above, 49(57.6%) of the respondents agree and strongly agree with consistency of their bank in providing quality service every time. On the other hand 23.5% of the respondents are neutral, 16.8% of the respondent strongly disagree and disagree.

4.6 Reciprocity

Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009 cited in Taleghani *et al.,* 2011). Thus Reciprocity becomes a virtue, a trait necessary for a rational individual to have if they are to aspire to excellence in moral behavior.

Table 4.9 perceptions of customers on repay there kindness

Question item	Respondent	Frequency	Percent	Valid Percent
The bank helps me to solve difficulties, so I am responsible to repay their kindness.	strongly disagree	7	8.2	8.2
	Disagree	16	18.8	18.8
	Neutral	24	28.2	28.2
	Agree	30	35.3	35.3
	strongly agree	8	9.4	9.4
	Total	85	100.0	100.0

Source: Own Survey Data, 2017

A question 'the bank helps me to solve difficulties, so I am responsible to repay their kindness' was asked for sample respondents majority of the respondents were found to be agreed on their mutual help with the bank that will be (44.7%), 28.2% of the respondent are neutral on the issue. The remaining 27% respondents are not agreeing on the question

Table 4.10 customer's perception on the bank keeps its promises

Question items	Response	Frequency	Percent	Valid Percent
The bank keeps its promises	strongly disagree	5	5.9	5.9
	Disagree	15	17.6	17.6
	Neutral	10	11.8	11.8
	Agree	42	49.4	49.4
	strongly agree	13	15.3	15.3
	Total	85	100.0	100.0

Source: Own Survey Data, 2017

To know whether the selected banks are keeping their promises or not a question was asked to sample respondents of banks mentioned in this study around 64.7% of the respondents of the bank believed that the bank keeps its promises while around 11.8% of them were found to be neutral in their perception of the banks' promise keeping status. 23.5% of the sample respondents, however, saying the bank doesn't keep its promise

Table 4.11: customer's perception on the bank and you work for mutual benefit.

Question item	Respondent	Frequency	Percent	Valid Percent
The bank and you work for mutual benefit.	strongly disagree	4	4.7	4.7
	Disagree	14	16.5	16.5
	Neutral	10	11.8	11.8
	Agree	35	41.2	41.2
	strongly agree	22	25.9	25.9
	Total	85	100.0	100.0

Source: Own survey data, 2017

Considering the feeling of respondents on their work for their mutual benefit, 4.7%, and 16.5% of the customers replied as strongly disagree and disagree,11.8% of the respondent are neutral on the issue.67.1% of the customers, however, agree and strongly agree with their mutual work

Table 4.12: customer's perception on the bank and you are interdependent.

Question items	Respondent	Frequency	Percent	Valid Percent
The bank and you are interdependent.	strongly disagree	3	3.5	3.5
	Disagree	8	9.4	9.4
	Neutral	10	11.8	11.8
	Agree	43	50.6	50.6
	strongly agree	21	24.7	24.7
	Total	85	100.0	100.0

Source: Own survey data, 2017

The last measure variables of reciprocity were helping to know the interdependence between the bank and their customers. Table 11 shows that, about 12.8% of the respondents of the bank argued against the interdependent between the bank and the sample respondents; whereas 11.8% neither agree nor disagree. 75.3% of them, however, believe that the two parties are interdependent.

4.7 Empathy

This assessment was done to appraise how customers perceive the selected branches are empathic towards them. Empathy (including access, communication, understanding the customer) – is caring and individualized attention that the firm provides to its customers (Kheng et al., 2010). If the customers feel well treated and assured of good relationship, they will remain loyal. Empathy, a key component of emotional intelligence, is as essential for harmonious and productive relationship in the workplace as much as in personal life.

Table 4.13: customer's perception on Employees of the bank understands my feelings.

Question items	Respondent	Frequency	Percent	Valid Percent
Employees of the bank understand my feelings.	strongly disagree	10	11.8	11.8
	Disagree	8	9.4	9.4
	Neutral	13	15.3	15.3
	Agree	35	41.2	41.2
	strongly agree	19	22.4	22.4
	Total	85	100.0	100.0

Source: Own survey data, 2017

A question is also asked to sample respondents about their perception of bank employees in understanding their feelings. The table above clearly show the analysis results21.2% of the respondents disagree and strongly disagree with the statement above while 15.3%, 41.2% and 22.4% of the respondents are neutral, agree and strongly agree, respectively.

Table 4.14 customer's perception on the bank gives individual attention to its customers.

Question items	Respondent	Frequency	Percent	Valid Percent
The bank gives individual attention to its customers.	strongly disagree	11	12.9	12.9
	Disagree	13	15.3	15.3
	Neutral	12	14.1	14.1
	Agree	35	41.2	41.2
	strongly agree	14	16.5	16.5
	Total	85	100.0	100.0

Source: Own survey data, 2017

The banks' ability of giving individual attention to their customers may also be used as a means of maintaining strong bond between the two parties. As we can observe from the above table 28.2% of the respondent does not think the bank gives individual attention to its customers.14.1% of the respondent are neutral, the majority of the respondent thinks the bank gives individual attention to its customers (57.7%).

Table 4.15 customers' perception on sincerity

Question items	respondent	Frequency	Percent	Valid Percent
The bank shows a sincere interest in solving your problem.	strongly disagree	9	10.6	10.6
	Disagree	16	18.8	18.8
	Neutral	16	18.8	18.8
	Agree	35	41.2	41.2
	strongly agree	9	10.6	10.6
	Total	85	100.0	100.0

Source: Own survey data, 2017

Table 4.15 shows that the customers observation of the banks in solving their problems if any. As clearly shown from the table 29.4% of the respondents don't believe the bank solves their problem while 18.8% neither agree nor disagree. Large proportions of respondents (51.8%),

however, do agree and strongly agree that the bank is in their side when they encounter problems.

Table 4.16 Customer's perception on employee of the bank respond to customers' requests.

Question items	Respondent	Frequency	Percent	Valid Percent
Employees of the bank are never too busy to respond to customers' requests.	strongly disagree	10	11.8	11.8
	Disagree	16	18.8	18.8
	Neutral	5	5.9	5.9
	Agree	37	43.5	43.5
	strongly agree	17	20.0	20.0
	Total	85	100.0	100.0

Source: Own survey data, 2017

Among the total respondents of the bank 63.5 percent judge goodly about the employee's courage to respond customers request while 5.9 % neither agree nor disagree. However, 30.6% of the sample respondents consider the employees of the bank gets busy while customers need bank service.

Table 4.17 customer's perception on guidance signs

Question items	Respondent	Frequency	Percent	Valid Percent
The bank has guidance signs indicating as to which counters are offering which services.	strongly disagree	3	3.5	3.5
	Disagree	8	9.4	9.4
	Neutral	9	10.6	10.6
	Agree	42	49.4	49.4
	strongly agree	23	27.1	27.1
	Total	85	100.0	100.0

Source: Own survey data, 2017

Table 4.17 indicated that, 3.5% and 9.4% of the sample respondents strongly disagree and disagree, respectively, for the bank in responding to the question "Does the bank has guidance signs indicating as to which counters are offering which services?" and about 10.6% of the respondents were also found to be neutral. Majority of sample respondents, however, showed their agreement with the statement above (49.4% of them agree and 27.1% of them strongly agree). Thus it is possible to say that the bank is in a position to provide guidance to their customers and this practice of the banks also recognized by their respective customers.

Table 4.18: customer's perception on the working hour's flexibility

Question items	Respondent	Frequency	Percent	Valid Percent
The working hours of the bank are flexible and convenient to me.	strongly disagree	11	12.9	12.9
	Disagree	13	15.3	15.3
	Neutral	10	11.8	11.8
	Agree	27	31.8	31.8
	strongly agree	24	28.2	28.2
	Total	85	100.0	100.0

Source: Own survey data, 2017

The researcher incorporates the convenience of the working hours of the banks to customers. Thus a question "Does the working hours of the bank are flexible and convenient to you?" is asked to the sample respondents. Description of the responses is presented in the above table as we can observe from table, 11(12.9%), 13(15.3%), 10(11.8%), 27(31.8%) and 24(28.2%) of the sample respondents strongly disagree, disagree, neutral, agree and strongly agree, respectively with the questions.

4.8. Bonding

Bonding is defined as the dimension of a business relationship that results in two parties (the customer and the supplier) acting in a unified manner toward a desired goal (Taleghani et al., 2011). Thus, bonding helps for the development of key relationships with customers. In addition to the above fact it is also accepted that bonding would strengthen relationships and loyalty. Bonding is essential element to establish long lasting relationship with customers.

Table 4.19: perception on the bank keeps in touch constantly with its customers

Question items	Respondent	Frequency	Percent	Valid Percent
The bank keeps in touch constantly with its customers.	strongly disagree	5	5.9	5.9
	Disagree	13	15.3	15.3
	Neutral	11	12.9	12.9
	Agree	42	49.4	49.4
	strongly agree	14	16.5	16.5
	Total	85	100.0	100.0

Source: Own survey data, 2017

Table 4.21 shows the perception of bank customers to the statement their banks' ability of keep in touch constantly with them. In this regard, 21.2% disagree and strongly disagree, 12.9% neutral and 85.4% of the respondents agrees and 65.9 strongly agree.

Table 4.20 customer's perception on the long term relationship with its customers.

Question items	Respondent	Frequency	Percent	Valid Percent
The bank tries very hard to establish a long term relationship with its customers.	strongly disagree	3	3.5	3.5
	Disagree	9	10.6	10.6
	Neutral	12	14.1	14.1
	Agree	41	48.2	48.2
	strongly agree	20	23.5	23.5
	Total	85	100.0	100.0

Source: Own survey data, 2017

14.1% of the respondents disagree with the bank tries very hard to establish a long term relationship with its customers. About 14.1% of the respondents neither agreed nor disagreed with the statement but, 71.7% of them agree with the statement. Therefore, considering the above table the bank is working to establish a long term relationship with their customers.

Table 4.21 the bank works on close cooperation

Question items	Respondent	Frequency	Percent	Valid Percent
The bank works in close cooperation with its customers.	strongly disagree	3	3.5	3.5
	Disagree	12	14.1	14.1
	no opinion	14	16.5	16.5
	Agree	35	41.2	41.2
	strongly agree	21	24.7	24.7
	Total	85	100.0	100.0

Source: Own survey data, 2017

Considering the close cooperation work of the bank with their customers, 3.5%, 14.1% and 16.5% of the customers replied as strongly disagree, disagree and neither disagree nor agree, respectively. 65.9% of the customers, however, agree and strongly agree with close cooperation work of the bank.

Figure 4.1: Summary of customer's perception on employees of the bank knows you very well.
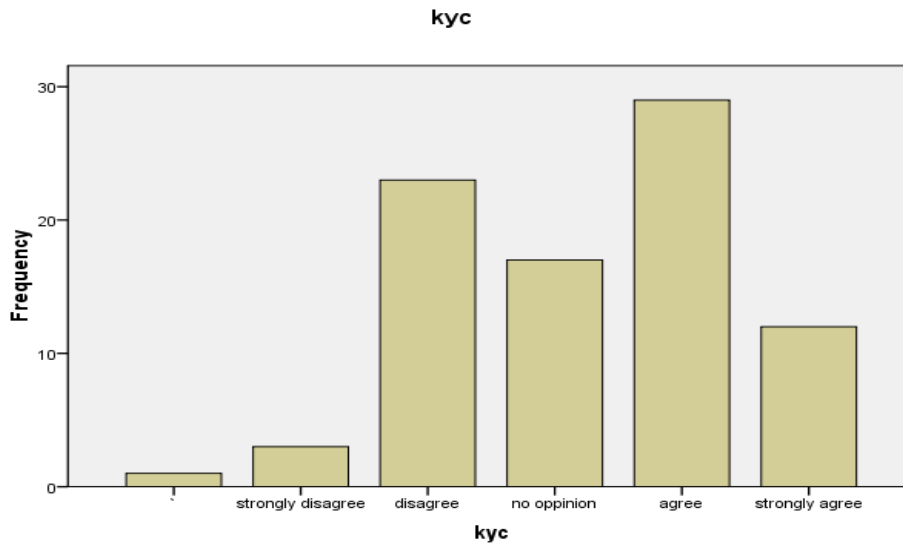
Figure 4.1

Figure 4.1 shows, 48.2% of the respondents have the same opinion with the statement about employees of the bank knows them very. However, about 20% of the respondents are neutral whereas 30.6% of the sample respondents differ from the above statement.

Table 4.22: customer's perception on your achievement flourish on the solid relationship you have with the bank.

Question items	Respondent	Frequency	Percent	Valid Percent
Your achievement flourish on the solid relationship you have with the bank.	strongly disagree	6	7.1	7.1
	Disagree	16	18.8	18.8
	Neutral	23	27.1	27.1
	Agree	27	31.8	31.8
	strongly agree	13	15.3	15.3
	Total	85	100.0	100.0

Source: Own survey data, 2017

A question was also asked to know whether their achievement flourishes on the solid relationship that they have with the bank or not for respondents of the bank. The description presented on table 4.22 tells us this fact. Considering WB alone majority (47.1%) of the respondents were believed that their achievement has direct relationship that were formed with the bank. The rest 27.1% of the respondents neither disagree nor agree while 25.9% of them disagree with the statement.

4.9. Responsiveness

Responsiveness has to do with the degree with which the selected branches were able to respond to the needs and wants of customers. For a firm to be responsive, it must gain deeper understanding and profiling of customer behavior, real-time customer information and loyalty, and management at Point of Service. However, Taiwo et. al. (2011) described that responsiveness is the degree to which customers perceive service providers' readiness to assist them promptly. Therefore,

showing sincerity and willingness to help customers are some of the key issues in responsiveness. Again what was tested in respect of responsiveness included devoted time to customers and efficient services.

Table 4.23: customer's perception on the bank provides prompt service to its customers.

Question items	Responses	Frequency	Percent	Valid Percent
The bank provides prompt service to its customers.	strongly disagree	5	5.9	5.9
	Disagree	10	11.8	11.8
	Neutral	12	14.1	14.1
	Agree	46	54.1	54.1
	strongly agree	12	14.1	14.1
	Total	85	100.0	100.0

Source: Own survey data, 2017

As depicted in the above table, 17.7% of the respondents disagree with the statement about the bank provides prompt service to its customers in the bank; However, about 14.1% of the respondents are neutral whereas 68.2% of the respondents agree with the statement

Table 4.24: customer's perception on employees of the bank is willing to help customers.

Question items	Responses	Frequency	Percent	Valid Percent
Employees of the bank are willing to help customers.	strongly disagree	6	7.1	7.1
	Disagree	8	9.4	9.4
	Neutral	10	11.8	11.8
	Agree	38	44.7	44.7
	strongly agree	23	27.1	27.1
	Total	85	100.0	100.0

Source: Own survey data, 2017

Regarding the question for employees of the bank the table briefly described as follows, 7.1%, 9.4%, 11.8%, 44.7% and 27.1 of sample respondents replied as strongly disagree, disagree, neither disagree nor agree, agree and strongly agree with employees of the bank are willing to help customers, respectively.

Table 4.25: customer's perception on employees of the bank devotion

Question items	Responses	Frequency	Percent	Valid Percent
Employees of the bank devote time to reply to any of your questions.	strongly disagree	4	4.7	4.7
	Disagree	17	20.0	20.0
	Neutral	19	22.4	22.4
	Agree	32	37.6	37.6
	strongly agree	13	15.3	15.3
	Total	85	100.0	100.0

Source: Own survey data, 2017

Responsiveness is also measured by the time devoted by bank employees in answering the questions of customers. Considering the sample respondents of the bank, 52.9% of the respondents agree with the statement about employees of the bank devotes time to reply to any of their questions. However, about 22.4% of the respondents are neutral whereas 24.7% of the respondents are against the above statement.

Figure 4.2: customer's perception on the bank arrange special care to special customers.`
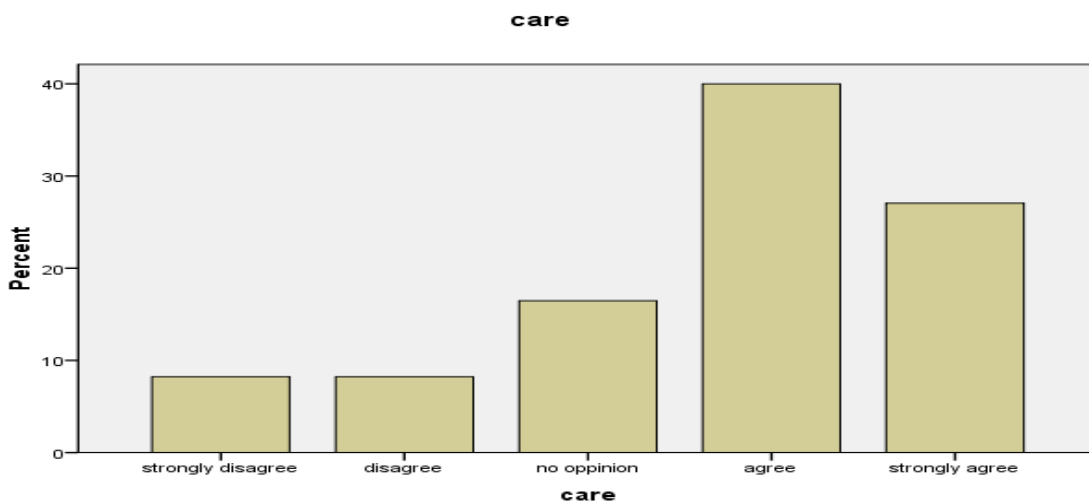
Source: Own survey data, 2017

Considering the special care arrangement to special customers by the banks the feeling of respondents indicate that 16.4%, 16.5% of the customers disagree and neither agree nor disagree, respectively. 67.1% of the customers, however, agree and strongly agree with the existence of special treatment.

Table 4.26: customer's perception on the behavior of the employees inspires confidence in customers.

Question items	Responses	Frequency	Percent	Valid Percent
The behavior of the employees inspires confidence in customers.	strongly disagree	3	3.5	3.5
	Disagree	8	9.4	9.4
	Neutral	18	21.2	21.2
	Agree	40	47.1	47.1
	strongly agree	16	18.8	18.8
	Total	85	100.0	100.0

Source: Own survey data, 2017

It is obvious that the behavior of employees of banks increases the confidence of customers and makes them loyal to their banks. In return building customer confidence on employees of the bank is crucial for their profitability. The above Table shows this fact in which about 12.9% of the respondents of the bank argued against the statement 'behavior of employees inspires confidence to them' whereas; about 65.9% of the respondents agree with it. The remaining 21.2% remain neutral.

Table 4.27: customer's perception on - employees give genuine and detailed information

Question items	Responses	Frequency	Percent	Valid Percent
Employees give genuine and detailed information regarding to any transaction of the bank.	strongly disagree	5	5.9	5.9
	Disagree	16	18.8	18.8
	Neutral	14	16.5	16.5
	Agree	30	35.3	35.3
	strongly agree	20	23.5	23.5
	Total	85	100.0	100.0

Source: Own survey data, 2017

The description presented on table 4.29 tells us this fact. Considering the majority of the respondents were found to be confident with the above statement (58.8%). The rest 16.5% of the

respondents, however, found to be neutral regarding the aforementioned statement while 24.7% of them show their disagreement with the statement.

Table 4.28 Mean and standard deviation for CRM dimensions

No	CRM dimensions	average mean	average St. deviation
1	Trust	3.53	1.18
2	Reciprocity	3.57	1.09
3	Empathy	3.47	1.25
4	Bonding	3.52	1.11
5	Responsiveness	3.6	1.12

Source: Own survey data, 2017

The above table describes the average mean and standard deviation for the five CRM dimensions from this we can understand responsiveness scores the highest mean(3.6)(1.12)SD followed by reciprocity(3.57)(1.09)SD, trust(3.53)(1.18)SD, bonding(3.52)(1.11)SD empathy scores the least mean(3.47). From the above table we can understand that the selected branches are doing well because the mean scores are almost similar but the mean score for empathy is relatively less so the employees of the branches has to work on their understanding.

The results clearly revealed that the five CRM dimensions are very close. This shows us that CRM has significant influence on customer retention from customers' view

4.10. Perception of customer on customer satisfaction on CRM of the bank.

To strength the CRM variables such as trust, reciprocity, empathy, bonding and responsiveness miscellaneous questions were also tested. All miscellaneous questions were measured by different response results, the least being strongly disagree and the highest being strongly agree.

Table 4.29: customer's perception on what makes the bank different from its rivals

Question items	response	Frequency	Percent	Valid Percent
What makes this bank different from its rivals is that it can make successful relationships with its customers.	strongly disagree	8	9.4	9.4
	Disagree	20	23.5	23.5
	Neutral	15	17.6	17.6
	Agree	24	28.2	28.2
	strongly agree	18	21.2	21.2
	Total	85	100.0	100.0

Source: Own survey data, 2017

Banks successful relationship with their customers makes them different from their rivals. Regarding to this idea a question was asked for sample respondents of the branches so as to measure their relationship with their customers. From table 4.48 we can observe that more than 49.4% of the respondents are admit the existence of strong relationship between them and their bank. Moreover, 32.9% doesn't think they have strong relationship with the bank. And 17.6% of the respondents were found to be neutral

Table 4.30: customer's perception the bank welcomes complaints.

Question items	Responses	Frequency	Percent	Valid Percent
The bank welcomes complaints from customers.	strongly disagree	1	1.2	1.2
	Disagree	14	16.5	16.5
	Neutral	9	10.6	10.6
	Agree	44	51.8	51.8
	strongly agree	17	20.0	20.0
	Total	85	100.0	100.0

In a business handling customer's complaint creates smooth relationship and it creates conducive working environment. Thus proper handling of customer's complaint is crucial. The description presented on table 4.29 tells us this fact. Majority of the respondents were found to be in agreement with complaint acceptance of the bank (71.8%), the rest 10.6% of the respondents remain neutral while 17.7% of them show their opposition.

Figure 4.3: customer's perception on the bank takes customer feedback serious
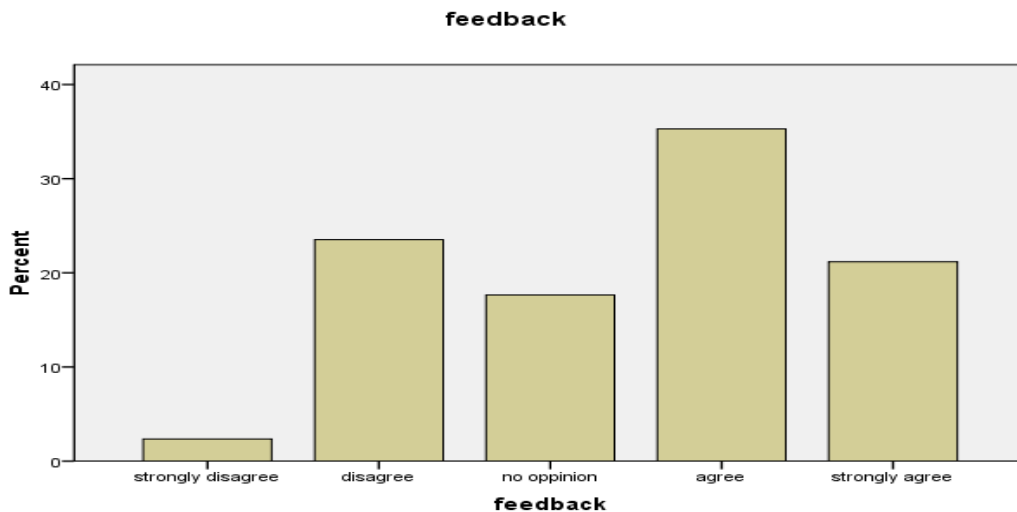
feedback

Considering the feeling of respondents on the customer feedback, for the Bank 2.4% of the respondent strongly disagree, 23.5% of the respondent disagrees on the issues, 17.6% of the respondent remains neutral and the remaining 56.5% of the respondent agrees on the issue.

Table 4.31: customer's perception on - I will recommend this bank to friends and family members.

Question items	Responses	Frequency	Percent	Valid Percent
I will recommend this bank to friends and family members.	strongly disagree	4	4.7	4.7
	Disagree	10	11.8	11.8
	Neutral	13	15.3	15.3
	Agree	43	50.6	50.6
	strongly agree	15	17.6	17.6
	Total	85	100.0	100.0

Source:Ownsurveydata,2017

As clearly shown in the table 4.33 above, 4.7% and 11.8% of the respondents strongly disagree and disagree, respectively, with the statement "I will recommend this bank to friends and family

members. About 15.3% of the respondents are neutral. Majority of sample respondents do feel to recommend their bank to others (50.6% of them agree and 17.6% of them strongly agree).

Table 4.32: customer's perception on switching to other banks

Question items	Response	Frequency	Percent	Valid Percent
I find it difficult to switch to other banks because of what I get from this bank.	strongly disagree	6	7.1	7.1
	Disagree	17	20.0	20.0
	Neutral	23	27.1	27.1
	Agree	27	31.8	31.8
	strongly agree	12	14.1	14.1
	Total	85	100.0	100.0

Source: Own survey data, 2017

A question about 'I find it difficult to switch to other banks' was asked for sample respondents of the bank. From the above table we can observe that more than 45.9% of the respondents are loyal to their bank. Moreover, 27.1%, 20% and 7.1% of the respondents were found to be neutral, disagree and strongly disagree, respectively.

Table 4.33: Summary of customer's perception on - I intend using other products and services of the bank.

Question items	Response	Frequency	Percent	Valid Percent
I intend using other products and services of the bank.	strongly disagree	3	3.5	3.5
	Disagree	5	5.9	5.9
	Neutral	13	15.3	15.3
	Agree	46	54.1	54.1
	strongly agree	18	21.2	21.2
	Total	85	100.0	100.0

Source: Own survey data, 2017

A question was also asked to know whether customers need to use other products and services of the banks. The data analysis of the bank on table 4.53 tells us this fact. Majority (75.3%) of the

sample respondents were believe that they need to use other product and services of the bank. The rest 15.3% of the sample respondents neither disagree nor agree while 9.4% of them don't agree with the statement.

Figure 4.4: I am very pleased with what the bank does

pleasure

Source: Own survey data, 2017

Sample respondents of the bank were asked a question about their happiness for what the bank does for them. The description presented on figure 3.6 tells us the following fact. Majority58.9% of the respondents were found to be delighted with the above statement , the rest 25.9% of the respondents were neutral regarding the aforementioned statement while 15.3 % of them show their disagreement with the statement.

Table 4.34 customer's perception on giving positive word of mouth

Question items	Responses	Frequency	Percent	Valid Percent
Customers perception on giving positive word of mouth	strongly disagree	3	3.5	3.5
	Disagree	11	12.9	12.9
	Neutral	18	21.2	21.2
	Agree	41	48.2	48.2
	strongly agree	12	14.1	14.1
	Total	85	100.0	100.0

Source: Own survey data, 2017

The above table shows that the customers' observation in the question "I am confident of giving positive word of mouth testimonies to others about this bank". As clearly shown from the figure,

16.4% of the respondents don't like to give positive words of mouth to others while 21.2% neither agree nor disagree. In regard to the above analysis large proportions of respondents (62.3%), however, do agree and strongly agree with the statement, indicating they do in fact personal advertisement for their bank.

Table 4.35: customer's perception on error free records.

Question items	Response	Frequency	Percent	Valid Percent
The bank insists on error free records.	strongly disagree	2	2.4	2.4
	Disagree	12	14.1	14.1
	Neutral	30	35.3	35.3
	Agree	30	35.3	35.3
	strongly agree	11	12.9	12.9
	Total	85	100.0	100.0

Source: Own survey data, 2017

The table above also shows that 16.5% sample respondents strongly disagree and disagree with the above statement whereas; 35.3% of the sample respondents were found to be neither disagree nor agree and 48.2%) of the respondents perceive that the bank insists on error free records.

Table 4.36: overall I am satisfied with the bank services.

Question items	Responses	Frequency	Percent	Valid Percent
Overall I am satisfied with the bank services.	strongly disagree	4	4.7	4.7
	Disagree	7	8.2	8.2
	Neutral	12	14.1	14.1
	Agree	40	47.1	47.1
	strongly agree	22	25.9	25.9
	Total	85	100.0	100.0

Source: Own survey data, 2017

Considering the feeling of respondents on their overall bank service, 27% of the customers replied as strongly disagree, disagree and neither agrees nor disagrees. 73% of the customers,

however, agree and strongly agree with the statement "overall, I am satisfied with the bank service".

4.37: mean and standard deviation on perception of customers on CRM of the branches

Question items	Mean	Std. Deviation
customer's perception on what makes the bank different from its rivals	3.28	1.297
customer's perception the bank welcomes complaints	3.73	1.005
customer's perception on the bank takes customer feedback serious	3.49	1.140
I will recommend this bank to friends and family members.	3.65	1.055
customer's perception on switching to other banks	3.26	1.146
I intend using other products and services of the bank.	3.84	.949
I am very pleased with what the bank does	3.61	1.092
customer's perception on giving positive word of mouth	3.56	1.005
Customer's perception on error free records.	3.42	.968
Overall I am satisfied with the bank services.	3.81	1.063

Source: Own survey data, 2017

The above table describes mean and standard deviation on the perception of customers on the CRM of the branches. From this we can understand that the variables scores almost similar starting from 3.84 the highest and 3.26 the lowest. We can also understand the customers of the branches are intended to use other product and services of the branches. But the branches have to work on their customer handling   because customers perception on switching to other bank is relatively low.

4.11 Challenges of CRM implementation

Some of the challenges are mentioned in this question such as a clear set of objectives, necessary resource, and the alignment of the CRM with the culture of the organization.

Table 4. 38 perception on objective of the bank

Question item	Response	Frequency	Percent	Valid Percent
The bank has a clear set of objective which achieved through the CRM	strongly disagree	4	4.7	4.7
	Disagree	14	16.5	16.5
	Neutral	16	18.8	18.8
	Agree	38	44.7	44.7
	strongly agree	13	15.3	15.3
	Total	85	100.0	100.0

Source: Own survey data, 2017

From the above table we can understand that 4.7% of the respondents strongly disagree, 16.5% disagree, 18.8% are neutral and the majority of the respondent 60% agrees on the bank has a clear set of objectives that can be achieved through the CRM.

Table 4.39 The CRM is important to re-align the work culture of the bank team

Question items	Response	Frequency	Percent	Valid Percent
The CRM is important to re-align the work culture of the bank team	strongly disagree	3	3.5	3.5
	Disagree	13	15.3	15.3
	Neutral	7	8.2	8.2
	Agree	49	57.6	57.6
	strongly agree	13	15.3	15.3
	Total	85	100.0	100.0

Source: Own survey data, 2017

The table above also shows that 18.8% sample respondents strongly disagree and disagree with the above statement whereas; 8.2% of the sample respondents were found to be neither disagree nor agree and 72.9% of the respondents perceive that the CRM is important to re-align the work culture of the bank team

Table 4.40 the bank utilizes the necessary resources for the success of CRM

Question items	Response	Frequency	Percent	Valid Percent
The bank utilizes the necessary resources for the success of CRM	strongly disagree	4	4.7	4.7
	Disagree	11	12.9	12.9
	Neutral	23	27.1	27.1
	Agree	38	44.7	44.7
	strongly agree	9	10.6	10.6
	Total	85	100.0	100.0

Source: Own survey data, 2017

From the above table we can understand that 4.7% of the respondents strongly disagree, 12.9% disagree, 27.1% are neutral and the majority of the respondent 55.3% agrees on the bank utilizes the necessary resources for the success of CRM.

Table 4.41 mean and standard deviation on challenges of CRM implementation

Question items	N	Mean	Std. Deviation
The bank has a clear set of objective which achieved through the CRM	85	3.49	1.087
The CRM is important to re-align the work culture of the bank team	85	3.66	1.030
the bank utilizes the necessary resources for the success of CRM	85	3.44	1.005

Source: Own survey data, 2017

The above table describes the mean and SD on the challenges of customer relationship management practices on implementing from that we can understand that the bank set a clear objective scores 3.49(1.087) SD, the CRM is important to re-align the work culture scores 3.66(1.030) and the bank utilizes the necessary resources scores 3.44(1.005)

CHAPTER FOUR:

CONCLUSION AND RECOMMENDATION

5.1. Conclusion

The results of the study were based up on the discussion of data obtained from close ended questionnaire distributed to customers of commercial bank of Ethiopia north Addis district However, the study emphasizes on the existence of relationship between the banks and their customers measured by customer relationship management practices.

In banking industry trustful and quality banking services are the basis of sound CRM. From the results obtained, customers of the selected branches have feel safe in conducting transactions with their banks. However, it is difficult to arrive at such conclusion and generalize that the selected branches are doing their transactions well, since there were some respondents who disagreed and remained neutral.

The aim of CRM is also to establish, maintain, and enhance relationships with customers at a profit. So, doing what is promised to do is the fundamental issue to maximize profit. Though customers of banks perceived that their banks were better in keeping their promises, there is a slight difference among them. It is common that as trust declines, customers are unwilling to conduct business transaction. Particular to the banking industry, trust leads to construct long-term relationship with their customers. Though there are customers who have doubt considering trustworthiness of the banks, majority of them, however, perceived that all the branches are trustful. Considering the consistency of quality service provision by their banks, significant numbers of customers did not express their agreement.

Regarding reciprocal help between the banks and their customers, majority of the respondents of the selected branches perceive that their banks were working for mutual benefit. Successful CRM focuses also on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business process (Agarwal, 2009). In this regard, the banks and customers were found to be working for their mutual benefits.

It is also known that one of the CRM goals is to create and maintain long lasting relationships between the bank and its customers. One measurement for CRM is empathy. Empathy is a key component for harmonious and productive relationships in the work place. Thus, empathy can be viewed as the ability to share and understand and feel another person in a relational situation.

From this study we can also conclude that there exists direct relationship between CRM and retention concerning the branches included in the study. This in turn implies that the management bodies of the banks are encouraged to pursue CRM practices so that they can survive in the present globalized business environment as major competitors in the industry.

The study also shows that the majority of the respondent perceives that the bank cooperates with its customers. Close cooperation help to retain existing customers. It is supported as; close relationship with customers will require a strong coordination between banks and its marketing departments to provide a long-term retention of selected customers (Chary and Ramesh, 2012). This is in line with the theory indicating that an old customer satisfied with the banking services is effective same as ten new clients in advertising and profitability of the bank (Gilaninia *et al.*, 2011). Therefore, the existence of close cooperation, the better the bank can understand customer wants and needs and it is helpful to retain them. Employees of the banks know their customers very well. CBE is doing well in this regard.

Finally, the purpose of customer retention is to keep a high proportion of valuable customers through reducing customer dissatisfaction. As suggested on the literature review part of this study, normally, the costs of cultivating the existing customer base are far less than the costs of attracting new customers. From the descriptive statistics results of this study, there exists a relationship between CRM and Customer retention. The results clearly revealed that the five CRM dimensions are very close. This shows us that CRM has significant influence on customer retention from customers' view. Though it needs further and detailed study, generally, the results indicate that customer relationship management is important for customer retention that is essential for the success of the banks.

5.2. Recommendations

With the recent establishment of several new banks in Ethiopia, the banking industry in the country is undergoing dynamic expansion. It is, therefore, vital for commercial bank of Ethiopia to continuously monitor their level of service delivery and the drivers of satisfaction in order to retain their current customers and also to attract new ones.

The concept of customer participation in the service delivery process has a long history and is identified as one of the distinguishing characteristics of services. Since customer relationship management characteristics are relevant to financial services, customer participation in service relationships is held to be of particular importance for banking services. Given these facts, based on the findings of this study, the following recommendations are proposed to help improve the CRM practice of the selected branches.

General recommendations

The general recommendations are for the bank is considered in this study, which includes;

- ➢ Attention should be paid in continuous supervision and monitoring the quality of services.
- ➢ The bank should have dialogues with their customers in order to identify where the demand of customers lies and offer customized services to them.
- ➢ Considering empathic relationship among with the customers, some respondents of the selected banks reply that employees are not responding to their requests properly. Therefore, the banks need to provide continuous training to their employees and other branches with less distance because the number of customers of CBE is very high.
- ➢ The bank obtains information about their customers from their suggestion boxes. But the managers of the selected branches don't review it constantly so, it will be better to adapt other mechanisms such as interview, questionnaires or generally conducting research periodically.
- ➢ The bank should consider the expansion of the ATM and POS machines because of the large number of customers the bank has.
- ➢ The bank also has to give trainings for its employees about its products like ATM , mobile banking and internet banking services because the customer needs a detailed information   for   new   technologies

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