St. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON MARKETING PERFORMANCE
CASE STUDY ON: ZEMEN BANK S.C

BY:
EMEDEN TESFAYE

MAY, 2018
ADDIS ABABA, ETHIOPIA

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(THE CASE OF ZEMEN BANK S.C)

BY:

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ID No. SGS/0708/2007

A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY COLLEGE, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THEREQUIREMENT FOR THE DEGREEOFMASTERSOF MARKETING MANAGEMENT

MAY, 2018
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ST. MARY'S UNIVERSITY
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Declaration

I, the undersigned, declare that this thesis entitled "Effect of Customer Relationship management on marketing performance: On Zemen Bank S.c" submitted by me to undertake a research in partial fulfillment of the requirement for award of the Degree of Master's of Marketing Management to the school of Graduate Studies, St. Mary's University is my original work, has not been presented for degree in any other university and that all sources of materials used for the thesis have been duly acknowledged.

Declared by: **Confirmed by Advisor:**

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Place and date of submission: St. Marry University, May, 2018

Table of Contents

ACKNOWLEDGEMENT

LIST OF TABLES

LIST OF FIGURES

Acronyms

CRM: Customer relationship management

DFID: Department for international Development

GDP: Gross domestic Product

IATA: International Air Transport Association

SPSS: Statistical Package for the social sciences

ABSTRACT

The main objectives of this study is to examine the effect of customer relationship management (key customer focus, customer knowledge management, organizing around customer relationship management and technology based customer relationship management) on marketing performance of Zemen Bank S.C. In this study both qualitative and quantitative approaches were employed. The study used primary and secondary sources to gather data. Primary data were collected through 5-point Liker-scale questionnaire. The population of the study was employees (managers, supervisors and professionals) of Zemen Bank S.C. The total sample size for the study was 305 among these 34 were managers21 supervisors and the rest 250 are professionals. The study uses two stage cluster sampling technique as the elements of the target are found in various working units. To analyze the collected data correlation and multiple regression was used. The findings show that Key client focus had the highest effect on marketing performance followed by Organizing around CRM and technology. On the contrary, the Knowledge Management insignificantly related with marketing performance. Therefore, based on the finding the researcher has recommended that the bank should work more on those three customer relationship management dimensions (key client, organizing around crm and technology)that significantly affects the marketing performance.

Key words: Customer relationship Management, Marketing performance

CHAPTER ONE

INTRODUCTION

1.1 Back Ground of the Study

Banks are the most important financial intermediaries in an economy Jeucken & Bouma (1999). 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" Chauday & Sharma (2011). Since the early 1990s, the global business sectors entered in to the era of the Information Technology; and the Banking industry was no exception to this. Since then, banking sector has grown multi-fold. Consequently, competition in the banking sector has become inevitable. Under these circumstances, it became very difficult for banks to hold to their aim of improving the profitability. Marketing efforts started to focus on maintaining a stronger relationship with customers as a result. Relationship between a bank and its customer involves continuous two-way communication and interaction. Such a relationship on the part of management is not an activity only within a marketing department, but also involves continuous corporate change in organizational culture and process. CRM offers great potential for improving long-term customer relationships and enhancing profitability Ahadmotlaghi & Pawar (2012). CRM implementations usually involve four specific ongoing activities: (1) focusing on key customers (2) organizing around CRM, (3) managing knowledge, and (4) incorporating CRM based technology Dr. Srivastava(2012).

In general, the level of competition in the Ethiopian banking industry is at infancy, though there are some improvements over time; in a nut shell, banks in the Ethiopian case are competing in terms of service quality and efficiency (including use of technological advances), branch network expansions, advertising and prices, put in the order of their significance Zerayehu, Teshome, & Kagnew(2013). This is evident in the competition for foreign currency mobilization in a lottery package. Numerous researches were conducted with varied suggestions. Some indicated the necessity of improving level of key customer focus and knowledge management Gebeyehu, (2014) and other suggested "building long term relationship with valued customers and work with individual key customer" Semira

(2015). The application of customer relationship management differs between the government owned and privately owned banks: This might arise due to the different capabilities of the banks which includes the adaptation of models of best practice, prototyping new process, and managing the delivery of intended benefits Hugh, Elizabeth & Malcolm, (2010).Much of the studies, previously conducted were on government owned bank which happens to exist in a different level in terms of its size, profitability, maturity and capability. Besides, much of the researches conducted tried to mention the possible impacts of Customer relationship marketing on various variables like customer satisfaction, loyalty (Rini, Djamir, & Zainul),and some others assessed the Impact of Customer Relationship Marketing on Customer Satisfaction Dr- Abdullah,Dr. Abdelmo'ti & Dr.Abdalelah S. Saaty (2012). There were also local research outputs of the same area Mezgebu (2015) attempted to find out the Impact of Customer Relationship Marketing on Customer Satisfaction at Commercial Bank of Ethiopia. Similarly, Semere Elias (2015) study "Assessment of Relationship Marketing Practice in Wegagen Bank Share Company". As the previous researches were conducted on the marketing aspect of relationship function, the researcher believes analyzing the relationship with a broaden concept of Relationship management would give a distinctive finding to the previously drawn results. Therefore, this research was intended to analyze the effect of CRM on marketing performance considering Zemen bank as a case study.

1.2 Statement of the Problem

In today's Business, companies and particularly financial institutions are being affected by the dynamism of business. Now, not only the organizations aim to satisfy the customers but they attempt to do this more efficiently and effectively than their rivals in the competitive market place in order to attain their goals. Organizations are realizing that customers have different economic value to the company, and they are subsequently adapting their customer offerings and communications strategy accordingly. Thus, organizations are, in essence, moving away from product- or brand-centric marketing toward a customer-centric approach Yun, Gouzheng, Dengfeng, & Shanshan.

As reported by NBE (2017) service sector took 36.7% of the Ethiopian GDP which happens to be the major contributor. Though recently the government implemented a combination of fiscal and monitory intervention with an aid to shift this contribution to manufacturing, and export sector, prior to the intervention private banks have been working under strict regulation and supervision of the central bank which left a little room for competition. The finding of Zerayehu, Teshome, & Kagnew (2013) indicate that the competition of Ethiopian banks is in its infancy. However, the anticipation developed very recently is that banks can make difference in tracking, acquiring, and forming lasting relationship with a due care giving to their customers. The banks are now putting an effort to identify and work with key clients, improve customer knowledge management, and adopt technologies to customize their offerings so that there will be the growth in the number of customers and sales (Deposit). This is evident that after satisfying the minimum statutory levels, banks have been engaging in price competition, as can be explained by differentiated rates on deposits, especially on time deposit, the commencement of interest payment on demand deposit, as well as differentiated interest rates on loans Zerayehu, Teshome, & Kagnew (2013).

Zemen bank's key differentiators are its commitment to corporate clients, its use of state-of-the-art technology, its operational efficiency, and its excellence in customer service delivery. The Bank has a unique business model that can be provided to specific business requirements of clients and seeks to deliver superior and international service experience. (Africa Investor Event)

So the aim of this study is to weight the effect of Customer Relationship Management dimensions: key client, knowledge management, organizing around CRM and technology on marketing performance and to the researcher knowledge, no research of the same type has been done in the past at Zemen Bank. Hence, filling the knowledge gap, this study examines the effect of CRM practice on marketing performance.

1.3. Basic Research Questions

1. What is the effect of key client on marketing performance?
2. What is the effect of customer knowledge management on marketing performance?
3. What is the effect of organizing around CRM on marketing performance?
4. What is the effect of supporting CRM with technology on marketing performance?

1.4. Objective of the study

This research is intended to address two distinct objectives viz. general objective and specific objectives that aimed to be meet at the end of the study.

1.4.1. General Objective

To examine any effect Customer relationship management practice is having on marketing performance

1.4.2. Specific Objectives

The specific Objectives of this study are;

- To determine the effect of identifying key clients on marketing performance.
- To study the effect of Customer knowledge management on marketing performance.
- To study the effect of CRM organization on marketing performance.
- To examine the effect of supporting CRM with technology on marketing performance.

1.5. Significance of the study

This research focuses on examining the effect of Customer relationship management (CRM) practice on marketing performance of a selected bank.

The followings are the major significance of the study,

- It may help the bank's management to understand the extent to which the marketing performance is being affected by the CRM practices.
- The findings of this research would be an input for anyone who would like to make further studies of related issues

1.6. Scope of the study

1.6.1 Geographical Scope

The bank under study has 10 city and 7 outlying branches, therefore, the target population is made up of employees that are working under the stated branches and head office. Thus, geographically, the study is going to include all Zemen bank's branch.

1.6.2 Theoretical Scope

To narrow the research into manageable size, the study is confined in to limited dependent variables (attracting new customers, retaining existing customers and deposit growth) and independent variables (key customers, customer knowledge management, CRM organization and technology).

1.7. Definition of Basic Terms

i. **Customers**: One that purchases a service from the bank, or maintains a deposit with the bank.
ii. **Deposit**: Funds placed into an account at a depository institution to increase the credit balance of the account
iii. **Performance**: The accomplishment of a given task measured against present known standards of accuracy, completeness, speed.
iv. **Technology**: Is the collection of techniques, skills, methods, and processes, used in the production of goods or services or in the accomplishment of objectives.

1.8. Organization of the study

The proposal is organized in three chapters. The first chapter outlines the introduction part. It deals with the background of the study, statements of the problem, objectives of the study, significance of the study, scope of the study and organization of the study.

The second chapter deals with literature review. It reviews both theoretical as well as empirical studies conducted on Customer Relationships Management (CRM). Chapter three outlines the research methodology employed. It deals with the method of data collection & sources of data employed, analysis of the research. Chapter four illustrates data analysis and finally chapter five is about the summary, conclusion and recommendation.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1. Theoretical Literature

2.1.1 CRM and its varied definitions

In line with the varied view of CRM practices across the globe, definitions also diverge. This difference may be owed to a difference in the scientific background of the writers and scholars. As discussed by Dr. Hisham (2011). Swift (2000) defined CRM as a method of understanding the customer behavior through intense communication with him/her to improve the performance which is represented in attracting the customer, keeping him/her and increasing his/her loyalty and profitability. It can be noticed that this definition regards CRM as mere communication on the part of the organization to understand the customer's behavior. Stone & Findley (2001) defined CRM as the organization carrying out a lot of information about the customer from various resources and keeping it in order to divide the territories, analyze and reuse. It can be easily noticed that, this definition considers CRM as only collecting and recording information about the customer. On the other hand, Fross & Stone (2001) defined CRM as the company use of its abilities in the field of research methodology, technology and e-commerce in order to manage customer relationships. This definition for CRM regards it as the ability to use technology in the domain of dealing with customers. CRM is a comprehensive strategy that includes the process of acquiring certain customers, keeping them and cooperating with them to create a distinguished value for both the company and the customer. This strategy requires integrating the functions of marketing, sales, customer service and exposition chain so as to achieve the highest competence and efficiency in delivering value to the customer. As it shows, this definition regards CRM as a strategy with a main goal of delivering a distinguished value to the customer through improving the marketing function Parvatiyar & Jagdish (2001).

Despite the above discussed definitions of CRM, Payne & Frow (2005) CRM as a strategic method related to creating a distinguished value for the contributors through improving good relationships with the main customers and other customer categories, as it (CRM)

seeks to unify the strategies of marketing using relationships and information technology to create profitable, long-term relationships with customers and other parties. This value is created through providing good chances to use data and information to understand customers and provide them with value. Consequently, this requires the integration of customers, individuals and marketing abilities, which happens through information, technology and applications.

In the light of the above discussion, the definition of CRM related to the goal of the present study is considered as "CRM is the activity which is interested in the main customers of the organization, in the efficiency of organization and in the customer knowledge management, with the aim of enhancing the effectiveness of the organization decisions related to customers, leading, therefore, to the improvement of the marketing performance in particular and the organizational performance in general."Dr. Hisham (2011).

2.1.2. Marketing Management and Relationship practices

There are various perspectives as far as defining marketing management is concerned, citing the American Marketing Association, it offers this managerial definition:

Marketing management is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals. Thus, sees marketing management as the art and science of applying core marketing concepts to choose target markets and get, keep, and grow customers through creating, delivering, and communicating superior customer value.

The American Marketing Association's definition of marketing, revised in 2004, indicates that "marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders". Thus, the overall definition of marketing identifies the process of managing relationships as one of its key charters, parallel to more traditional marketing-mix factors. The domain that deals with relationships termed as "relationship marketing" Berry, (1983).

2.1.3. Components of CRM

Customer relationship Management mainly consists of three components, those are Customer, Relationship and Management.

Customer: customer is the only source of the company's present profit and future growth. However, a good customer, who provides more profit with less resource, is always scarce because customers are knowledgeable and the competition is fierce. Sometimes it is difficult to distinguish who is the real customer because the buying decision is frequently a collaborative activity among participants of the decision making process. Information technologies can provide the abilities to distinguish and manage customers. CRM can be thought of as a marketing approach that is based on customer information Wiener (1999).

Relationship: The relationship between a company and its customers involves continuous bidirectional communication and interaction. The relationship can be short-term or long-term, continuous or discrete, and repeating or one time. Relationship can be attitudinal or behavioral. Even though customers have a positive attitude towards the company and its products, their buying behavior is highly situational. Wiener (1999).

Management: CRM is not an activity only within a marketing department. Rather it involves continuous corporate change in culture and processes. The collected customer information is transformed into corporate knowledge that leads to activities that take advantage of the information and of market opportunities. CRM required a comprehensive change in the organization and its people. Wiener (1999).

2.1.4. CRM Dimensions

Customer relationship management is becoming an important issue in marketing in order to gain customer loyalty, improve customer retention rates as well as increase profits. Wong& Sohal, (2006). Sin, Alan, & Yim, (2005) identified the four dimensions of CRM in their study; key customer focus, CRM organization, knowledge management, and technology based CRM. Additionally, stated the dimensions of CRM as key customer focus, CRM organization, knowledge management and technology based CRM. These four dimensions were the most frequently used dimension in most of previous studies because together they cover a wide range of CRM activities Sin, Alan, & Yim, (2005).

2.1.4.1. Key Client Focus

Marketing concept promotes putting the interest of customers at first and different scholars consider a customer focus to be the most fundamental aspect of customer relationship. It is because the marketing concept encourages a business to be forward looking, a customer focused business is likely to be more interested in long-term business success as opposed to short-term profits. The key customers are defined as the ones that the information is accessible for recognizing and contacting them in the company. Also key customers includes the identified ones that provide more values for company through providing more profits, active long-term relationships, and powerful leadership for the companyAkroush, Dahiyat, Gharaibeh, & Abu − Lail (2011).Company-wide understanding and support for key customer focus motivate sales force to cultivate long-term customer relationships by offering more personalized services Kotler and Armstrong (2004). An important condition that enables the organization to be truly customer focus is the way in which it delivers value to its customers Payne & Frow (2005). The ultimate goal of key customer focus is to achieve deep customer relationships through which the seller organization becomes indispensable to its most profitable customers Vandermerwe (2004).

2.1.4.2 Knowledge Management

Knowledge management is a means in which companies capture, organize, manipulate, and share implicit and explicit data with both internal and external users Sin, Alan, & Yim (2005).According to Eid (2007) an organization is said to possess Knowledge only when the available information has been analyzed and effectively used to implement appropriate strategic decisions and actions Eid (2007).

Customer knowledge management is firmly associated with marketing capabilities and it greatly enables organizations to take strategic managerial decisions for improving their performance Fan & Ku (2010). To enhance customer profitability, information about customers should be gathered through interactions or touch points across all functions or areas of the firm.

2.1.4.3 CRM Organization

First and foremost, to enhance service employees to conduct customer- oriented behaviors, organizations have to develop an appropriate working environment for service in work, for instance, providing staff with the modern tools, and technology, customer-satisfaction tracking and complaints management systems, inspirational leadership, and appropriate rewards systems. As a result of the previous supportive working conditions, organizations can ensure the required customer - oriented behaviors of their employees Sin, Alan, & Yim (2005).

The researchers also argue that CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer - oriented approach, unless the project is completely integrated by them Sin, Alan, & Yim (2005).

Further, as a confirmation for this point stress that CRM success does not only require technological quality or systems, but it also requires an effective service concept as well as suitable operation procedures. Thus, the success of CRM implementation relies on the active involvement of the employees in the organization itself. Therefore, we can say that CRM organization has to be an essential means through which firms effect fundamental changes in the way they organize their actual business processes for employees and customers in, Alan, & Yim (2005).

Inevitably, all the organization resources (such as marketing capabilities, policies, culture, and organization structure) have to be integrated in order to implement CRM successfully and, in turn, to improve organizations performance. Previous studies also declare the positive impact of CRM organization on customer retention, financial and marketing performance Abdul & Basri (2012).

2.1.4.4 Technology and CRM

CRM based technology enables organizations to plan and implement successful marketing actions for retaining customers long-last and making them more profitable, because of the customer database and other information-storing systems Roberts, & Hazard (2005). Most CRM applications take great advantage of technology innovations with their ability to collect and analyze data on customer patterns, develop prediction models, respond with

11

timely and effective customized communications, and efficiently deliver personalized value offerings to individual customers Roberts, & Hazard (2005). Development of every organization in information technology area improves its capability in collecting, saving, analyzing, and sharing knowledge about customer. This leads to increase the organization's capability in responding the customers' needs and maintaining them. The customer values analysis and services personalization, that are the results of advances in information technologies revolting from traditional approach to the integrated marketing systems, can be accessible through customer information system and automation of customer support processes Sin, Alan, & Yim (2005).

2.1.5 Importance of CRM to banks

Many organizations have large number of customers, many different touch points (for instance, tellers, call center staffs, self-service machines and websites) at multiple geographic locations. Managers historically lacked the tool to practice relationship marketing. However, today CRM system act as an enabler, capturing customer information and delivering it to the various touch points. Well implemented CRM system can offer a "unified customer interface", which means that at each transaction the relevant account details, knowledge of customer preferences and past transactions or history of service problem are at the fingertips of the person serving the customer. This can result in a vast service improvement Lovelock, Patterson, & Walker (2001)

CRM if used properly would enhance a bank's ability to achieve the ultimate goal of retaining customers in order to gain a strategic advantage over its competitors. Thus, the successful management of customer relationship can improve customers' satisfaction and loyalty in order to give positive effect on upgrading business performance. Customer relationships are becoming even more important for banks as market conditions get harder. Companies that implement CRM make better relationships with their customers, achieve loyal customers and a substantial payback, increased revenue and reduced cost Nguyen & Sherif and Michael Newbay, (2007). According to Fross & Stone (2001) CRM permits banks to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers.

2.1.6 Objective of CRM

The basic objective of the customer relationship management is to create customer loyalty. Besides, the objectives of customer relationship management can be listed as follows: to make the customer relationships profitable; to form and preserve long-term and profitable relationships with customers; to increase the productivity of the firm; to create differentiation; to meet the customer demands; to enable cost minimization and harmonious activities Ergunda (2003). As a result, customer relationship management is an approach that makes it necessary to form long-term relationships with customers for the purpose of increasing the profitability and productivity of the enterprise and to make use of technology for this purpose. The enterprises should pay attention to the following issues so as to improve their relationships with customers Holloway, (2002)

- Recognizing the customers,
- Distinguishing the customers,
- Listening to the customers,
- Making all sorts of contacts with the customers,
- Enterprise identifying itself with the customer,
- Adapting to the customers.

2.1.7 Benefits of CRM strategy in Banking Industry

Benefits of CRM can be categorized into three groups namely: Benefits for customers, benefits for employees and benefits for banks.

Benefits for Customers

- Coordinated and professional approach to customer contact.
- Up-to-date customer information, Banks can offer more personalized services.
- Customers feel empowered if they have greater access to products and services. For example 24 hours banking.

- Targeted product and service offerings can be timed to coincide with customer events and requirements e.g., Education Loans and Tourism Loans.
- Develop better communication channels.
- Collect vital data, like customer details and order histories
- Create detailed profiles such as customer preferences
- Deliver instant, company-wide access to customer histories

Benefits for Employees

- Employees are empowered with the information to deliver high quality service and meet customer expectations

- Employees have more time to serve customers.

- Employees have higher satisfaction ratings.

Benefits for Banks

- Managers are empowered with information that can help them manage customer relationships and make better decisions.
- Optimum use of bank resources.
- Customer satisfaction and increased loyalty.
- CRM permits businesses to leverage information from their databases to achieve customer retention and to cross-sell new products and services to existing customers.
- It helps in capitalizing on short windows of opportunities in the market.
- Significant reduction in and limitation of operational costs through system automation

2.1.8 Major Factors Affecting CRM's success

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

Lack of skills

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

Inadequate investment

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

Poor data quality and quantity

As the combination of the management concept and the technical system, CRM needs a large numbers of databases. If a company cannot ensure the quality and the quantity of the data in the process of CRM''s implementation, CRM cannot give full scope to the company. But in company's different stages of CRM development, the emphasis levels of the data quality and the data quantity are different. For some companies which at the early stage of CRM development, data quality is the key point; but for some developed companies which plan to undertake or have undertaken the data refinement and the de-duplicating, data quantity is more important than data quality Payne (2006).

Failure to understand the business benefits

Low awareness of the business benefits will also affect the CRM''s success. Like some senior management of a company always have a low understanding of the marketing database which is the key issue of the CRM''s analysis and research. But in CRM''s implementation, especially in the earlier stage, data warehouse cannot be neglected because

it could help the company to forecast the potential benefits and profits after the analysis. So, for seeking the true objectives and maximizing the profits, the company really should understand the business benefits firstly Payne (2006).

Lack of leadership and top management involvement

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

2.1.9 Marketing Performance

Performance is the end result of activities that includes the actual outcomes of the strategic management process. The practice of strategic management is justified in terms of its ability to improve the organization's performance. Organizational performance comprises the actual output or results of an organization as measured against its intended outputs or goals and objectives Thomas & Hunger (2010).

Marketing performance refers to the improvement of the organizational status in the market, improvement of the customers' perception of organization and its products, and increase in their loyalty toward organization. Nowadays, companies deliver products and services that are personalized for every customer. Indeed, these organizations can achieve competitive advantages in sale and service marketing through customizing their mass services. Successful companies strive to transfer their mass services to the individual customer relationship management Martin & Camero (2005).

2.1.9.1 Customer Retention

Customer retention refers the ability of a company or product to retain its customers over same specified period. High customer retention means customer of the product or business tend to return to, continued, buy or in some other way not defect to another product or to non-use entirely. Customer retention has a significant relation on firm profitability. According to Gupta et al, (2004) find that "1% improvement in retention can increase firms value by 5%". Marketers who are interested in maximizing lifetime value realize that customer retention is a key to increase long run firm profitability. Henning (2000) develop a linear model to analyze customer retention and propounded that relationship quality is an important factor for retaining customers which lies between customer satisfaction and retention. Tamulienea (2004) claimed that there is statistically proven significant positive relationship between satisfaction, relationship quality, switching costs and customer retention. Customer centric culture based on coordination and integration organizational structure is essential for successful customer retention. Lewington(1996) considered information system as an essential support for customer retention effort.

2.1.9.2 Attracting new customer

Mortensen et al,(2008) define attraction in several viewpoint; Attraction is an alternative approach to managing business relationships based of the creation of voluntary motivation and commitment between the relationship partners which differ from the traditional approach of managing relationship by power. On the other hand, he viewed the definition of Attraction in marketing literature as slightly different; where Attraction refers to cause interest, pull a company towards yours and, furthermore have the ability to stay attractive to the other parties. The main way to initiate relationships in consumer markets is to engender trust and confidence (Morgan and Hunt, 1994).

2.1.9.3 Deposit (Sales) Growth

Sales Growth is the amount a company derives from sales compared to a previous, corresponding period of time in which the latter sales exceed the former. Sales growth is considered positive for a company's survival and profitability. According to Buttle, (2009) improving profitability at the customer level is an indicator of effort within the marketing

discipline towards a less comprehensive view of markets. On the other way, the single customer rather than segments of customers is increasingly stressed as the unit of analysis. This occurrence has given birth to labels such as "one-to-one marketing "and "micro marketing". Understood from this view point customer profitability is rising as an important measurement in which each customer can be defined. An emphasis on customer level profitability can be considered as a major image of marketing changing role within the firm. A significant aspect of the new role is that "marketing is too important to be left to the marketing department". For that reason, in many cases in marketing literature, other departments are encouraged to deal with marketing issues. This can be understood predominantly in terms of controlling costs, in the logic that marketing performance measures are being introduced in cost accounting literature and practice.

2.2 Empirical Literature

Various local and international researchers were undertaken the same research i.e. studied the relationship between CRM and marketing performance. However, they all differ in the variables they choose to represent the disciplines of CRM and Marketing. Under this section selected researchers' studies are discussed.

Dr. Hisham, (2011) on his study titled "Customer relationship Management and its relationship to the marketing performance" assessed the theoretical foundations of customer relationship management and its relationship to the marketing performance from the several perspectives. The population of the research is represented in all the financial institutions working in the Arab Republic of Egypt. They are 197 financial institutions, of which there are 39 banks, 20 insurance companies and 138 brokerage companies The researcher composed a stratified random sample that constitute 50% of the society. Based on Proportion the sample consisted of 20 banks, 10 insurance companies and 69 brokerage companies. On his approach, he derived CRM from systematic comparative analysis of the relevant relationship marketing literature, but included additional elements related to the important of focus on main customers, the organizational efficiency and customer knowledge management elements and their influence on the marketing performance.

The effect of CRM practice on organization's performance was also researched byAzza El Borsaly (2014). The study took sample of 22 banks drawn randomly from the Egyptian

market. After reviewing literatures of CRM, the researcher took five dimensions i.e. identifying customers, creating customer knowledge, building customer relationships, and focus on process and information technology as dimensions of CRM. Various researches presented marketing performance using different variables, the researcher on his study concluded that the better the usage and applicability of an organization's resources and capabilities, the higher the organization's performance. Thus, defined marketing performance as applicability to use organization's resources and capabilities. The research had limitations in that; more variables of the marketing performance and competitive advantage were not tested to ascertain the model proposed: and second, alternative industries were not considered to ascertain the stability of the findings Azza El Borsaly (2014).

The other research output on selected Barclay's banks in Ghana is by William (2011).The study which was conducted on 3 branches of Barclay's bank in the city of Kumasi (Ghana). It took sample size of 75 units which comprises 50 customers, 21 front line employees, and 4 management staff. The researcher wants to measure performance via profit, increase in customer base, and improve in customer service. The study focused on the strategy dimension of CRM implementation to find out its relationship with the variables related to organizational performance. The findings of the study implied that, CRM had an effect on the performance of the selected bank.

Similarly, Kafco (2017) on his study "Effect of CRM on marketing performance of Commercial Banks in Kenya", has found a significant relationship between CRM and marketing performance with specific conclusion that service quality management would lead to an increase in marketing performance in bank. As a result he recommended that the organization should put in place the customer orientation strategies, as he found out, it provides the customers knowledge about organization activities.

There were also local research outputs of the same area. Semira (2015) attempted to find out the effect of CRM on marketing performance at Commercial Bank of Ethiopia. In her study CRM was represented with four variables i.e. Focus on key clients, Knowledge management, organizing around CRM and, technology based CRM. Subjective Factors like loyalty, satisfaction, customers' perception on service quality, were chosen to represent

19

marketing performance. However, one scale variable i.e. market share was also included in to the array of dependent variables.

Gebeyehu (2014) has also undertaken the same research. His research assessed the Effects of CRM on marketing performance of commercial Bank of Ethiopia. His objectives included identifying the perception of employees towards CRM, measuring the marketing performance of CRM. In his research CRM was represented with variables which are the same with Semira (2015). On the other hand Marketing performance was represented with customer requisition and retention, market share and sales volume.

2.3. Conceptual Framework of the study

1. **Diagram 1: Conceptual Framework**
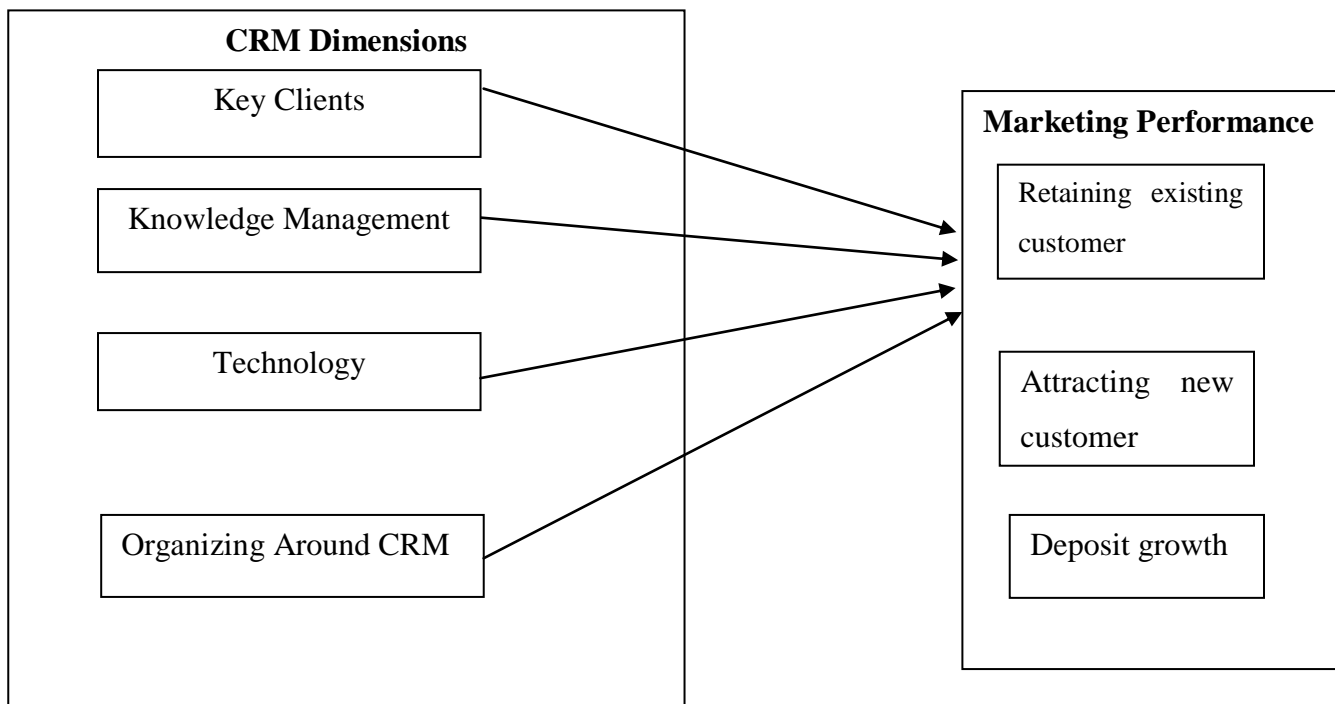
Source: Designed by the researcher

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1. Description of the organization

Zemen Bank S.C based in Addis Ababa – Ethiopia, was established in 2006 and has been in Operation since 2008. It was founded with 3000+ shareholders with a view to attend to the gap in the market and address the needs of corporate, institutional and high net-worth Individuals in the country. Within just a few years, it has built a very strong presence as a preferred Corporate/Institutional bank in Ethiopia. Zemen bank has a unique business model that can be catered to specific business requirements of each client, who is now active in every sector of the Ethiopian economy. Since 2017, the bank started the marketing activity at branch level in addition to the corporate and institutional banking center which is found at head office. The Bank's key differentiators are its commitment to corporate clients, its use of state-of-the-art technology, its operational efficiency, and its excellence in customer service delivery. In just a few years of operation, the Bank has won blue-chip clients such as Coca-Cola, Emirates airline, TOTAL OIL, TULLOW, DFID, IATA to mention a few.

3.2. Research Design

Associational research is beneficial for understanding associations/relationships between variables- useful for predicting outcomes. Therefore, the nature of this study is associational and explanatory as it seeks to identify and explain the relationship between CRM (Key clients, customer knowledge management and organization, technology) and marketing performance (New and existing customers &deposit growth). When focus is on cause-effect relationships, the study can be explanatory explaining which cause produce which effect Yin (1994).

3.3. Research Approach

The research has both quantitative and qualitative nature. This is because it involves collecting and converting data into numerical form aiming to undertake statistical calculations and draws conclusion. The conclusions then drawn in comparison to

previously studied theories and empirical results. This involves inferences about populations from data observed in samples. The reasoning used in this study is inductive, in other words, reasoning from the particular (the sample) to the general (the population). However, to avoid improper inferences, the population is defined carefully and used an appropriate sampling technique. Besides, other descriptive information like the summary of demographic statistics is also presented.

3.4. Data Source, and collection

3.4.1. Data Sources:

The study employs both primary and secondary data sources to gather data.. The primary sources are the employees of the bank.

3.4.2. Data Collection instruments

The study is undertaken based on the data obtained from primary and secondary sources. For this reason, structured questionnaire is used to collect the primary data from selected employees of the bank. On the other hand, secondary sources were books, internet and published journal articles related with Customer relationship management and Marketing performance.

3.5. Population, Sample size and Sampling techniques

3.5.1. Targets of the study

Zemen bank operates with 17 branches (10 in Addis Ababa and 6 in outlying cities) with total employees of 735. As the study is concerned with CRM practices, it considered the total number of employees who can possibly affect or be affected by the CRM practices. The total number of the employees (target) and their departments are depicted on the table below.

Table 1: Target of the study

No.	Department	Per Job Category			
		Managerial	**Supervisory**	**Professional**	**Total**
1	BBC (Bole Banking Center)	3	2	36	41
2	CIB (Corporate & Institutional Banking)	3	3	6	12
3	Credit	3	0	15	18
4	Legal	2	0	2	4
5	Main Branch	3	2	53	58
6	PBB (Personal & business banking)	19	14	136	169
7	PPR (promotion and public relation)	1	0	2	3
	Total	**34**	**21**	**250**	**305**

Source: Zemen Bank Planning Department

3.5.2. Sample Size determination

The study considered all the managerial, supervisory, and professional employees working at branches and head quarter. This doesn't include the non-professional and Contractual staffs. Thus, out of the mentioned employees 305, a sample size of 252 at confidence level of 95% and 5% margin of error is determined using (Morgan, 1970).To calculate the sample, the following formula is used.

$$n = \frac{X^2 * N * P * (1-P)}{(ME^2 * (N-1)) + (X^2 * P * (1-P))}$$

Where :

n = sample size

X^2 = Chi – square for the specified confidence level at 1 degree of freedom

N = Population Size

P = population proportion (.50 in this table)

ME = desired Margin of Error (expressed as a proportion)

Accordingly, the Calculation of the sample size is presented below:

Given:

X^2 (Chi-square for the specified confidence level at 1 degree of freedom= 3.84) (http://stattrek.com/online-calculator/chi-square.aspx)

N (Population size = 735)

P (Population proportion with the desired characteristics is assumed to be 0.5 since this would provide the maximum sample size)

ME(Desired margin of Error is 0.05 (5%)

Thus, fitting the numbers in to the formulae: $n = \dfrac{3.84*735*0.5\ (1-0.5)}{(0.05^2 *(735-1))+(3.84*0.5\ (1-0.5))}$

The resulting sample size=$\dfrac{706}{2.795} = \mathbf{252.45}$

3.5.3. Sampling Technique

As the elements of the target are found in various working units, two stages Cluster sampling is used to select elements that make up the target, as supported by Ahmed Saifudin (2009). This is because the targets are classified in to three basic positions i.e. Managerial, supervisory, and professional. The researcher believes that clustering these various positions is appropriate for the selection of samples.

3.5.3.1 1ˢᵗ stage sampling:

The targets of the study are 305 in number. Sample, employees with the same characteristics (Jobs) are grouped in to three distinctive clusters i.e. Cluster I (Managerial), Cluster II (Supervisory), and Cluster III (Professional).

Therefore, the clusters formed and the total numbers of employees under each cluster are shown on the diagram below.
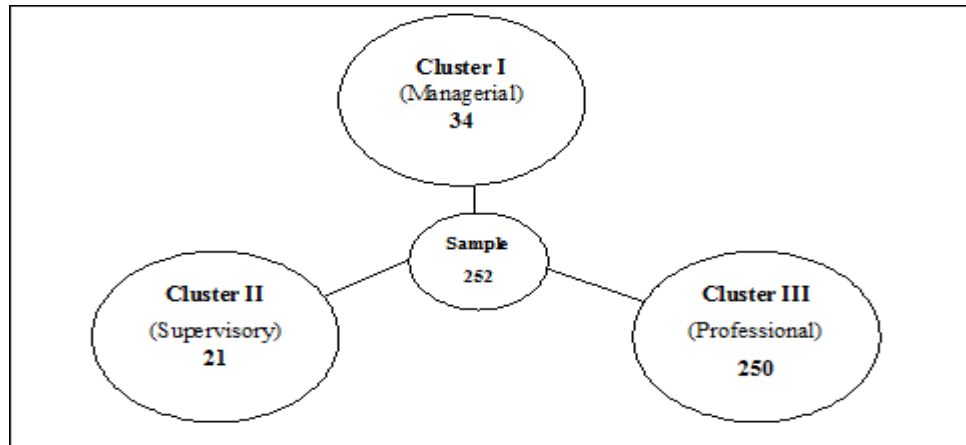
Diagram 2: Clustering

Source: Designed by the researcher

3.5.3.2 2nd stage Sampling

Up on selecting the elements from each of the cluster, convenience random sampling is used because convenience sampling is used in conjunction with most study design, Sedgwick (2013).Before selection, the samples were determined based on the proportion of each category as shown on table 2.

Table 2: Contribution of each cluster to the sample

#	Particular	Targets		Sample contribution
		Quantity	%age share	
1	Managerial	34	11%	28
2	Supervisory	21	7%	18
3	Professional	250	82%	206
	Total	**305**	**100%**	**252**

Source: Prepared by the researcher

3.6. Data Analysis Tools & Method

Data collected from respondent through questionnaire is analyzed and interpreted so as to arrive at meaningful findings.

Responses of employees collected via questionnaires are coded. After proper coding, and editing, data is analyzed by (SPSS). Analysis of data in this research is done by using statistical tools -regression and correlation models. Regression analysis uses to know by how much the independent variable i.e. relationship marketing explains or influences the dependent variable which is marketing performance (represented by number of depositors, and deposit). Correlation analysis also conducts to measure the direction of the association between relationship marketing dimensions and marketing performance indicators.

3.7. Variables of the study

3.7.1. Independent Variable:

CRM with focus on key customers, Customer knowledge management, CRM organization, and Technology

3.7.2. Dependent Variable:

The dependent variable of the study will be Marketing Performance: with focus on preserving existing customers, attracting new customers, and deposit growth.

3.8 Ethical Considerations

The study has approval from St. Mary's university school of graduate studies, department of Masters of Business Administration. To collect primary data through questionnaire from employees who are found at different working position. The respondents were instructed not to write their names on the questionnaire and assured of that the responses would be used only for academic purpose and kept confidential. The purpose of the study and the potential benefit of the research result were mentioned in the introductory part of the questionnaire.

CHAPTER FOUR

RESULTS AND DICUSSION

In this chapter, the data collected from respondents were analyzed and interpreted using quantitative analysis which involves analysis of the demographical information of respondents and the descriptive and inferential statistics employed to investigate the influence of independent variables on dependent variable. To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS version 20.

4.1 Response Rate of the questionnaire

A total of 252 questionnaires were distributed to employees of the bank to collect data for the study out of which236 questionnaires were filled up and returned back making the response rate 93.6 percent.

4.2 Reliability Test Result

The reliability test is an important instrument to measure the degree of consistency of an attribute which is supposed to measure. As stated (Cronbach, 1951) any research based on measurement must be concerned with the accuracy or dependability or, as we usually call it, reliability of measurement. A reliability coefficient demonstrates whether the test designer was correct in expecting a certain collection of items to yield interpretable statements about individual differences. In this regard, Cronbach's alpha is one of the most commonly accepted measures of reliability. The Cronbach alpha coefficient was calculated for the CRM variable questionnaire to measure that the set of questions are reliable enough to bring about a valid output. The normal range of Cronbach's coefficient alpha value ranges between 0-1 and the higher values reflects a higher degree of internal consistency. The Cronbach's alpha for CRM variable has measured between 0.95 and 0.98. Accordingly, the internal reliability of questionnaire designed to measure the CRM dimensions of the study had satisfied the requirement for commonly accepted value which is greater than .07 based on the recommendations of Gliem & Rosemary(2003).

Table 3: Reliability Statistics results for CRM

Constructs	Cronbach's Alpha	No of items
Key Customers	.959	8
Knowledge Management	.971	6
CRM organization	.977	8
Technology	.986	9

4.3 Demographic Characteristics of Respondents

This descriptive analysis is used to look at the data collected and to describe data captured through the questionnaire. It was used to describe the demographic factors for more clarification.

Table 4: Demographic Characteristics of Respondents

Demographics	Categories	Frequency	Percent
Sex	Male	153	64.8
	Female	83	35.2
	Total	**236**	**100**
Age	20-25	126	53.4
	26-35	71	30.1
	36-45	34	14.4
	Above 45	5	2.1
	Total	**236**	**100**
Position	Managerial	28	11.9
	Supervisory	18	7.6
	Professional	190	80.5
	Total	**236**	**100**
Experience	1-5 Years	199	84.3
	6-10 Years	28	11.9
	Above 10 Years	9	3.8
	Total	**236**	**100**
Education	BA Degree	212	89.8
	Masters	24	10.2
	Total	**236**	**100**

Source: Field Survey (2018)

As can be observed from table 3, 64.8 percent of the respondents were male while the remaining 35.2 percent of the respondents were female. This indicates that majority of the employees of the bank were male. The table also disclose another description of age from which 53.4 percent were n in the age interval of 20-25 years, 30.1 percent were 26-35 years, and 14.4 percent were 36-45 years and the rest 2.1 % were above the age of forty-five.

As far as the educational qualification of employees is concerned in the table 89.8 percent of the respondents were BA degree holders, and the remaining 10.2 percent were Master's degree holders. This shows that majority of the bank's employees are BA degree holders.

Out of the respondents 11.9 were managerial staffs, 80.5 were professional staffs, and the rest 7.6 were supervisory. As far as the sample respondents are considered, professional staffs make the majority of the bank's personnel.

As the table displays, 84.3 percent of the respondents were with work experience interval of 1-5 years. Other 11.9 Percent were in the interval of 6-10 years, and the rest 3.8 were with work experience of above 10 years.

4.4 Descriptive statistics of scaled type Questionnaires

The responses of the respondents for the variables indicated below were measured on five point Likert scale with: 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree.

4.4.1 Perception of respondents towards Key customer focus

Key customer focus is one of the most important dimensions of customer relationship management that involves an overall customer-centric focus and continuously delivering superior and added value through customized offers to the key customers. In today's business environments, the ultimate goal of any key customer focus is to achieve a deep customer relationship that makes an organization a necessary partner to its most profitable customers.

Table 5: Descriptive statistics of Key Customer focus

#	Key Client Focus	Mean	Standard Deviation
1	Relationships with customers are given great value in our organization	4.93	0.29
2	The organization clearly identifies who key clients are	4.89	0.34
3	The bank makes effort to find out what the key customers need.	4.88	0.40
4	The bank offers special service room to its key customers.	4.94	0.27
5	The bank provides customized service to our key customers.	4.87	0.40
6	The bank arrange special care to its special customers	4.85	0.49
7	The interest rate (price) for key clients is flexible	4.89	0.34
8	The bank undertakes promotion targeting to reach major clients	4.89	0.32
	Average	**4.89**	**0.36**

Source: Field Survey (2018) n = 252

As can be referred from the above table, the extent of identifying key clients and their needs, valuing them, providing special service room and price flexibility, providing customized service and arranging special care and finally promotion to reach major clients scored average mean of 4.89 and standard deviation 0.36. This shows that the bank gives emphasis to its potential customers as a result this helps to retain its customers who contribute to the improvement of its performance. According to Kotler (2004),the overall company understanding and support for key customer focus encourages sales force to foster long-term customer relationships by offering more personalized services.

4.4.2 Perceptions of Respondents towards Knowledge Management

Knowledge management is a means in which companies capture, organize, manipulate and share implicit and explicit data with both internal and external users. Sin,Alan,&Yim (2005).

Table 6: Descriptive statistics of Knowledge Management

#	Variables of Knowledge management	Mean	Standard Deviation
9	The bank maintains a comprehensive database of its customers	4.58	0.51
10	Customers' information are updated regularly	4.47	0.71
11	I have a good knowledge of our Customer	4.71	0.47
12	The bank fully understands the needs of our key customers via knowledge learning	4.59	0.51
13	Individual customer information is made available through core banking system at every point of contact	4.58	0.51
14	The bank uses e-banking instruments to identify appropriate channel of communication	4.58	0.53
Average		**4.58**	**0.54**

Source: Field Survey (2018) n = 252

According to the respondents' response on table 5, the extent of maintaining comprehensive data base, updating information regularly, understanding needs via knowledge management, effort of making key clients known by employees, the extent of availing information via core banking and the level of using e-banking instruments to identify appropriate channel of communication scored an average mean of 4.58 with standard deviation of 0.54.The result of responses reflect an observation by Eid (2007), that an organization is said to process Knowledge Management only when the available

information has been analyzed and effectively used to implement appropriate strategic decisions and actions.

4.4.3 Perceptions towards Technology based CRM

The recent evolution in information technology has caused deep changes, both in terms of relationships management as well as in the way companies operate, leading to changes in the role played by marketing, particularly with regards to customer relationship management.

Table 7: Descriptive statistics of Technology based CRM

#	Technology based CRM	Mean	Standard Deviation
15	The bank's relationship function is supported with the right software and hardware	4.87	0.34
16	The bank applies two-way communication with its key customers	4.87	0.34
17	The bank uses call center to communicate with customers	4.87	0.34
18	My bank uses e-mails to receive complaints	4.87	0.34
19	My bank uses e-mails to communicate with key customers.	4.86	0.37
20	The bank Provides automated teller machines (ATM) at all branches	4.87	0.34
21	The bank provides POS (Point of sale) terminals at our major clients site	4.80	0.55
22	There is an act of deploying technologies to communicate with our customers	4.95	0.22
	Average	**4.8**	**0.35**

Source: Field Survey (2018) n = 252

According to table 7, the extent of supporting CRM with the right software and hardware, Point of sale machines, applying two-way communication with key customers, the extent of deploying technologies to communicate with key clients, the extent of providing ATM machines at all branches and finally usage of call center and e-mail to collect complaint scored an average mean of 4.8 with standard deviation of 0.35.This result indicates the effectiveness of the bank in focusing on technology in order to create good relationships with customers. According to Carlos & Ramos (2003) information technology and Relationship are interdependent issues.

4.4.4 Perceptions towards Organizing around CRM

CRM is an enterprise wide initiative. It requires that all areas of the organization work towards the common goal of building stronger customer relationships. The organizational arrangement and structure needs to be flexible and, if necessary reassembled to generate customer-centric values and develop coordination of customer-focused, cross functional teams in order to attract potential pool of customers. Furthermore, with meticulous efforts by all organizational functions to constantly provide a stream of value-rich actions business were structured around promoting, encouraging, stimulating the valuable relationships.

Table 8: Descriptive statistics of Organizing around CRM

#	Organizing around CRM	Mean	Standard Deviation
23	The bank's structure considered the customers' needs and wants	4.97	0.14
24	The bank has a clear procedure on customer acquisition, and retention	4.96	0.21
25	The bank allots budget and personnel to improve the CRM function	4.96	0.18
26	The organizational structure allows flexibility to deal with customer	4.97	0.17
27	The function of relationship management is decentralized.	4.96	0.18
28	The bank's cross functional teams work teams work in harmony towards improvement of customer service	4.96	0.18
29	My bank spends enough resources to manage customer relationship	4.96	0.18
30	Employees performance in managing customer relationship is recognized and rewarded	4.96	0.18
31	The organization offers training and development programs to enhance employee's customer care skill.	4.95	0.26
Average		**4.96**	**0.18**

Source: Field Survey (2018) n = 252

Zemen bank's attitude of organizing around CRM was assessed through questionnaire. The breakdown of the questioners are the consideration of key customers while designing the organizational structure, development of procedure on customer acquisition and retention, as well as training towards CRM, the extent of rewarding employees' performance with regard to managing key clients, the extent of harmonizing the efforts of cross functional teams, the decentralization dimension of CRM and finally both the bank's budget allocation towards improving CRM function and its Flexibility. The result indicates the

weighted average mean score 4.9 with standard deviation 0.18. This implies that the bank efforts on Organizing around CRM is effective and according to Anderson & Swamina than (2005), The success of CRM programs call for commitment of resources at all levels and functions of the firm.

4.4.5 Perceptions towards Marketing Performance

Table 9: Descriptive statistics of Organizing around CRM

#	Assessment of Marketing Performance	Mean	Standard Deviation
32	Our bank's account opening rate are rapid	4.89	0.30
33	Our key client business partners open account with us often	4.96	0.18
34	There is an increasing trend of customer traffic in our bank	4.89	0.30
35	New clients are attracted to our bank due to our customer care	4.83	0.52
36	There is an increasing number of transactions from key clients	4.89	0.30
37	Deposit from our key clients makes majority	4.89	0.30
38	There is an increasing trend of deposit from existing customers	4.89	0.30
39	There is a high contribution of deposit from new customers	4.89	0.30
40	Our POS machines bring about significant deposits	4.89	0.30
	Average	**4.89**	**0.31**

Source: Field Survey (2018) n = 252

According to table 9, the extent of achieving higher rate of account opening, attracting new clients and luring business partners of key clients, the bank's ability to generate deposits from point of sale (POS) machines, the bank's ability to get deposits from new customers, the trend of increasing customer transactions from key clients and the mobilization of

major deposit from key customers, and finally, the bank's ability to increase customer traffic at its working units scored an average mean of 4.89 with standard deviation of 0.31. This shows effectiveness of the bank in its marketing performance out comes in terms of acquiring, retaining customers and mobilizing deposit. According to Thomas &Hunger (2010) organizational performance comprises the actual output or result of an organization as measured against its intended goal and objectives.

4.5. Correlation Analysis

Based on the questionnaires which were filled by the employees of the selected Zemen Bank in A.A and Outlying branches, the following correlation analysis was made between the dependent variable (Marketing Performance) and factors (Key customer focus, knowledge management, Technology and Organizing around CRM).

Table 10: Correlations between CRM and Marketing Performance

		Key Clients	Knowledge Management	Technology	Organizing around CRM	Marketing Performance
Marketing Performance	Correlation Coefficient	.672**	.219**	.575**	.616**	1.000
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	236	236	236	236	236

** .Correlation is significant at the 0.01 level (2-tailed).
Source: Field Survey (2018) n = 252

As the variables selected to represent CRM and marketing performance have ordinal value, spearman correlation analysis was used to estimate the strength and direction of relationship between the CRM and marketing performance. In statistics the correlation coefficient is always between +1 and -1, where +1. Its value is interpreted as -/+ 0.7 indicates strong, -/+0.5 A moderate and -/+ 0.3 indicates weak. (Rumsey). According to the notion thus, the result of correlation test presented on table 10 indicated that three independent variables i.e. Key client focus, technology, and Organizing around CRM were positively and significantly correlated with marketing performance. The result indicated

that the highest correlation is observed on key clients focus followed by Organizing around CRM with a correlation coefficient of 0.616 and technology based CRM with a coefficient of 0.672 each, and technology 0.57. However, a correlation coefficient of 0.219was observed with knowledge management which represents weak relationship with market performance.

4.6 Linear regression analysis assumption test

The researcher tested certain linear assumptions in order to justify the use of linear regression model for the purpose of inference or prediction. Each assumption is discussed below.

4.6.1 Normality Assumption

Multiple linear regression analysis requires variables to be multivariate normal. In order to test this assumption, the researcher undertook normality test for each variable of CRM. According to the result on table 11 thus, the P – value of each variable category showing level of below 0.05. Therefore, it can be said that the observations for each variable follow a normal distribution.

Table 11: Normality test result

Variables	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Key Clients	.275	236	.000	.794	236	.000
Knowledge Management	.254	236	.000	.837	236	.000
Organizing around CRM	.247	236	.000	.785	236	.000
Technology	.252	236	.000	.851	236	.000
Marketing Performance I	.285	236	.000	.813	236	.000

4.6.2 Multicollinearity Assumption

Multiple Linear regression also assumes that there is little or no multicollinearity in the data. The VIF (Variance inflation factor) for all the dependent variables shows an acceptable result which is below 10. The fact that the there is less multicollinearity means there are estimates of the model that can be relied up on for prediction.

Table 12: Tolerance and VIF levels

Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Key Clients	.741	1.350
	Knowledge Management	.917	1.091
	Technology	.833	1.201
	Organizing around CRM	.700	1.429

4.7. Multiple Regression analysis result of CRM and Market performance

Multiple linear regression analysis was used to develop a model for predicting Marketing performance from CRM. The model fitting information, Anova result and the coefficients of CRM variables are presented on the tables below.

Table 13: Model Fit

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.464[a]	.216	.202	.210
a. Predictors: (Constant), Organizing around CRM, Knowledge Management, Technology, Key Clients				

In linear regression, R^2(the coefficient of determination) summarizes the proportion of variance in the outcome that can be accounted for by the explanatory variables, with larger R^2values indicating that more of the variation in the outcome can be explained up to a maximum of 1. As indicated in table 11 thus, the R^2shows that 21.6% of the variance in marketing performance is explained by the variance in explanatory variables i.e. Key customer focus, technology based CRM and organization around CRM.The model consisting explanatory variables with CRM dimensions was able to account for 21.6% of the variance in marketing performance.

Table 14: ANOVA statistics

Model		Sum of Squares	Df	Mean Square	F	Sig.
	ANOVA[a]					
1	Regression	2.800	4	.700	15.878	.000[b]
	Residual	10.183	231	.044		
	Total	12.983	235			
a. Dependent Variable: Marketing Performance I						
b. Predictors: (Constant), Organizing around CRM, Knowledge Management, Technology, Key Clients						

The significant (p<.0001) indicates that the Final model gives a significant improvement over the baseline intercept-only model. This tells that the model gives better predictions than if just guessed based on the marginal probabilities for the outcome categories.

Table 15: Coefficients of customer relationship management dimensions

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	Coefficients[a]					
		B	Std. Error	Beta		
1	(Constant)	2.280	.346		6.583	.000
	Key Clients	.236	.052	.299	4.559	.000
	Knowledge Management	-.039	.035	-.068	-1.101	.272
	Technology	.139	.053	.170	2.604	.010
	Organizing around CRM	.178	.082	.151	2.163	.032
a. Dependent Variable: Marketing Performance I						

Basic multiple regression analysis results are shown in Table 15. According to the result, two of CRM dimensions i.e. Key clients and technology have significant influence on market performance (p<0.01) Organizing around CRM has significant influence on

marketing performance (P<0.05). Hence, key customer focus, technology and organizing around CRM are influencing marketing performance of Zemen Bank S.C significantly. While Knowledge Management shows (p>0.05) which is negative and insignificant result.

4.7.1 The Effect of Focus on Key customers on marketing performance

The result of multiple regression analysis in table 15 indicates that Focusing on key customers has significant influence on marketing performance (p<0.01β=.236). The standardize beta value indicate that Key customer focus has high degree of importance than others in influencing the marketing performance. The finding of this study is consistent with the findings of (Dr. Hisham, 2011).He indicated that if customers work more on their key clients they will improve their market performance through creating long lasting relationship and insuring their profitability.

4.7.2. The Effect of Knowledge Management on marketing performance

The result of multiple regression analysis in table 15 indicates that knowledge management has negative influence on market performance (p<0.01 β= -.039). This implies that knowledge management has insignificant influence on the marketing performance of Zemen Bank S.C. The result is consistent with the findings of (Semira, 2015).

4.7.3. The Effect of Technology based CRM on marketing performance

The result in table 15also indicates that Supporting the CRM function with technology has significant influence on market performance (p<0.01 β= 0.139). Besides, the beta value ranked third in influencing marketing performance and demonstrates that the positive influence of focusing on technology.. The finding is consistent with the results of (Azza El Borsaly, 2014). Information technology helped to develop closer relationship with customers and have frequent contacts with them via email, SMS, etc. By using CRM information technology, banks foster gathering, analyzing, and interpreting various kind of customer data in order to develop the relationship with their customers. Advancements in information technology, data warehousing and data mining capabilities enable enterprises to manage individualized relationships with key customers (Azza El Borsaly, 2014).

4.7.4 The Effect of Organizing around CRM on marketing performance

In addition to the results discussed above, table 15 also indicates that designing a strong and flexible organizational structure that enhances the CRM function has significant influence on market performance ($p < 0.01$ $\beta = .178$). Besides, the beta value demonstrates that Organizing around CRM has positive influence and second influencing factor of marketing performance. The findings of (Azza El Borsaly, 2014) also showed that CRM capability contributes to banks' marketing performance and their competitive advantages. Through CRM process banks are able to develop their services based on customer wants, interact with them to detect changes in their preferences, offering low prices, and to create value for them. (Azza El Borsaly, 2014).

The findings of (Dr. Hisham, 2011) also suggested that specifying enough time and resource on CRM can improve marketing performance of an organization through improved organizational efficiency. On his suggestion for CRM framework he particularly stated that it is necessary to take care of the accurate design of the organizational framework related to the financial institution in order to facilitate dealing with customers. Thus, the finding of this research is similar to that of (Dr. Hisham, 2011) in that it found a strong and positive relationship between Organizing around CRM and marketing performance of financial institutions.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMNDATION

5.1 Summary of Findings

By undertaking a detailed analysis on the effect of customer relationship management on marketing performance the results of the study findings is summarized as;

- A total of 252 employees were requested to give their responses in regard to the dimensions, however, 236 has successfully drawn responses. Therefore, this study is undertaken with the data of whose response rate has measured to be 93.6 %.

- The reliability of the questionnaire employed to collect data was measured via Cronbach alpha estimation which happened to between 0.98 and 0.95. This shows that the questionnaire designed to collect the desired data from the respondents has an acceptable degree of reliability as specified by (Cronbach, 1951)

- The findings of the study indicated that three of the CRM variables i.e. focusing on key clients, technology based CRM and organizing around CRM have positive and significant relationship with marketing performance by having correlation coefficient 0.672,0.575 and 0.643 consequently. However, a correlation coefficient of 0.219 was observed with knowledge management which represents weak marketing performance.

- After conducting the normal distribution test we have proofed variables are normally distributed. Test result of the multicollinearity assumptions shows that the VIF (Variance inflation factor) for all the dependent variables shows an acceptable result which is below 10.

- From the model fitting information the R^2 shows that 21.6% of the variance in marketing performance is explained by the variance in explanatory variables.

- The regression analysis findings shows that Key clients focus had the highest effect on marketing performance. The beta value of 0.236 for the variable - key client focus indicates the highest magnitude 0.001 significance level. Organizing around CRM has the second highest magnitude in terms of affecting the marketing

performance. This is indicated by the beta value of 0.178 at 0.001 significant level and Technology dimension of CRM had the third highest magnitude in terms of affecting the marketing performance with beta value of0.139.On the contrary, the knowledge management insignificantly related with marketing performance. This is because the P-value for the explanatory variable indicated a significance value of above 0.05.

5.2 Conclusion

The major objective behind this particular study is to Study the effect of customer relationship management on marketing performance in Zemen bank S.c.

- Based on the descriptive results of the study, it is factual to conclude that majority of the bank's staffs happen to be males and the bank is also composed of young teams. Besides, the staffs of the bank are at least BA degree holders with rare of them are master's degree holders. Moreover, it is noticed that employees of the bank have decent understanding of the customer relationship management concept.

In addition,

- The bank understudy has a fairly good customer relationship management function in terms of focusing on key customers, deploying technology based CRM and organizing itself around CRM. This is measured through the correlation analysis that showed a positive and significant correlation between focusing on key clients, deployment of technology based CRM and organizing around customer relationship management. From this notion it is obvious to understand that the bank's marketing performance represented by deposit and customer growth is being driven by the factors mentioned above.

- Likewise, the multiple regression result has supported the notion that the bank has managed to relate the function of customer relationship management with its marketing performance mainly indicated as improvement in deposit and number of depositors at the bank.

- Considering the relative effect of the individual components of the CRM function on marketing performance, focusing on key clients has the most dominant effect in determining marketing performance of the bank while the knowledge management has the least effect.

5.3 Recommendation

This study has confirmed that the influence of customer relationship management on market performance of Zemen bank. Correspondent to the findings and conclusions made above, the following recommendations are suggested so that the bank can improve customer relationship management activities to boost marketing performance.

- The bank has to improve the level of key client focus by identifying the customers, studying their needs, and working with key customers, via the provision of flexible price (lending and saving rates) and locating in nearby. This is because the factor that is explaining the marketing performance with the highest magnitude is key client focus.

- The bank has to improve its organizational structure around customers through good organizational structure, committing organizational wide to the effect and in a way to improve the performance of cross functional teams as Organizing around CRM is affecting the marketing performance with the second highest magnitude.

- The technology aspect of CRM affects the bank's marketing performance in a third highest magnitude. Therefore, although the bank is already equipped with latest technology, it should improve the deployment of technology in order to improve its marketing performance.

- Even though the finding shows Knowledge management do not have significant effect yet I recommend that the bank should not stop working on this because having this information may help in the future.

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APPENDIX I

POPULATION

#	Department	Per Job Category						Per Employment Status		
		Managerial	Supervisory	Professional	Non-Professional	Contractual	Total	Indefinite Period	Definite Period	Total
1	Office of The President	6	0	2	0	0	8	8	0	8
2	Office of Board Secretariat	0	0	0	0	1	1	0	1	1
3	BBC	3	2	36	3	0	44	44	0	44
4	Core Banking & SW Dev't	3	1	5	0	0	9	9	0	9
5	CIB	3	3	6	3	0	15	15	0	15
6	Credit	3	0	15	2	5	25	20	5	25
7	E-Channel Management	3	1	15	0	0	19	19	0	19
8	Engineering Division	3	0	3	0	0	6	6	0	6
9	Facility Management	1	2	14	21	16	54	38	16	54
10	Finance	3	2	24	2	0	31	31	0	31
11	Human Resource	3	0	7	0	0	10	10	0	10
12	IBD	3	3	18	1	0	25	25	0	25
13	Internal Audit	2	1	11	0	0	14	14	0	14
14	Infrastru	1	2	7	0	0	10	10	0	10

	cture Division								
15	IT Security Division	1	0	2	0	0	3	3	0	3
16	IT Projects Department	1	0	1	0	0	2	2	0	2
17	Knowledge & Innovation	1	2	5	0	0	8	8	0	8
18	Legal	2	0	2	0	0	4	4	0	4
19	Main Branch	3	2	53	5	0	63	63	0	63
20	Multichannel Banking	2	2	37	9	0	50	50	0	50
21	PBB	19	14	136	53	9	231	222	9	231
22	PPR	1	0	2	2	0	5	5	0	5
23	Risk & Compliance Mgt.	3	0	4	0	0	7	7	0	7
24	Security Service	1	0	0	89	1	91	90	1	91
	Total	71	37	405	190	32	735	703	32	735

QUESTIONNAIRE

St. Mary's University

School Of Graduate Study

Questionnaire to be filled by employees

Research title: The effect of customer relationship management on the marketing performance of Zemen bank s.c.

Researcher: EmedenTesfaye

This questionnaire is designed to collect data about the effects of Customer Relationship Management on Market Performance of Zemen bank. The information will be collected via this particular questionnaire is going to be used as a primary data in my case study which I am conducting as a partial fulfilment of the requirements for the degree of Masters in Marketing Management in St. Mary's University. Therefore, I kindly request your kindness and deliver the right information so that the research will have valid output.

Dear respondents, as stated above the responses you will provide will only be consumed for the purpose of research, thus I would like to ensure that all your responses will be kept confidential.

Note:

• Put ✔on the space provided for response /rate

Part I: Respondent's information

1.   **Sex:**   **Male**   **Female**

2.   **Age:**   **20-25**   **26-35**   **36-45**
Above 45

3.   **Position: Managerial**   **Clerical**   **Professional**

4.   **Years of experience at Zemen Bank: 1 -5   6-10   Above 10**

5.   **Education: BA degree: Masters   Beyond Masters**

1. Key clients	Scales				
Questions	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
	1	2	3	4	5
1 Relationships with customers are given great value in our organization					
2 The organization clearly identifies who key clients are					
3 The bank makes effort to find out what the key customers need.					
4 The bank offers special service room to its key customers.					
5 The bank provides customized service to our key customers.					
6 The bank arrange special care to its special customers					
7 The interest rate (price) for key clients is flexible					
8 The bank undertakes promotion targeting to reach major clients					

2 Knowledge management	Scales				
Questions	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
	1	2	3	4	5
9 The bank maintains a comprehensive database of its customers					
10 Customers' information are updated regularly					
11 I have a good knowledge of our Customer					
12 The bank fully understands the needs of our key customers via knowledge learning					
13 Individual customer information is made available through core banking system at every point of contact					
14 The bank uses e-banking instruments to identify appropriate channel of communication					

3. Technology	Scales				
Questions	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
	1	2	3	4	5
15 The bank's relationship function is supported with the right software and hardware					
16 The bank applies two-way communication with its key customers					
17 The bank uses call centre to communicate with customers					
18 My bank uses e-mails to receive complaints					
19 My bank uses e-mails to communicate with key customers.					
20 The bank Provides automated teller machines (ATM) at all branches					
21 The bank provides POS (Point of sale) terminals at our major clients site					
22 There is an act of deploying technologies to communicate with our customers					

	4. **Organization for better CRM**	**Scales**				
	Questions	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
		1	2	3	4	5
23	The bank's structure considered the customers' needs and wants					
24	The bank has a clear procedure on customer acquisition, and retention					
25	The bank allots budget and personnel to improve the CRM function					
26	The organizational structure allows flexibility to deal with customer					
27	The function of relationship management is decentralized.					
28	The bank's cross functional teams work in harmony towards improvement of customer service					
29	My bank spends enough resources to manage customer relationship					
30	Employees performance in managing customer relationship is recognized and rewarded					
31	The organization offers training and development programs to enhance employee's customer care skill.					

Part III Questions related to Marketing Performance

	Questions	Scales				
		Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
		1	2	3	4	5
32	Our bank's account opening rate are rapid					
33	Our key client business partners open account with us often					
34	There is an increasing trend of customer traffic in our bank					
35	New clients are attracted to our bank due to our customer care					
36	There is an increasing number of transactions from key clients					
37	Deposit from our key clients makes majority					
38	There is an increasing trend of deposit from existing customers					
39	There is a high contribution of deposit from new customers					
40	Our POS machines bring about significant deposits					