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St. Mary's University, Ethiopia

School of Graduate Studies

Assessment of Customer Relationship Management
Practices: The case of Commercial Bank of Ethiopia

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June, 2018
Addis Ababa, Ethiopia

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**A THESIS REPORT SUBMITTED IN PARTIAL FULFILLMENT OF THE
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ST. MARY’S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
FACULTY OF BUSINESS

“Assessment of Customer Relationship Management
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DECLARATION

I hereby declare that this submission is my own work towards the Executive Masters of Business Administration and that, to the best to my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text

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This is to certify that Selamawit Meheretab her carried out her research work on the topic entitled “Assessment of Customer Relationship Management Practices: The Case of Commercial Bank of Ethiopia” The work is original in nature and is suitable for the submission for the award of Masters of Business Administration.

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ACRONYMS

- CRM Customer Relationship Management
CBE Commercial Bank of Ethiopia
CRO Customer Relationship Officer
SPSS Statistical Package for the Social Sciences

ABSTRACT

The aim of this paper is to assess Customer Relationship Management practice on Commercial Bank of Ethiopia in Addis Ababa, Ethiopia. The study used both quantitative and qualitative research approach and it employed descriptive research design to see CRM practice of the bank. Thus, the study tries to assess the status and ways CRM has been put in to practice by CBE by look over five CRM dimensions those are service quality, interaction management, employee behavior, relationship development and physical environment. To achieve the objective of this study, primary data were collected by using 5-point Likert-scale questionnaire distributed to business credit customers and semi structured interview conducted with customer relationship managers and customer relation officers of Commercial Bank of Ethiopia. 281 questionnaires returned. These respondents were selected using Non-probability sampling method; specifically convenience sampling technique was used. Frequency, Mean, and standard deviation used to analyze data and to aid computation statistical package for social science (SPSS) software version 20.0 used. The findings of the study showed that, average mean score of each dimension categorized under well and moderate practiced of customer relationship management by the bank, therefore, the bank-practiced customer relationship management more or less well. More over The result of this study indicated, network interruption, lack of resource (like FCY, and credit) is common challenges for the bank are Some of the finding that get from the research so, based on the findings of the study, the researcher forwards some recommendations to the bank..

Key words: Customer relationship management, Customer Satisfaction

CHAPTER ONE

INTRODUCTION

1.1 Background of the study

Generally speaking, all businesses and particularly financial institutions have been affected to some degree in what is happening in the global market place. Now, not only the organizations aim to satisfy the customer's but they attempt to do this more efficiently and effectively than their rivals in the competitive market place in order to attain their goals. The most important goal of an organization is to maintain customer satisfaction and focus on customer centric approach in their organizational and marketing strategies. The significance of customer satisfaction cannot be dismissed while happy customers are like free advertising for the financial institutions. It is necessary to put the customer at the center of the business according to its strategies, events and processes. In fact, it is easier and more profitable to sell to present customers than to find new ones. Financial institutions are setting their strategies to ensure customer satisfaction, retention; therefore, their employees should be more customer-focused and service-oriented in order to satisfy their customers (Mohammed, 2014)

Customer relationship management (CRM) is a concept for managing a company's interactions with customers, clients, and sales prospects, which can achieve financial institutions goal such as customer satisfaction. It involves using technology to organize, automate, and synchronize business processes. The objectives of CRM are to enhance profitability, income, and customer satisfaction. To attain CRM, many organizations use set of tools, technologies, and procedures to support the relationship with the customer to enhance sales. Therefore, CRM is an issue of strategic business and process rather than a technical one. Customer relationship management (CRM) is a concept for managing a company's interactions with customers, clients, and sales prospects. (Long, 2013)

Bowen and Chen (2001) argue that having satisfied customers is not sufficient. This is because customer satisfaction needs to have direct impact on customer satisfaction and loyalty. Sivadas and Barker- Prewitt (2000) stress that there is a rising recognition that the last objective of

customer satisfaction measurement should be customer loyalty. Many organizations merely categorize customer satisfaction measurement as type of “marketing intelligence” instead of using it as management tool to build customer service quality improvement processes and increase profit (Linnell, 2009).

Today banking institutions face many challenges including global competition for deposits, loans, underwriting fees, increasing customer demands, shrinking profit margins, and the need to keep up with the new technologies (SAP AG, 2002). According to (Onutet, 2006), banks and other service providers realize the importance of Customer Relationship Management (CRM) and its potential to help them acquiring new customers, retain existing ones, and maximize their lifetime value. Customer Relationship Management (CRM) came into the power when banking institutions were getting more and more competitive. The focus of CRM helped banks to understand the customer’s current needs, what they have done in the past, and what they plan to do in the future to meet their own goals (Xu, *et al.*, 2002). According to (Crosby, 2002), the intelligent use of information about customer needs will create long-term two-way relationship with the customers. This will bring many advantages to the banking sector since long term customers are less costly to serve and smooth running relationships are less resource demanding. In general, CRM for any organization consists of two tasks i.e., customer acquisition and increased sales to existing customers. It is often justified by the phrase, “Make the right offer at the right time to the right customer” (Pritesh, 2010) described that, the first step towards successfully winning, retaining and growing the profitability of bank customers is to understand what their wants and needs are, so that the organization can be built around serving Those needs. Customers are the source of profits to be earned by a profit making organization and the primary reason for being in the operation for not for-profit organizations (Bekele, 2011). Thus, the customer is the only profitability source of companies in the present and future.

From the above explanation to understand, the wants and needs of customers’ are essential for banking industries. Therefore, this study conducted by taking appropriate customer relationship management factor that bring customer satisfaction of the bank come up with the concert result.

1.2 Problem Statement

CRM is an enterprise wide approach to understanding and influencing customer behavior through meaningful communication to improve customer acquisition, customer retention, customer loyalty, and customer profitability. CRM can be viewed as an application of one-to-one marketing and relationship marketing, responding to an individual customer on the basis of what the customer says and what else is known about that customer (Dorf B,1999) also it is a planned and sustained interaction with customers to assess their needs through technological platforms. It involves using technology to ascertain the level of customers' satisfaction and organize a company response to sales, marketing and customer service (Krishnaveni,2014).and it is a customer-oriented centric that features service response based on the formation of individualized relationships with customers, with the aim of improving customer satisfaction and maximizing profits; identifying the most profitable customers and providing them the highest level of service. Now days, in Ethiopia the banking industry is expanding from time to time; consequently 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 excellence in the banking sector (Gebre, 2010). Moreover, since all banks are using similar technologies it is difficult for them to differentiate their products using banking technology to maintain their competitive advantage rather strengthening their customer relationship management would allow them improve their service quality thereby maximize profitability.

It is very important in our intensity changing competitive environment in the banking industry to be direct contact with the customers in order to build up good relationship so that satisfaction and retention of customer can be attained. As a result of this knowing the main elements of customer relationship management which can achieve customer satisfaction is a critical issue for financial Institutions; especially with the intensive competition CRM practice is the fashionable solution.

Various customer relationship management researches were conducted in the banking industries of different countries in the world. Most of these researches are mainly focus on, the impact of customer relationship management on customer satisfaction and the customer relation management practices. When we come to Ethiopia however, there are no in-depth studies conducted in the areas of customer relationship management practice on the banking sector, and

Ethiopian banks or other financial institution cannot take those researches conducted in difference country as a reference since it is not fit with our country context for the reason that our culture and life style of the society is different from them. Therefore, the researcher would like to assess the CRM practice on CBE.

The main element of CRM would enable banks achieve customer satisfaction by fulfilling their needs and wants. Therefore, this study assesses customer relationship management practice by using major CRM elements: Service Quality, Relationship Development, Employee's Behavior, interaction Management, Physical Environment. A study carried out with a special reference to employee of Commercial Bank of Ethiopia and its customers that found in Addis Ababa area.

1.3 Research Questions

The study is conducted with the aim of providing answers to the following basic research question.

1. To what extent is CBE committed to applying customer relationship management practice in terms of the five CRM elements (Service Quality, Relationship Development, Employee's Behavior, interaction Management, Physical Environment)?
2. What are the challenges in the implementation of the CRM in CBE?

1.4 Objective of the Study

1.4.1 General objective

The general objective of the study is to assess the customer relationship management practices in the bank, with a special reference customer of commercial bank of Ethiopia and its employee, which found in Addis Ababa area.

1.4.2. Specific objectives

- ✓ To explore how customer relationship management is developed and implemented in commercial bank of Ethiopia in terms of the five CRM elements (Service Quality,

Relationship Development, Employee's Behavior, interaction Management, Physical Environment)

- ✓ To assess implementation challenges.

1.5 Significance of the study

The ultimate goal of any business establishment is to remain in business profitably through production and sale of products or services. Without optimal profit, a business firm cannot survive. But to achieve this without proper customer relationship management their investment is meaningless. Therefore, the study has the following significance:-

- ✓ To arrange their CRM practice in order to achieve their profit motives.
- ✓ The study tries to indicate problem areas to be researched in future time for interested researcher.
- ✓ The result of study provides valuable insight to managers of bank how to create long-term relationship with customers.
- ✓ It increases the level of understanding of staff members and customers about relationship management concept and its implementation.

1.6 Scope of the study

The study is limit to assess customer relationship management practice on commercial bank of Ethiopian, with a dimension of Service Quality, Relationship Development, Employee's Behavior, interaction Management, Physical Environment.

The study is conduct in commercial bank of Ethiopia that is one of the major government bank operated in the country. Due to time and budget, constraint the research tends to undertake the activity only in Addis Ababa. CRM concepts are very wide and it requires studying at country level by including all government and privet banks but due to available resources and time this research concentrate only on commercial bank of Ethiopia. For this reason, the generalization and applicability of the study is only limited to commercial bank of Ethiopia.

In relation to the sampling technique, the study employed convenience-sampling technique to select respondents, thus, it ignored the other respondents from participating in the study

1.7 Definition of Terms

In order to avoid trouble in understanding the study, essential terms associated with the research are briefly defined as follows

Employee Behavior: is defined as the way in which employee respond to the specific circumstance or situation in the work place. <https://www.managementstudyguide.com/employee-behaviour.htm>

Physical Environment: is the environment in which the service is delivered and where the firm and the customer interact and any tangible commodity that facilitates the performance of the service. <https://study.com/academy/lesson/what-is-the-physical-environment-of-a-business-definition-components-examples.html>

Service Quality: is the difference between the customer's expectation of service and their perceived service (Parasurman,1988).

Interaction Management: is the most basic form of communication between the company and the customer since every single interaction is an opportunity for the firm to delight the customer and retain them <https://www.ddiworld.com/products/interaction-management>

Relation Development: means build long-term relationships with customers in order to provide value for customers and banks this can be achieved through commitment to convince customers that their feedback are taken seriously. This concept allows bank to identify, segment, communicate and maintain long-term relationships with customers. (Laketa.et.al, 2015)

1.8 Organization of Research Report

The paper organized into five chapters .The first chapter deal with background of the study, statement of the problem, research questions, objective, and scope of the study. The rest of the paper is organized as follows: chapter two present review of related literature in the area of customer relationship management practice. Chapter Three provide research design and methodology employed in the analysis. Chapter Four contain data analysis and interpret .Chapter Five, contain summary, conclusion and recommendation according to the research finding. A "Reference" of related literature that referred while writing the paper and appendices will be included after chapter five

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Introduction

The review of literature can lead to draw some significant conclusions and serve as a guide mark for the study. In this chapter, focus on three main important issues like theoretical, empirical and conceptual framework that guild the study will briefly highlighted.

2.2 Theoretical review

2.2.1 Banking History in Ethiopia

According to National Bank of Ethiopia the agreement that was reached in 1905 between Emperor Minilik II and Mr.MaGillivray, representative of the British owned National Bank of Egypt marked the introduction of modern banking in Ethiopia. Following the agreement, the first bank called Bank of Abysinia was inaugurated in Feb.16, 1906 by the Emperor.

The National Bank of Ethiopia with more power and duties started its operation in January 1964. Following the incorporation as a share company on December 16, 1963 as per proclamation No.207/1955 of October 1963, Commercial Bank of Ethiopia took over the commercial banking activities of the former State Bank of Ethiopia. It started operation on January 1, 1964 with a capital of Eth. Birr 20 million. In the new Commercial Bank of Ethiopia, in contrast with the former State Bank of Ethiopia, all employees were Ethiopians.

There were two other banks in operation namely Banco di Roma S. and Bank o di Napoli S.C. that later reapplied for license according to the new proclamation each having a paid up capital of Eth. Birr 2 million.

Proclamation No.99 of 1976 brought into existence the Agricultural and Industrial Bank, which was formed in 1970 as a 100 percent state ownership, was brought under the umbrella of the National Bank of Ethiopia. Then it was reestablished by proclamation No. 158 of 1979 as a public finance agency possessing judicial personality and named Agricultural and Industrial

Development Bank (AIDB). It was entrusted with the financing of the economic development of the agricultural, industrial and other sectors of the national economy extending credits of medium and long-term nature as well as short-term agricultural production loans.

The financial sector that the socialist oriented government left behind constituted only 3 banks and each enjoying monopoly in its respective market. The following was the structure of the sector at the end of the era.

- The National Bank of Ethiopia (NBE)
- The Commercial Bank of Ethiopia (CBE)
- Agricultural and Industrial Development Bank (AIDB)

Following the demise of the Dergue regime in 1991 that ruled the country for 17 years under the rule of command economy, the EPRDF declared a liberal economy system. In line with this, Monetary and Banking proclamation of 1994 established the national bank of Ethiopia as a judicial entity, separated from the government and outlined its main function.

Following the change in the political environment in 1991, the proclamation for the licensing and supervision of insurance business heralded the beginning of a new era. Immediately after the enactment of the proclamation, private insurance companies began to flourish. Currently there are 16 private banks and 2 government-owned banks, 19 private and 1 governments owned insurance companies, and 35 MFIs (www.nbe.gov.et)

2.2.2 Customer Relationship Management: The Concept

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 et al., 2005). Or 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 (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, 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. However, 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. 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 banking customers is to understand what their wants and needs are, so that the organization can be built around serving those needs (Pritesh, 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 Boulding, 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 are, so that the organization can be built around serving those needs (Pritesh, 2010).However, its failure if any is due to improper conception and implementation of CRM as a practice (Tamilarasan, 2011).

2.2.3 Types of CRM

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

2.2.3.1 Operational CRM

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

2.2.3.2 Analytical CRM

An analytical CRM is also known as a back office CRM. It involves understanding the customers' activities that occurred in the front office. The analytical CRM requires technology (to compile and process the mountains of customers' data to facilitate analysis) and new business processes (to refine customer-facing practices to increase loyalty and profitability). Under pressure from analysts and industry experts, most of today's CRM vendors are either creating analytical CRM capabilities or partnership with business intelligence (BI) vendors to incorporate analysis into their offerings (Dyche, 2002, p.13). If enhanced customer loyalty is the door, then integration is the key. Similarly, Adebajo (2003) described that an analytical CRM is mainly used for building data warehouses, improving relationships, and analyzing customers' data.

2.2.3.3 Collaborative CRM

According to the definitions from Search CRM, 2007, "collaborative CRM is an approach to CRM in which the various departments of a company such as: sales, technical support, and

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

2.2.3.4 Strategic CRM

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

2.2.4 The benefits of customer relationship management

Marketers are on an eternal quest to understand what motivates their customers. Customer relationships are becoming even more important for banks as market conditions get harder. Competition is increasing, margins are eroding, customers are becoming more demanding and the life-cycles of products and services are shortening dramatically. All these forces make it necessary for banks to intensify the relationship with their customers and offer them the services they need via the channels they prefer. By understanding customers better, companies can provide higher levels of customer service and develop deeper customer relationships. Companies can use CRM to pinpoint high-value customers, target them more effectively, cross-sell the company's products, and create offers tailored to their specific requirements (Nyarku, Kwamena M. (2013)). There are some benefits to customers, these may include the following.

- Customers feel empowered if they have greater access to products and services e.g. 24-hour banking.
- There is a more coordinated and professional approach to customer contact throughout the entire life cycle of the corporate customer.
- Targeted product and service offerings can be timed to coincide with customer events and life stages, thus simplifying marketing and sales process e.g., educational loans, car loans, mortgages etc
- Up-to-date customer information, database and better profiling and targeting
- More personalized services (customization).
- Improved service, loyalty, retention and Tracking of all customer interactions.

According to Gifford (2002) as cited by Ogbadu and Usman (2012), states that there are significant organization benefits derivable from an integrated customer relationship management approach. These include:-

- Optimum use of bank resources – internet and home banking, ATM, loans, mortgages, etc - by increasing customer revival.
- Significant reduction in and limitation of operational costs through system automation and standardization.
- Effectively targeting the right customer base with the right services at lowest cost via the right channels
- An improvement in customer satisfaction and loyalty through the provision of consistent personalized experiences.
- Developing and maintaining better relationships with customers, achieving loyal customers and substantial payback, increased revenue and reduced cost.
- A dramatic effect on bottom-line performance when successfully implemented.
- developing customer centric products and services based on customer wants, tailored to their needs.
- Maintaining and building on existing customer relationships, adding value by retaining clients and cross selling products and services, and thus providing better customer balance.

- Empowering managers with information so as to manage customer relationships and make better decisions faster.
- Executives being empowered with information to capitalize on short windows of opportunity in the market.

2.2.5 The major challenges that banks face in implementing CRM

- Building and maintain a customer database require a large investment in computer hardware, database software, analytical programmers communication links and skilled personnel.
- It is difficult to collect the right data, especially to capture all the occasions of company interactions with the individual customers.
- 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.
- 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.
- Using customer data more intelligently
- Incorporating customer data and customer preferences to the customer data base
- Using right technologies

2.2.6 Customer satisfaction

Customer satisfaction lies in the ideal of the beholder it is very complicated and relative phrase as it is very specific to the customer who measures what satisfies whom. So it invites other probes of what hampers customer satisfaction and needs of the customer.

Jamal (2003) defined customer satisfaction as the full meeting one's expectations relating to the product used by the customer; these are the total feelings and sentiments about the product used by the customer. Previous studies; Schultz and Good, (2000); Churchill and Surprenant, (1982); and Patterson, (1993) agreed that service performance has a direct impact on customer satisfaction, particularly in the high-involvement situation. They believed that Salespeople's

interaction with their customers plays a key role in organizational success or failure and customer satisfaction is a critical performance indicator. File and Prince, (1992) stated that satisfied customers are become loyal for the organization and tell others their favorable experiences and thus engaged in positive word of mouth advertising.

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 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.

2.2.7 Customer Retention

Customer retention is increasingly thought 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. Several research shows 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 that the company can increase their share-of-wallet through up-selling and cross-selling.

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

2.2.8 Customer Relationship Management in the Banking Industry

Enterprises provide benefits of form, time, place and property that will satisfy the customers' demands through goods and service. Forming and marketing of the goods and services that satisfy the customer demands is the basis of producing benefit. Whether the customer is satisfied or not depends on whether he compares what is offered to him with his own expectations. If

what is offered suits the expectations, the customer is satisfied. If what is offered is above the expectations, the customer is highly satisfied and pleased.(Kother, 2011: 36) for example, if the real performance of a product or service in a bank is below the expectations, the result is dissatisfaction, but if it equal or higher, customers satisfaction is achieved. (Kocoglu,Duygu ,2012;Gurbuz, 2008:). In recent years, in such fields as banking, where a strong competition, customer satisfaction has gained a good deal of importance. It may be very easy to let another bank capture a displeased customer. To raise the customer satisfaction to the highest level and retain customers, the banks are to attach importance to customer relationship management (CRM).

The advantages provided to the banks by customer relationship management are as followings: (Duygu, 2012; Alagoz, 2003 ;)

- Picking out the real customers in a bank in the long run and helping to make the relationships effective,
- Making the way of bank management customer-based, Bringing, with technology, in the foreground the human relationships based on gathering and using information by institutionalizing the personal sale concepts,
- Reshaping the selling and marketing campaigns of the bank,
- A successful customer relationship management system, providing a permanent advantage of competition,
- Increasing the total productivity of the bank.

Whether the banks gain benefit from the customer relationship management and become successful depends on whether they follow technologic development closely and make investments to this end. Also, their ability to determine right strategies for the purposes that they want to attain in customer relationship management are important factors that enhance the success chance of banks. There are four important stages of following customer relationship management strategy in the banks. The first step is the stage of ‘‘planning, targeting’’ it necessary to make a documented strategy stating how customer relationships are wanted to be directed. The second step. ‘‘design’’, allows preparing the prime designs supporting the bank strategy. A lot of banks ignore this step, but it is important for coordination and thus success. The third step is ‘‘building’’. At this stage, projects for changing are started. The fourth step is ‘‘ running and

developing the programmers' ". When the first projects for start to give fruits, it should not be thought that the work is over .it is necessary to place the change in the enterprise, to develop the activity and make the strategy more certain.(Sendogdu, 2006). Accurately-directed customer relationship management will be realized thanks to these steps.(Duygu, 2012)

2.2.9 Major important Element of CRM

Major critical elements of CRM were examined in this study. These elements are interaction management, relationship development, customer service, employees' behavior and physical environment. (Long, 2013)

2.2.9.1 Interaction Management

According to the Brown and Gulycz (2002), if an organization willing to make a stable relationship with its customers, there are different ways to have an interaction with them including interaction along touch points and distribution channels. The main purpose is to find out how and when the customers would like to interact with the organization (Prahalad and Ramaswamy, 2001). The interaction activities should be well customized and organized through the available touch points provide in relation to the customer profiles developed by data gathered from the former records of the customers. Peppers and Rogers(1997) stress that the touch points must be used for distribution of different products, service and communication with the customers. According to the works of Lindgreen et.al. (2006) and Peppers et a (1999) interaction management is implemented by a few methods such as getting customers feedback and interaction with customers by attractive ways such as using social network.

2.2.9.2 Relationship Development

According to Ford (1980), the study of relationship development primarily involves research into structure and processing of the relationship between customer and supplier. Hakansson and Snehota(1995) argue that the relationship development process an interaction where connections have been developed between two parties. The most important activity to achieve relationship development is known as monitoring of the relationship management process such as service or complaint management (Brown and Gulycz, 2002). This relationship process include procedures,

mechanisms, schedules, and activities in which the products and services have been delivered to customers (Christopher et al., 1991). The key performance indicators such as rate of retention, lifetime value of the customers, and satisfaction should be set by the organization (Brown and Gulyez, 2002) According to the works of Hanley(2008) and Lindgreen et al.(2006), relationship development can be made through commitment to convince customers that their feedback are taken seriously.

2.2.9.3 Quality of Services

Quality of Services According to Gee et al.(2008) in an attempt to understand the factors that induce customer satisfaction , the concept of service quality is increasingly common in the literature. Studies show that service quality has a positive effect on consumer satisfaction and also has significant relationship with customer satisfaction and loyalty, and profitability of the firms. According to the works of Hanley (2008), the quality of services could be implemented by a few methods such as:

- Meeting customer expectation of good service level and having many varieties of products
- Provide good quality products with reasonable price.
- To handle the customer complaints about the products and services tactfully.

2.2.9.4 Behaviors of the Employees

An Employee that conforms to organization behavior and value is likely to strengthen the connection between the customer and the firm. Reverse pattern of effects is to be expected when the employee act through his/ her own behavior. In these cases, a consumer may think that the organization actually does not deliver the symbolic benefits that s/he had expected for and may evaluate the organization in a negative way. In order words, under circumstance such as the ones described, an employee will probably exert a strong impact on organization reputation and attitudes (Coulter, 2002). According to the works of Hanley (2008) and Coulter (2002), the effect of positive employees behavior could be increasing speed of response to customer and ensure employees are friendly and respectful to customer which enhance customer satisfaction toward the services provided.

2.2.9.5 Physical Environment

Every customer is expecting that each bank is taking into consideration the importance of physical environment, which is represented by decorations, aisles, waiting areas. Air conditioning, lightening, and other facilities that are available for customer convenience. In modern days, especially in the services industry, customers are looking for supplementary services, where the core service is intangible issue to attract and convince customers it is necessary to concentrate on physical issues which can satisfy them. Because of their facts, physical environment of the bank is a matter of CRM through which customers can have a positive image about the bank which is caring for these issues and finally affect their satisfaction positively (Mohammad, 2014)

2.3 Empirical Review

The first study which I have reviewed is a study made by Md. ShohagAli, Md. KhairulIslam, Md. NazrulIslam, Md. WaishHasanand NawshadHaque (2012) at Jahangirnagar University for academic purpose. They have made CRM Practice in Banking Sector case of Prime BankLtd. vs. EXIM BankLtd. The main focus on of their study was Customer retention factors and customer valuation. They used an exploratory qualitative research to find the CRM process, the characteristics in Prime Bank and EXIM Bank. Finally, they concluded that very sorrowful for the authorization of CRM in Banks. From their survey it was found that among sample banks CRM structurally confined in the headquarters of the banks. But in branch CRM is exist without the Organization set up. Both Prime and EXIM Bank have same scenario. These banks are doing a very good banking with its customers maintaining relationships with both its corporate and individual customers. However, the level of CRM is in semi or moderate level with full capabilities of IT support. Banks were doing their utmost for retaining the customers by valuing them proper method. They mainly focused on new and existing customers both to maximize profit. When their valuation criterion differs from situation as a result, these were in shortage in liquidity. So, they were putting more emphasis on deposit criteria to measure customer valuation for the bank. They are doing same strategy almost for retaining and in valuation of customers.

The second one I have reviewed is the study made by EdusahBarbara, B. for academic purpose the aim of his research was to find out what can be done to improve customer relationship management in the banking industry in Ghana with emphasis on Barclays bank Ghana Ltd. The study adopted both quantitative and qualitative methods of research. The study focused on management of Barclays Bank Ghana Ltd who are aware of Customer Relationship Management (CRM) strategies being pursued by the bank as well as customers of the bank who are aware of the Customer Relationship Management (CRM) strategies. 100 respondents were selected through non-probability sampling; data has been collected through questioners and interview conduct with some of the bank employee. The results of his study generally indicate that customers are enthused by some of the CRM strategies being implemented by the bank. However, some of the strategies are not implemented well and if it is properly done, it will improve the relationship the bank has with its customers. There is the need to evaluate and monitor the current strategies being implemented by the bank in order to reap its full benefits. It will also be necessary to involve customers when introducing these strategies so that the needed impact can be realized.

The third one, Mohmmad A. Marketing Department, Zarqa University, Jordan (2014,) volume 6 conduct research which examines the impact of CRM on customer satisfaction in banking industry of Jordan. The population of the study was customers of Jordanian banks operating in Amman city the capital of Jordan. He proposed that there is no statistical relationship between CRM elements and customer satisfaction as a dependent variable. The statistical analysis revealed that there is a significant relationship between the independent variables (i.e. CRM elements represented by service quality, employee's behavior, Relation development, Physical environment and interaction management) and customer satisfaction as a dependent variable in the services banking industry.

The forth one, Osunde, J EntreprenOrganizManag 2014, volume 3 conduct research which examines the importance of CRM in creating a sustainable relationship between customers and commercial banks in Nigeria. They investigates customers perceptions of CRM practices of selected commercial banks in Edo State, Nigeria; relationship between the customers perception and attitude of customers towards CRM practices of banks in Nigeria; impact of customer help desk of selected banks on customers perception of banks in Nigeria; and the relationship between the CRM practices and attitude of the customers towards factors contributing to services quality.

For the purpose of their study, a sampling survey was conducted among 120 customers of selected commercial banks in Nigeria namely First Bank Nigeria Limited, Skye Bank and Eco Bank, Nigeria with the help of a structured questionnaire. The tools used for the study are Percentage analysis and Chi – Square test. The study shows effective CRM practices can lead to confidence in the formal banking sector given the cultural perceptions of banks in Nigeria and the wide spread practices of the *Esusu* which is a traditional method of saving money adopted by millions of Nigerians. Also, They found a result that commercial banks can build relationship with customers by making use of technology and managing information to improve service delivery and achieve increase in their customer base, customer loyalty and retention.

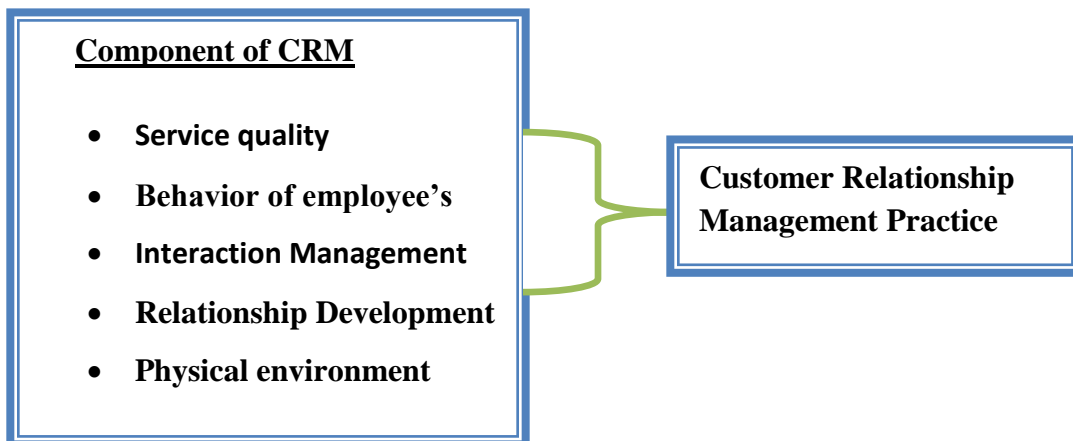
The last one Robson Mekonnen (2012) conduct research for academic purpose study made to investigate customer relationship management and its relationship to marketing performance of the selected banks in Addis Ababa(Commercial Bank of Ethiopia, Awash International Bank And Zemen Bank) The relationship of customer relationship management dimensions that relate to the necessity of focusing on key customers, organizational efficiency, customer knowledge management and technology based customer relationship management were assessed. He used standard questionnaire as an instrument to collect data and the spearman correlation and descriptive statistics used to analyze the research question derived from the literature on Customer relationship management and marketing performance. He found a result that there are positive relationship between customer relationship management and marketing performance. His findings also suggest some measures, which can be taken into consideration in order to enhance customer relationship management and marketing performance. his study contributes to Customer relationship management and marketing performance literature by indicating a mediating role of customer relationship management for marketing performance of the banks. Moreover, it also contributes to close the gap of empirical research in the field, which exists particularly due to the diverse attitude of customers in developing countries, like Ethiopia, to bring changes in building customer relationship in the selected banks

Thus, customer relationship management researches in banking industries have been conducted in different countries of the world mainly focused on the impact of customer relationship management on customer satisfaction and customer loyalty. When we come to Ethiopia however,

in the area of customer relationship practice on the banking sector there are no in-depth studies conducted.

2.4 Conceptual Framework

Based on the work (Long, 2013), there are five major elements of CRM that are responsible for customer satisfaction thus, the study was evaluated the practice of customer relationship management in CBE. Based on the five elements of CRM the following conceptual framework is developed for this study. This framework is modified to fit the requirement of this study. It shows how customer' satisfaction is dependent on the below mentioned CRM dimensions.



Source: (Long, 2013)

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

The following explains the research design, approach and methodology employed for the study. This part elaborates the research design, data type and source target population, sample size, data collection and data analysis. The methods selected below are found to be suitable because of their appropriateness for situations in the selected study area, analyzing major issues and forwarding sound recommendations.

3.2 Research Design

The study use descriptive research design in order to describe the assessment of customer relationship management practices of the bank. Because, descriptive research help the study describe some aspect of a phenomenon, i.e. the status of a given phenomenon. It can help understand a topic. It aims to describe the state of affairs as it exists and interpret what is (Kothari, 2004). Accordingly, the study is a descriptive type because it describes how the bank customer relationship management practice based on the theories drawn from the literature.

3.3 Research Approach

Both qualitative and quantitative research approaches have been employed. Qualitative approach to research is concerned with subjective assessment of attitudes, opinions and behavior (Kothari, 2004). In addition, the purpose of qualitative research is to gain a deeper understanding and describe a problem. Quantitative research is based on the measurement of quantity or amount. It is applicable to phenomena that can be express in terms of quantity (Kothari, 2004). The purpose of quantitative research is to gather, analyze, and measure statistical data. In a quantitative research approach, a number of objects selected and studied in order to increase the ability to draw general conclusions. The researcher, therefore, has used combined quantitative and qualitative (mixed) approaches.

3.4 Types and Sources of Data

The study largely depended on primary data, which is collect through survey method by using structured questionnaires that arranged in standardized 5-point Linker's scale, as well as through semi structured interview with customer relationship manages at center(head office) and customer relationship officers at branch who have the relevant exposure in customer relationship practice. in addition; secondary data such as relevant to customer relation management practice documents were referred.

3.5 Data Collection Procedure and Instruments

The data collected from customer of the bank through questioner and by interview of employee of the bank (CRM&CRO) to generate the primary data of the study. So, structured questionnaire and semi structured interview were used as a tool of data collection of the study

The self-administered questionnaire was used as the main tool for data collection This helps to assure customers' response, which was kept confidential by the researcher. But if it would be distribute by the researcher and collected by another person the respondents were get confused and it is difficult to get real information. Therefore, to protect this confusion the questionnaires were distributed and collected by the researcher herself.

Regarding interview, it collected from two-customer relationship managers form head office and two customer relationship officers of Bole Bulbula & Saris Abo Branch. The semi structured interview questions were prepared to the study and presented in the form of question and answer.

3.6 Population of the Study

The researcher select its population size from customers' of Commercial Bank of Ethiopia , Customers should have a bank account in the bank at the same time they have to be engaged user of business credit facilities of the bank they are considered as target population size of the research study because they are multi users of the bank. since as per the procedure of the bank a loan has extended to customers who has established at least one-year banking relationship as a depositor. Accordingly the study population is business borrowers of the Commercial Bank of

Ethiopia i.e. 1,680 registered in the bank's database at Addis Ababa as at of January 31, 2018 (**CBE information management system report**). Therefore, the student researcher select from center (HO) of the bank., This is mainly due to the fact that business loan facility requests, disbursement and follow up is being made at the center or at head office of the bank.

The population for the study comprised of business credit customers, the customer relationship managers at the center of the bank and customer relationship officers at branches of the bank. The researcher is select two branches (Saris Abo & Bole Bulbula Branch) for interview from customer relationship officers purposively because their proximity to the researcher work place.

3.7 Sample Size and Sampling Technique

From the total population size of 1,680.00 business credit customers 323 samples of respondents were taken from center or head office of the bank. Thus, the researcher has used convenience-sampling technique as a non-probability sampling to select the respondents for the study., because it is difficult to access all customers of the bank with in specific period of time to collect data so it is best to collect data from customers at hand.

Yamane (1967:886) cited in Israel (1992) which is revised on April 2009 and again reviewed on June 2012 provides a simplified formula to calculate sample sizes.

Assumptions

95% confidence level, and $e = \pm 5\%$

$$n = \frac{N}{1 + N(e)^2}$$

Where:-

n = the sample size

N = the population size

e = the level of precision (Sampling error)

$$n = \frac{N}{1 + N(e)^2} = \frac{1,680}{1 + 1,680(0.05)^2} = 323.00$$

In addition to the above technique, the study also use semi structured interview to get information from employee of the bank (that s customer relationship managers from head office of the bank and customer relation officers from Bole Bulbula and Saris Abo branch.)Who have more close to the area of the research.

3.8 Data Analysis Techniques

After collecting and sorting the relevant data, the responses were sorted, coded, computed, and analyzed using Excel and Statistical Package for Social Sciences (SPSS) software. The appropriate statistical analysis such as frequencies, mean and standard deviation analysis were used according to respective objectives and descriptions. The analyzed data were presented using tables. In the process of data analysis, data was processed on the basis of Five-point Likert-scale.

3.9 Ethical Issues

In conducting the research, the researcher take into account the following ethical considerations:

- Any relevant data for the study collected by issuing an official letter to the bank.
- Respondents informed fully about the purpose, methods and intended possible uses of the research, what their participation in the research entails and what risks, if any, are involved.
- The confidentiality of information supplied and the anonymity of respondents were respected.

CHAPTER FOUR

4.1 DATA ANALYSIS AND INTERPRETATION

The purpose of this study is to assess the practice of customer relationship management in the commercial bank of Ethiopia by asked customers different questionnaires designed in terms of the five dimensions stated in the literature review and through conducted interview with the customer relation mangers and customer relationship officers of the bank. Thus, this chapter encompasses analysis and interpretation of data acquired from the questionnaire and analysis of data that was obtained from interview. To analyze the data descriptive statistics was employed by using tables. In the first part, profile of respondents and summary of findings has been analyzed; lastly, summary of interview has been presented. In the study, 323 questionnaires distributed to the center (head office) of the bank and 281(87%) of them were returned while 42 (13%) remained uncollectible.

4.2. Reliability Analysis

To measure the consistency of the questionnaire particularly the Likert-type scale the reliability analysis is essential in reflecting the overall reliability of constructs that it is measuring. To carry out the reliability analysis, Cronbach's Alpha (α) is the most common measure of scale reliability and a value greater than 0.700 is very acceptable Cronbach's (1951), a reliability value (α) greater than 0.600 is also acceptable

Table 4.1. Reliability Statistics

Reliability Statistics

S.No.	Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items
1	Quality of Service	0.837	0.898
2	Interaction Management	0.954	0.957
3	Employee Behavior	0.923	0.926
4	Relationship Development	0.963	0.964
5	Physical Environment	0.963	0.969

Variables of the study have scored more than the benchmark alpha which is .60 considered by different researchers. As it is mentioned in the above table 4.1, Quality of Service dimension scored 0.837, Interaction Management dimension scored 0.954, Employee Behavior dimension scored 0.923, whereas Relationship Development dimension and Physical Environment dimension have scored 0.963 and 0.963 respectively. The result shows the existence of high internal consistency among the variables, therefore, the responses generated for all of the variables' used in this research were reliable enough for data analysis.

4.3 Descriptive Statistics response rate

Table 4.2 Demographic Background of Respondents

Demographic Questions		Responses of Customers	
		Freq.	%age
Sex	Male	193	68.7
	Female	88	31.3
	Total	281	100.0
Age	18-27	56	20.00
	28-37	106	37.7
	38-47	92	32.6
	47-57	22	7.7
	Above 58	5	2.00
	Total	281	100.0
Level of education	Secondary	104	37.0
	Diploma	92	32.7
	Degree	81	28.7
	Above	4	1.6
	Total	281	100
Years of relationship	[0-5]	35	12.3
	(6-10]	97	34.5
	(11-15]	91	32.4
	(16-20]	48	17.1
	>20	10	3.7
	Total	281	100
Frequency of bank usage.	1-3 times a week	144	51.3
	4-6 times a week	51	18.3
	1-3 times in 2 weeks	40	14.3
	1-3 times in 3 weeks	29	10.3
	1-3 times in 4 weeks	17	5.7
	Total	281	100

Source: Output of SPSS 20

Analyzing the data obtained from the questionnaire, table 4.2 reveals that, the majority of the participants' 68.7% of the respondents are male customers where the remaining 31.3% are female respondents.

It is evident from the table that majority of bank users found to be between the age group of 28-37(37.7 %). Respondents with age group between 18 up to 27& 38 up to 47 years for 20% and 32.7%, respectively. The rest 7.7% and 2% are respondents in the age group between 48 up to 57 and greater than 58 years respectively. It can be said from the survey that, most of the bank credit customers are between the ages of 18 and 47, with a cumulative percentage of 90.4%.

Considering the education level of respondents, most of them have a university education or more (63%) which is more than half of the sampled customers, while the rest 37% of the respondents are secondary school. Therefore, this suggests that CRM can be well assessed from this kind of customers better through questionnaire.

With regard to length of relationship, 12.3% of respondents have less than 6 years of relationship, 34.3% have 6 to 10 years of banking relationships, 32.7% have 11 to 15 years banking relationships, and 17% have 16 to 20 years banking relationships and the rest 3.7% of them have been with the bank for more than 20 years. The table also shows us that 87.7% of the respondents have more than five-year's relation with the bank. 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 and its relationship management with the customer.

Table 4.2 illustrates also that, more than 51.1% of the respondent, have 1 to 3 times a week bank usage, 18.2% have 4 to 6 times a week bank usage. The rest 14.2% and 10.3% 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 69.6% of the respondents are visiting the bank one to six times in a week.

Table 4.3. Responses on Quality of Service

Items	Responses	Frequency	Percent	Mean	Std. Deviation
The bank has provided quick service to its customer.	Strongly Disagree	26	9.3	3.00	1.26
	Disagree	113	40.3		
	Neutral	7	2.3		
	Agree	104	37		
	Strongly Agree	31	11.1		
	Total	281	100		
The branch accessibility of the bank has comfortable to the customer.	Strongly Disagree	0	0	4.43	.65
	Disagree	0	0		
	Neutral	25	9.0		
	Agree	109	38.7		
	Strongly Agree	147	52.3		
	Total	281	100		
The bank provides its service with fair service charge.	Strongly Disagree	16	5.7	3.95	1.17
	Disagree	23	8.3		
	Neutral	33	11.7		
	Agree	95	33.7		
	Strongly Agree	114	40.7		
	Total	281	100		
The bank has guidance sign indicating as to which counters are offering which service.	Strongly Disagree	0	0	4.17	.87
	Disagree	25	9.0		
	Neutral	10	3.7		
	Agree	137	48.7		
	Strongly Agree	109	38.7		
	Total	281	100		
The bank working hours are flexible and convenient to me	Strongly Disagree	0	0	3.69	1.02
	Disagree	51	18.1		
	Neutral	50	17.8		
	Agree	114	40.6		
	Strongly Agree	66	23.5		
	Total	281	100		
The bank provides consistent and quality service all over the time.	Strongly Disagree	22	7.8	2.91	1.14
	Disagree	121	43.1		
	Neutral	6	2.1		
	Agree	123	43.8		
	Strongly Agree	9	3.2		
	Total/average	281	100		

Source: Output of SPSS 20

Analyzing the data obtained from the questionnaire, in the table 4.3 above the study measured the quality of service that, the Commercial Bank of Ethiopia offering to its customer by taking six sub variable through questionnaire survey from customers.

The ability to provide quick services in the banking industry plays a critical role in ensuring good customer relationship management. Regarding this, 11.1% and 37% of the respondents are strongly agreed and agreed respectively, with the statement that the bank provides quick services to its customer. However, 9.3% and 40.3% of the respondents are strongly disagree and disagree with the speed of the service the bank provided whereas 2.3% of the respondents neutral with the statement. As a result, the majority of the respondents disagree and neutral that CBE has provided quick service for its customer.

Table 4.3 indicates that, 52.3% and 38.7% of respondents are strongly agree and agree with the bank's branch accessibility respectively, while only 9% of respondents remain neutral with the statement. This indicates that, the majority of the respondents (91%) agreed with the branch accessibility of the bank. Hence, we can infer the bank is in a good track in connection with branch accessibility, which is critical to increases customer satisfaction.

The finding of the study in Table 4.3 also depicted that the majority of the respondents agreed that the bank is providing its service to customers at a reasonable service charge with a response rate of 40.7% and 33.7% for strongly agree and agree respectively. Whereas, the rest of 11.7%, 8.3% and 5.7% of the respondent remain neutral, disagree and strongly disagree with the statement respectively. This show the bank collects a reasonable service charge from its customers and it helps to attract new customers and retain the existing one.

The tables 4.3 indicate 38.7% and 48.7% of the sample respondents strongly agree and agree respectively for the question "Does the bank has guidance signs indicating as to which counters are offering which services?" and the rest of 9% & 3.7% of the respondent were also found to be disagree & natural with the statement. Thus it is possible to say that the bank is in place to provide guidance to its customers based on the study result and this practice also recognized by the bank's customers.

The researcher incorporates the convenience of the working hours of the bank to customers to know their perception from the sample respondents of the bank. From their response, 23.5%,

40.6%, 17.8% and 18.1%, of the sample respondents strongly agree, agree, neutral and disagree respectively this shows that majority of the respondents i.e., 64.1% feeling good in relation to the working hours of the bank but somewhat it requires improvement since few respondent think in otherwise.

Bank customers need to have quality of service, which persists throughout the operation of the bank. As clearly show in the Table, 4.3 above, 43.8% & 3.2% of the respondents were agreed and strongly agreed regarding the consistency of the bank's service quality at different time. While the rest of 2.1%, 43.1% and 7.8% of the respondents were remain neutral, disagree and strongly disagree with the statement that, the bank is providing quality of service at different time. Therefore, the study result shows that, the bank does not provide consistent and quality service at different time, which has a detrimental effect on the customer relation as it increases customers' dissatisfaction.

According to the mean scores presented in table 4.3 above, the service quality of the Commercial Bank of Ethiopia is relatively good enough and the bank has adopted service quality as a one-customer relationship management practice. This is because; all service quality variables used under this study had a mean score of between 2.91 and 4.43, which is above average. However, it is to be noted that just like the extent of adoption of service quality as one of customer relationship management practices, there were variations among respondents on the degree of adoption of service quality variables by bank. The variation exhibited in the differences of responses to the respective of service quality variables practices by different proportions of respondents on the likert scale options. The variations are indicated by the standard deviations of the practices and they range from the lower 0.65 standard deviations for the branch accessibility of the bank has comfortable to the customer and the highest 1.26 standard deviation for the bank has provided quick service to its customer. The low standard deviation implies that, no significant deviations of the extent of adoption of a specific service quality variable in customer relationship management practices. While the high standard deviations indicated significant deviation, the result of the research is consistence with the result of study made my (Mohammad, 2011).

Table 4.4 Responses on Interaction Management

Items	Responses	Frequency	Percent	Mean	Std. Deviation
I believe the bank has all up-to-date and necessary information about me in its database.	Strongly Disagree	12	4.3	3.36	1.06
	Disagree	60	21.3		
	Neutral	53	18.7		
	Agree	126	45		
	Strongly Agree	30	10.7		
	Total	281	100.0		
The bank avail mobile banking service to its customer so I can access my account information in my home.	Strongly Disagree	0	0	4.11	0.82
	Disagree	25	9.00		
	Neutral	6	2.00		
	Agree	162	57.7		
	Strongly Agree	88	31.3		
	Total	281	100.0		
The bank avail internet banking service to its customer's so they inform me periodically about new service through internet banking. (Like new credit product, loan request/decision etc...)	Strongly Disagree	77	27.3	2.12	0.84
	Disagree	101	36.0		
	Neutral	96	34.0		
	Agree	7	2.7		
	Strongly Agree	0	0		
	Total	281	100		
The bank send good wish to the customer on holydays.	Strongly Disagree	98	35	1.92	0.78
	Disagree	108	38.3		
	Neutral	75	26.7		
	Agree	0	0		
	Strongly Agree	0	0		
	Total	281	100		
It is easy to contact and discuss with staff members of the bank including managers.	Strongly Disagree	0	0	4.22	.82
	Disagree	12	4.3		
	Neutral	34	12.1		
	Agree	116	41.3		
	Strongly Agree	119	42.3		
	Total/average	281	100		

Source: Output of SPSS 20

To know the current status of customers help the bank to offer different kinds of products or service tailored to their needs and it helps to build long-term relationship with them. As the Table 4.4 above depicts 55.7% of the respondent perceive the bank has all necessary and up-to-date information about them while the rest 18.7%, 21.3% and 4.3% of the respondents remain neutral, disagree and strongly disagree with the statement. This shows that, the bank has up-to-date information about its customers. Nevertheless, to some extent have problem because some of the respondent did not agree and have doubt about aforementioned statement.

The finding of Table 4.4 also reveal that, about 89% of the respondents agreed at different level with the availability of mobile banking service to customer and as a result of this, they are able to acquire their account information at home whereas, the rest 11% of the respondents in aggregate disagreed with the statement. Even if, a small piece of problem observed we could infer that the bank is in good track in relation to the mobile banking service.

The bank offered internet banking service to its customer through which they inform me periodically about new service. (Like new credit product, loan request/decision etc...) from this point 63.3% of the respondent are not agree and strongly disagree with the statement the rest 34% and 2.7% of the respondent indifferent and agree with the statement respectively this shows the bank doesn't provide information to its customers through internet as expected as it can be learned from the study result in table 4.4 above.

The finding of the above table (Table 4.4) shows about the question "The bank send good wish to the customer on holydays" 73.3% of the respondents not agree with the statement while the rest 26.7% of the respondent have not information about the statement. This show that the bank is not practices well, in connection with creating good relation with its customers.

The issue of easy to contact and discuss with staff members of the bank including the managers is one of the questions raised to the respondents. The majority of the respondents (83.6%) confirmed that it is easy to contact and discuss with staff member of the bank including managers while the rest 12.1% & 4.3% of respondent were neutral and disagreed with the statement respectively. This indicates that, customers socialize themselves easily with employees and it is easy to contact as well as to discuss with employees and managers of the bank. This helps to develop interaction with customers.

Furthermore, according to the mean score in the Table 4.4 above with regard to the bank's interaction management dimension shows that, the well practice of relationship management in relation to easy to contact and discuss with staff members of the bank including managers of the bank has high mean score of 4.22 in the variable. On the other hand, availability of internet-banking service to customer and periodically informing customers about new service through internet banking like: new credit product, loan request/decision etc. as well as the extent to which the bank send good wish to its customer on holydays registered the least mean score in the dimensions i.e. 2.12 and 1.92 respectively. The standard deviations of the practices and the range from the low of 0.78 regarding the holiday good wish and the highest standard deviation of 1.06 with regard to availability of up-to-date and necessary information about the customers in the data base. This implies that, low standard deviations indicated no significant deviations of the extent of adoption of a specific interaction management in customer relation relationship management practices while high standard deviations indicates significant deviation.

Table 4.5 Response on Employee Behavior

Items	Responses	Frequency	Percent	Mean	Std. Deviation
The bank employees are trustworthy.	Strongly Disagree	0	0	4.21	0.78
	Disagree	15	5.3		
	Neutral	17	6		
	Agree	142	50.5		
	Strongly Agree	107	38.2		
	Total	281	100		
Employee of the bank is willing to help you.	Strongly Disagree	0	0	4.07	0.97
	Disagree	30	10.7		
	Neutral	32	11.3		
	Agree	107	38.1		
	Strongly Agree	112	39.9		
	Total	281	100		
The behavior of the employee inspires the customer to trust on them.	Strongly Disagree	0	0	4.11	0.75
	Disagree	15	5.3		
	Neutral	20	7.3		
	Agree	165	58.7		
	Strongly Agree	81	28.7		
	Total	281	100		
The bank employees have sufficient knowledge and experience to provide service.	Strongly Disagree	0	0	3.41	1.08
	Disagree	85	30.2		
	Neutral	39	13.9		
	Agree	113	40.2		
	Strongly Agree	44	15.7		
	Total	281	100		
The bank employees treat customers with great respect.	Strongly Disagree	0	0	4.03	0.85
	Disagree	32	11.4		
	Neutral	0	0		
	Agree	176	62.6		
	Strongly Agree	73	26		
	Total	281	100		
The bank employee gives quick response for customers need.	Strongly Disagree	0	0	3.09	0.89
	Disagree	99	35.2		
	Neutral	57	20.3		
	Agree	125	44.5		
	Strongly Agree	0	0		
	Total/average	281	100		

Source: Output of SPSS 20

It is obvious that the behavior of employees of bank increases the confidence of customers and it makes them loyal to their bank in return builds up good relationship with the bank. Therefore, that it is crucial for survival and profitability of the business. A question asked to sample respondents about their perception of bank employee's trusty worthiness. Table 4.5 clearly shows that 88.6% of the respondents have good perception on the bank employee in relation to trust. However 6% and 5.3% of the respondents are neutral and disagree with the aforementioned statement respectively. This show that above 88% of the respondent believe that the employee of the bank is trust worthy. Therefore, we can conclude that the bank employee is good behavior in connection with trust.

A question also asked to the sample respondents about their perception of bank employees' willingness to help them. The above table show that, 10.7% & 11.3% of the respondents are disagree & remain neutral with the aforementioned statement, while the rest of 38.1% and 39.9% of the respondent agree and strongly agree with the statement. This shows that, 78% of the respondent agreed that employees of the bank are willing and ready to support them and respond their requests. Hence, we can infer that the employee of the bank is good in the eyes of the customer or we can say the employee's courage to respond customers request are create good feeling in the mind of the customers.

The behavior of the employee inspires the customer to trust on them form this point 5.3% & 7.3% of the respondents disagree & neutral with the statement. The rest of 58.7% and 28.7% of the respondent are agree and strongly agree with the aforementioned statement respectively. this show that above 87% of the respondent are satisfied with the employee behavior of the bank and trust on them this help the bank to develop strong relation with its customers.

The other question raise about the knowledge of the employee are sufficient and experience to provide the service. in relation to this point 30.2% and 13.9% of the respondents are disagree and neutral with the statement while the rest of 40.2% & 15.7% of the respondents are agree and strongly agree with the statement respectively. Form the analysis we can say that the bank employee is more or less knowledgeable and experienced in relation to the service they provide even if somewhat need improvement since some respondent think otherwise.

CBE operates in a very competitive environment. It is important that general treatments that are meted out to customers become prime importance to staff of the bank. It is also important to know that, if customers know they will have a very warm treatment, Sample respondents of CBE customers were asked a question about employees treat customers with great respect. 62.6% & 26% of the respondent are agree and strongly agree with the treatment and respect of employee while serving the customers respectively while the rest of 11.4 % of the respondents are disagree with the statement . this indicate that large proportion of the respondent of the bank (above 88%) agree with the existence of respect and treatment on employees of the bank form this we can say that the employee of the bank are good behavior in the sight of the customer and customer of the bank is positives perception about employees of the bank.

One factor that contributes to good customer relationship management is, understanding the needs of customers. This would ensure that the right kind of service and products are provided for customers. A question ‘the bank employee gives quick response for customer’s need.’ was asked for sample respondents of the customers, the data indicates that most respondents of the bank (55.5%) disagree and have a doubt with the employees give quick response to their requests. however, some respondents (44.5%) reply that employees are responding our need properly. From these this analysis we can understand that even if the bank trying to give quick response for customer’s need however there is a gap. This shows there is a limited strategy to get into personal contact with customers to identify their needs wants of the customer and give immediate response for their need this may increase customer satisfaction and create relationship with the bank.

As it can be seen from the means score results shown in the above table (Table 4.4), all employee behavior variables used in this study has a mean score of between 4.21 and 3.09 for the lowest and the highest with a standard deviation of 0.75 and 1.08 for the lowest and highest respectively. Accordingly, it implies that the Commercial Bank of Ethiopia has a well practice in relation to the variable of employee behavior as one of the customer relationship management practice.

Table 4.6 Responses on Relationship Development

Items	Responses	Frequency	Percent	Mean	Std. Deviation
The bank mangers give immediate response for customer problem.	Strongly Disagree	32	11.4	2.10	1.10
	Disagree	74	26.3		
	Neutral	38	13.5		
	Agree	137	48.8		
	Strongly Agree	0	0		
	Total	281	100		
The bank inform to its customers about how to solve complain and the duration of the decision.	Strongly Disagree	27	9.6	2.54	.94
	Disagree	138	49.1		
	Neutral	54	19.2		
	Agree	62	22.1		
	Strongly Agree	0	0		
	Total	281	100		
The bank make customer visit occasionally.	Strongly Disagree	35	12.5	2.98	1.11
	Disagree	72	25.6		
	Neutral	39	13.9		
	Agree	135	48		
	Strongly Agree	0	0		
	Total	281	100		
The bank use a customer complains as input for improving its service.	Strongly Disagree	12	4.3	3.06	.98
	Disagree	89	31.7		
	Neutral	49	17.4		
	Agree	131	46.6		
	Strongly Agree	0	0		
	Total	281	100		
The bank takes customer feedback and replies to them.	Strongly Disagree	19	6.8	3.04	1.10
	Disagree	87	31		
	Neutral	62	22		
	Agree	91	32.4		
	Strongly Agree	22	7.8		
	Total/average	281	100		
The bank arranges a platform for customer to discuss about their relationship with it.	Strongly Disagree	28	10	2.74	.99
	Disagree	94	33.5		
	Neutral	87	31		
	Agree	66	23.5		
	Strongly Agree	6	2.1		
	Total/average	281	100		

Source: Output of SPSS 20

Assessing whether customers have the opportunity to raise their problem heard by management as the same time the management solving their problem, the following responses were obtained. As shown in table 4.6 above, 11.4% & 26.3% of the respondents strongly disagree and disagree with the statement while the rest 13.5% & 48.8% of the respondents are indifferent and agree with the statement respectively. This implies that the management is somewhat willing to solve the customer problem but there is also room that has to be improved to promptly solve problems of the customers.

A question asked to sample respondents “the bank inform to its customers about how to solve their complain and the duration of the decision 9.6% & 49.1% respectively strongly disagree and disagree with the statement while 19.2 % of the respondents are indifferent with the case and the rest of 22.1% of the respondents agree with the aforementioned statement. It can however be concluded that most customers not informed about when their complaint is solved and get solution. These may lead to customer dissatisfaction.

The main benefit of visiting the customers are developing relationship with them and find out their problem get the opportunity to offer possible solution and maintain the relationship. Other question asked to the respondents is the bank make customer visit occasionally, as per the respondent only 48% of the respondent agrees with the statement while the rest of 12.5%, 25.6% & 13.9% of the respondent are strongly disagree, disagree and indifferent with the statement respectively. This implies, the bank still needs to do more with regard to customer visit to its numerous customers to ensure and improve its customer relationship.

Complaints are an opportunity to fix problems and prevent them from re-occurring to improve customer satisfaction. Moreover, identify the value dimension that your customer is complaining about. A value dimension is that aspect of the service interaction your customer truly values, but which has been under delivered or unfulfilled. The value dimensions are always positive, often the opposite of your customer’s complaint. For example, if they complain about slow response, the value dimension is speed. However, if they complain about rude staff, the value dimension is respect, courtesy and staff attitude (Edusah B.(2011). One factor that contributes to good customer relationship management is, by using customer previous customer complain as input and improving its service this would ensure that the right kind of service and products are

provided for customers. From table above, below half percent (46.6%) of respondents are the view that the bank use their feedback as input for improving its service while the rest of respectively 17.4%31.7%& 4.3% of the respondent indifferent, disagree and strongly disagree with the statement. This implies that the bank expected more in connection about customer complain handling and applying strategy mechanism.

According to the works of Haleny(2008) and Lindgreen et al.(2006), relationship development can be made through commitment to convince customers that their feedbacks are taken seriously. In relation to this the study asked question to the respondent that the bank takes customer feedback and replies to them. The majority of the response that is 6.8%,31% and 22.1% of the respondent are strongly disagree, disagree and indifferent with the statement respectively, while the rest of 32.4% and 7.8% of the respondent agree and strongly agree respectively. This shows the bank not well worked in connection to relation development strategy in the literature. The most important activity to achieve relationship development is known as monitoring of the relationship management process such as service or complaint management (Brown and Gulycz, 2002)and solving of the customer problem on time and takes their feedback as input for next.

The last factor in relation to variable relation development that the researcher want to know is the bank arranges a platform for its customer to discuss about their relationship with it as per the above table explain that above 70% of the respondent negatively respond the rest of 25.6% of the respondent are agree and strongly agree with the statement .

According to the mean score, in table 4.5 indicates that CBE has adopted relationship development as customer relationship management practice to a moderate extent, since all relation development variables used under this study scored between the highest mean score of 3.06 and the lowest means score of 2.540. In addition, the result revealed a lower standard deviation of .94 for the bank inform to its customers about how to solve complain and the duration of the decision and the highest 1.11 standard deviation for the bank make customer visit occasionally.

Table 4.7 Response on Physical Environment

Items	Responses	Frequency	Percent	Mean	Std. Deviation
The bank Employees uniform is attractive and creates trust in the mind of the customer.	Strongly Disagree	0	0	4.07	.92
	Disagree	36	12.8		
	Neutral	0	0		
	Agree	153	54.4		
	Strongly Agree	92	32.8		
	Total	281	100		
The bank service area chairs and other materials are attractive and convenient to get the service.	Strongly Disagree	36	12.8	3.36	1.35
	Disagree	61	21.7		
	Neutral	4	1.4		
	Agree	127	45.3		
	Strongly Agree	53	18.8		
	Total	281	100		
Room arranged is convenient and attractive to the customer.	Strongly Disagree	44	15.3	3.17	1.33
	Disagree	56	20		
	Neutral	28	10.0		
	Agree	114	40.7		
	Strongly Agree	39	14		
	Total	281	100		
Color of the wall and lighting of the room is attractive and convenient to stay.	Strongly Disagree	25	8.7	3.15	1.01
	Disagree	49	17.3		
	Neutral	65	23.3		
	Agree	142	50.7		
	Strongly Agree	0	0		
	Total	281	100		
Printed materials (forms, brochures, bankcards, etc) look attractive.	Strongly Disagree	0	0	4.09	.81
	Disagree	23	8.3		
	Neutral	10	3.3		
	Agree	166	59		
	Strongly Agree	82	29.3		
	Total	281	100		
The bank lobby area is sufficient and convenient.	Strongly Disagree	0	0	3.69	1.22
	Disagree	87	31		
	Neutral	4	1.3		
	Agree	99	35.3		
	Strongly Agree	91	32.3		
	Total/average	281	100		

Source: Output of SPSS 20

In business especially service industry like bank the employee uniform is decisiveness since the employee dress should be create trust and confidence in the mind of the customer. The above table indicate majority of the respondent that is above 87% of the respondent give positive response in relation to the employee uniform while the rest of 12.8% of the respondent are not agree with the statement. Hence, we can infer the uniform of the bank employee is attractive and creates trust in the mind of the customer.

Physical environment of the bank is a matter of CRM through which customers can have a positive image about the bank, which is caring for these issues and finally can affect their satisfaction positively or negatively. As illustrate in table (4.4) 18.8% and 45.3% of the respondents strongly agree and agree respectively about the bank service area chairs and other materials are attractive and convenient to get the service. However, 1.4%, 21.7% and 12.8% of the respondents are respectively indifference, disagree and strongly disagree with statement From these we recognize most customer of the bank that is above 64% of the bank customer are positive perception in relation to the bank service area materials so that we can conclude the bank service area materials attractive for most customers but there appears to be room for improvement since a few think otherwise.

The other question the researcher in her questioner is room arranged in convenient and attractive way to the customer almost above half (54%) percent of the respondent have positive response while the rest of 15.3%, 20% & 10% of the respondents are strongly disagree, disagree and indifferent about the statement this show that even if above half percent of the respondent have positive response 45% of the respondent think otherwise.

Lighting and color of the wall is attractive to stay as well as to get service is the other question researcher rise to the respondent 50.7% of the respondent agree with the statement however 23.3%, 17.3% & 8.7% of the respondents are indifferent disagree and strongly disagree with the statement.

Other question asked to the customer is Printed materials (forms, brochures, bankcards, etc.) look attractive, above 88% of the respondent agree with the statement while the rest of 3.3% & 8.3% of the respondents are indifference and disagree with the statement respectively. The main benefit of the materials that should be attractive is, customer attract on it and if they are

attract on it initiate to read about the products and different type of the service the bank provide besides the bank cards if it is attractive and portable the customer can also interesting to use it and in this regard the printed materials and bank card the bank prepared is good.

Table 4.7 result shows that 31% and 1.3% of the respondents respectively did not agree and indifferent on the bank lobby area is sufficient and convenient. While 67.6% of the respondents agreed on the lobby area is sufficient and convenient. This implies that even if some respondents think the bank lobby area is insufficient to get the service most of the customers are satisfied or positive perception about the lobby area of the bank so that we can infer that the bank is in good truck in relation to the lobby area of the branches even if somewhat needs improvement.

According to the mean scored from the table above (Table 4.7) point out that CBE has well practiced, in adopted Physical Environment as customer relationship management practice since the research survey indicates the highest mean score of 4.09 for the bank Printed materials (forms, brochures, bank cards, etc.) look attractive and the least mean score of 3.15 for the Color of the wall and lighting of the room is attractive and convenient to stay.

4.4 Analysis of Data Collected From Interview

In order to support the questionnaire survey, primary data was also obtained through Interviews. Interviews were conducted with customer relationship managers from center (HO) and customer relation officers of the bank at the branch of the bank considered in this study. The interviews consisted of six semi-structured questions. This section presents the results of each interview questions.

1. The CRM practices of the bank


In this point, an interviewee from the bank responded as our CRM practice is efficient and our bank CRM practice is focused on customer satisfaction through quality customer service and provide individual customer focused services by dividing their customers' business customers or premium clients based on volume of deposit and credit exposure or volume and by focus on them. They also believes that the service they are providing is preferred by their customers as per the survey they have conducted at various time and they thought that this is the better practice so far in the country context. The interviewee also added in this point, they have suggestion box and the concerned organ periodically reviews the customer comments and constructive suggestion to

take lesson for the future action and resolve problems (if any) immediately. But, In relation to implementation of CRM practice, as per the interviewee, CRM has been implemented relatively well at head office of the bank. since, very few customer relation officers are assigned to some branches of the bank all over Addis Ababa to handle the activities in relation to CRM, the other branch's has been doing the CRM activity by their branch managers and customer service managers.

2. The benefits of the bank gained from service given by CRMs.

According to the respondent, the benefit they gained from applying CRM practice: first, the customer get satisfaction about the service provisioning and this helps them to increase the number of customers and the flow of customers to the bank. In addition, they said that, it a bled the bank to retain the existing customer which in turn helps the bank to minimize the cost of acquiring/getting new customers and gets a lot of deposits form them and meets its target. Besides, because of intimacy and closeness achieved through customer relationship management, customers are getting to understand the problems of the bank and they are ready to closely work with the bank to propose solutions instead of terminating their relationship easily. It has also financial benefit by increasing deposit of bank through long-term relationships created with customers and getting word of mouth.

3. The extent the bank applying customer relationship management practices in terms of the five CRM elements (Service Quality, Relationship Development, Employee's Behavior, interaction Management, Physical Environment)?

 **In service quality:** According to the interviewee the bank provides quality service to its customer by introducing new technology, continuous structure revision and customer focused services, adding to this point, the bank provide Domestic and international banking services by increasing the accessibility of the branch currently as per the respondent the bank has about 1,250.00 all over the country and applying different advanced technology to customer like internet banking, mobile banking, ATM and availing different type of product to customers moreover the bank provide other different banking service with reasonable price to satisfying their customers.

- ✚ **Relationship development:** Customer retention can be better achieved through focusing on establishing relationships and maintaining them. According to the managers, the bank is trying to building relationship with customers and continuously work to fulfill their needs and interest likewise treat them as individual and a group who has the same interests and build relationship with them. However, sometimes there is shortage of resource to fulfill all needs of the customer there is an imbalance of demand and supply so the bank may not fulfill the interest of individual customers as what the customers are expecting and as we intended to achieve.

- ✚ **Employee's Behavior:** the effect of positive employees' behavior could be increasing speed of response to customer and ensure employees are friendly and respectful to customers which enhance customer satisfaction toward the services provided. In this regard of CBE employee has good ethical conduct towards understanding customer's individual character, needs and preferences. Interviewee also added that, the bank also established a dedicated excellence center to give its employees a continuous training that would bring change on their behavior and level of expertise. However sometimes the bank may not provide the desired quality services due to hiring new employees since, they join the organization with different behavior.

- ✚ **Interaction Management:** According to the respondent the bank try to increases interaction with customer by applying different mechanism such as, receiving customer complain and providing quick response for their complain as much as possible, more to the point, the bank collect the customer feedback though suggestion box and some time by conducting research and try to identifying customers need and offer different type of product that meet with their need. In addition to this point, the bank has social benefit through participate in different society's problems and building good image and increase customer intimacy with the bank.

- ✚ **Physical environment:** physical environment is important in banking industry, thus all banks should consider physical environment, which is represented by decorations, aisles, and lobby areas. Air conditioning, lightening, colors and other facilities those are available for customer convenience since in service industry especially in banking sector

customers are looking for supplementary services. As per the managers of the bank, some of bank branches are not well decorated and have not enough lobby areas and guest chairs but currently the bank is strongly working to standardize all branches by solving problems one by one.

4. Some challenges faced by the bank in implementing customer relationship management

- ✚ Frequent network failure or interruption problem, providing banking service without network is very difficult consequently because of unavailability of sufficient and consistent network the bank might lose its customers and it is a challenge to implement CRM.
- ✚ Long wait in queue and delay in handling customer complaints for some employees.
- ✚ Shortage of foreign currency. Consequently, it is difficult to serve our customers as what they want and what we want to provide them.
- ✚ The credit service customer demand is very high whereas the supply of loan able fund is somewhat low. Therefore, it is challenging the bank to provide customers with a loan at the desired time.

5. The awareness of the employee about the concept and practice of CRM.

According to the respondents of interview questions, the bank provide continuous training to the employee in addition, awareness is given by looking employee's day-to-day service performance to improve their relationship with customer and quality of service he/she delivered.

6. The system the bank use to maintain and record the customers data, in more to the point, the interviewer ask about the frequency to update the customers data.

According to the respondents, the bank is using currently TEMENOS T24 for database application, a banking system that is used by some of the banks in Ethiopia. Adding in this point the system has a lot of functionality (packages) even if, the bank has not applied

currently. But, on the future they have plan to use all functionality of the system one by one. In connection of the data updating mechanism of the bank, they only receive customer's information at the time of opening of account. After that, they may perhaps be updated if the customer brings other request like loan or other bank service otherwise, it is not updated regularly. In addition to these according to the interviewee sometimes, our employee missing needed customer information due to lack of awareness especially front makers.

From the interview the study understood that, customer relationship managers & relation officers of the bank has identified their gaps as: bad behavior, lack of awareness in relation with updating the customer data, delay in compliant handling in some employee moreover on some branches of the bank not having enough lobby area. Besides ,the study reviled that due to power & network interruption and shortage of resources are some factors that are adversely affect the quality of the bank service and used to be an obstacle to improve their relationship with customers. From this, we understand that even if some of the customers response are not known more or less the quantitative and the qualitative analysis of the study exhibited identical result.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter is devoted to the summary of findings, recommendations and conclusion of the research study. The findings are grouped under the objectives formulated for the conduct of the special study. Conclusions are the researcher opinion depending on the outcome from the data analyzed as per the objectives of the study. Finally, the study has made recommendations based on the conclusions drawn.

5.1 Summary of the Major Findings

- ✓ The average mean score of the service quality is 3.70. Among the quality service practices used under this study, the bank has guidance sign indicating on which counter offer which service and the branch accessibility of the bank comfortable to the customers scored high mean value 4.17 and 4.43 respectively. This shows majority of the respondent agreed that the bank practiced CRM well in terms of the two subject under service quality dimension and its direct impact on customer satisfaction. On the other hand, the speed of the service the bank provides and consistency of the service at different time scored 3.00 and 2.91 respectively. Due to this fact, the mean score has shown that, majority of the customers have not agreed and have doubt about those statements. (Table 4.3)
- ✓ Interaction management scored an average mean of 3.15. Among the interaction management variables used under this study easy to contact and discuss with staff members of the bank including managers and the bank avail mobile banking service to its customers obtained the high mean 4.22 and 4.11 respectively this means majority of the customers have agreed on the statement. On the other hand, the bank send good wish to its customer on holydays and the bank avail internet banking service to its customer, through which inform the customers periodically about new service (Like new credit product, loan request/decision etc.) obtain the least scored 1.92 and 2.12 mean respectively. Due to this fact, the mean score has shown that, majority of the customers have not agreed on the subjects (Table 4.4)

- ✓ With regard to the summary of employee behavior dimension scored an average mean of 3.82. The variables used under this dimension the employee of the bank has trusty worth, willing to help and treat the customers well and have good knowledge about the concept of relationship management as well, as how to manage it scored 4.21, 4.07 and 4.03 mean respectively. However, the bank employee gives quick response for customers need obtain the least scored 3.09 mean. This shows the majority of the customers have disagreed and neutral about the statement (Table 4.5).
- ✓ Summary of customer's perception on relation development practice of the bank scored an average mean of 2.89 with the highest mean score of 3.06 for the bank use a customer complains as input for improving its service and the least means score of 2.54 for the bank inform to its customers about how to solve complain and the duration of the decision. This shows the majority of the respondent have not agree and have doubt about the variables mentioned under relation development dimension (table 4.6)
- ✓ summary of customer's perception with regard to physical environment scored an average mean of 3.59. The research survey indicates the highest mean score of 4.09 for the bank Printed materials (forms, brochures, bankcards, etc.) looks attractive and the least mean score of 3.15 for the color of the wall and lighting of the room is attractive and convenient to stay. (table 4.7)
- ✓ Finally, according to the result of the interview, network failure, power interruption, delay in handling customer complaints for some employee and shortage of resource (credit and FCY) are some of the challenges impeding the effective implement CRM. Besides, very few customer relationship officers are assigned to some Addis Ababa branches of the bank to handle the activities in relation to CRM and because of this; Branch Managers and Customer Service Managers have been doing the CRM activity by themselves apart from their own daily responsibilities.

5.2 Conclusion

On the basis of the major findings discussed above, the following conclusions are given.

- ✓ The bank practiced customer relationship management from service quality perspectives **well**. Since the average mean of the service quality is 3.71. Majority of the customers agreed with the statements designed to evaluate CRM in terms of service quality

dimension. However, some variables are needs improvement like the speed, the quality and the consistency of the service the bank provided as well as the working hours of the bank needs improvement since some of the respondent not agree and have doubt about those statements.

- ✓ Interaction management dimension is all about how an organization manages the interaction that it has with customers. Hence, CRM of the bank is evaluated in terms of Interaction management **moderate** extent. Majority of the customers showed their agreement to some statements designed to evaluate CRM practice of the bank in Interaction management perspective.
- ✓ With regard to the employee, behavior perspectives CRM practiced **well**, since it scored an average mean of 3.82. Majority of the customers showed their agreement to all questioned designed to evaluate CRM Practice in terms of Employee behavior.
- ✓ Consider relation development practice of the bank practiced **moderate** extent since it Scored 2.89. Form this we infer that the majority of the respondent have doubt or disagree with the statement designed to evaluate relation development perspectives.
- ✓ Physical environment dimension focused about all materials that the bank uses to create and sustain the relationship with its customers. Hence, with regard to physical environment practice of CBE has well practiced. Majority of the customers have witnessed for availability, attractiveness and convenient of materials to get services from the bank at the time they need.(table 4.7)
- ✓ Furthermore, as per the conducted interview results, the banks were found to be strong and efficient. Their CRM practices is focused on customer satisfaction though quality customer service. However, they faced problem of network interruption shortage of loan able fund that adversely affects the bank quality banking service practices. Beside the customer relation management is relatively well practice at head office than branch's.

In general, based on the findings of the study, customer relationship management practice of CBE in terms of the CRM dimensions are going on in an encouraging way and majority of the customers has shown their agreement that the bank practiced customer relationship management in a good manner except relation development perspective .

5.3 Recommendation

- ✓ Even though, service quality dimension of CRM practice at CBE contribute well extent, however some respondents are disagree or have doubt about the consistency and the quality of service. This may leads to loss of existing customers. Therefore, attention should be paid in continuous supervision and monitoring the quality of services. In addition, greater emphasis should be given for consistency of the service quality which was responsible mainly for customer satisfaction. Moreover, the bank should rearrange its working hours in line with its customers' needs.
- ✓ With regard to interaction management dimension, emphasis should be accorded to the presence of technology to obtain and update the customer data regularly as well the bank should accustomed the practice of updating the customer profile and should be viewed as a source to provide addition value added services which is developed based on customer needs and wants. Moreover, the bank should offer different type of new product like saving, credit products etc. though internet banking and send good wish messages to customers since emphasizing to online business rather than traditional way of business is necessary nowadays.
- ✓ In employee behavior perspective, again, there should be an attitudinal change by some members of staff. There should be a conscious effort by all staff to change their bad attitudes. This can be done by identifying its employee gap and facilitate cost effective training program on customer service skills and also equip them with each product knowledge specially for front makers since it is helpful for better competitive advantage.
- ✓ Concerning relation development:- The bank management should giving high attention to solve customer problem and complaints handling mechanisms. The compliance handling mechanism should also be system supported since it is responsible mainly for customer satisfaction. Moreover, the bank should arrange regularly a platform to discuss with its customers about the relationship they have and based on suggestions or feedbacks that come out from the discussion it will be able to provide the service in better ways and it is helpful to sustain its relationship with customers. Besides, the study recommended that it would be necessary to visit customers frequently and hold meetings with them. Such visits and meetings will offer customers the opportunity to share their problems and their

individual needs can be identified, they also feel delighted when they are called by the bank frequently and on special occasion such as anniversaries.

- ✓ The bank management should give special attention to physical environment since it is direct effect in customer satisfaction.
- ✓ With regard to the frequent service interruption problem, the bank should prepare a contingent plan with concerned government organs to reduce frequent power interrupted and network failure.
- ✓ The bank should assign customer relation officers of every branch's of CBE to improve the practice
- ✓ The bank should encourages exporters by extending loan with low interest rate and encourage foreign recipients to exchange their currency through the bank by arranging different encouragement mechanism like prize linked service and calculating high interest rate for their saving etc.
- ✓ To minimize the shortage of foreign currency the government should also encourage exporters and homemade products and develop strong regulation on black market.
- ✓ At last but not the least, the study recommends the bank to properly implement the five elements of the customer relationship management in order to have good intimacy with customers thereby maximize its benefit.

5.4 Direction for Future Research

- ✓ This study conducted to assess customer relationship management practice on commercial bank of Ethiopia in Addis Ababa. The sample drawn from only commercial bank of Ethiopia thus this study may be limited in its generalize ability of the findings to others private banks. Therefore, future research should have to draw sample of Respondents' private banks for the sake generalizing the results of the study.
- ✓ This study includes only five CRM dimensions. However, there could be some other relevant factors that may perceive as important by customers. Thus, future research works which incorporate diversified CRM dimensions will be advisable.

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Appendix I

St. marry university masters program

Address;-0913 750456

E-mail:-selamawit_mh@yahoo.com or selamawitmeretable@cbe.com.et

Enc.: Questionnaire to be filled by customers

Dear respondent:

This questionnaire is designed to collect data on the practice of customer relationship management in commercial bank of Ethiopia as partial fulfillment of the requirement for a master's degree.

The questionnaire is organized in two sections, the first section is personal (general) information and the second one is basic information. The information gathered through this questionnaire will be accessed only by the student researcher and will be kept strictly confidential and the result of the study will be used for academic purpose only. I kindly request you to take a few minutes and respond to all questions honestly.

Thank you in advance for your cooperation. I would like to say your participation for this research success has vital role.

Instruction

Please respond to each item by putting a tick “√” mark in the box & fill in the blank on the number which best reflects your own perception.

Part 1: General Information

Sex Female Male

Age 18-27 28-37 38-47 48-5758 and above

Education: Elementary Secondary school Diploma Degree

Masters other

4. How long have you been the customer of the bank? Please state it in year_____

5. How frequent do you use the bank the service? Please mention it in week_____

Part 2: Basic Information

Instructions: Please tick the number that you feel most appropriate, using the scale from 1 to 5 (Where 1 = strongly disagree, 2 = disagree, 3 = neither agree nor disagree, 4 = agree and 5 = strongly agree).

	SD (1)	D (2)	N (3)	A (4)	SA (5)
<u>Quality of Service)</u>					
1. The bank has provided quick service to its customer.					
2. The branch accessibility of the bank has comfortable to the customer.					
3. The bank provides its service with fair service charge.					
4. The bank has guidance sign indicating as to which counters are offering which service.					
5. The bank working hours are flexible and convenient to me.					
6. The bank provides consistent and quality service all over the time.					
<u>Interaction Management</u>					
1. I believe the bank has all up-to-date and necessary information about me in its database.					
2. The bank avail mobile banking service to its customer so I can access my account information in my home.					
3. The bank avail internet banking service to its customer's so they inform me periodically about new service through internet banking. (Like new credit product, loan request/decision etc...)					
4 The bank send good wish to the customer on holydays.					
5. It is easy to contact and discuss with staff members of the bank including managers					
<u>(Employee Behavior)</u>					
1. The bank employees are trustworthy.					
2. Employee of the bank is willing to help you					
3. The behavior of the employee inspires the customer to trust on them.					

4. The bank employees have sufficient knowledge and experience to provide service.					
5. The bank employees treat customers with great respect					
6. The bank employee gives quick response for customers need.					
<u>Relationship Development</u>					
1. The bank managers give immediate response for customer problem.					
2. The bank inform to its customers about how to solve complain and the duration of the decision					
3. The bank make customer visit occasionally.					
4. The bank use a customer complains as input for improving its service.					
5. The bank takes customer feedback and replies to them.					
6. The bank arranges a platform for customer to discuss about their relationship with it.					
<u>Physical Environment</u>					
1. The bank Employees uniform is attractive and creates trust in the mind of the customer.					
2. The bank service area chairs and other materials are attractive and convenient to get the service.					
3. Room arranged is convenient and attractive to the customer.					
4. Color of the wall and lighting of the room is attractive and convenient to stay.					
5. Printed materials (forms, brochures, bankcards, etc) look attractive.					
6. The bank lobby area is sufficient and convenient.					

Thank you !!!

Appendix II

ቅድስተማርያምዩኒቨርሲቲየሁለተኛዲግሪፕሮግራም

አድራሻ: 0913 750456

E-mail: selamawit_mh@yahoo.com or selamawitmeretable@cbe.com.et

አባሪ:- የደንበኞች መጠይቅ

ውድ መላሾች

ይህመጠይቅየተዘጋጀውየሁለተኛዲግሪአጠቃላይንግድአስተዳደርፕሮግራምጽሁፍለማዘጋጀትሲሆንበኢትዮጵያንግድባንክየደንበኞች ግንኙነት (Relationship) አሰራርንላይያሚያተኩርነው።

ይህ መጠይቅ ሁለት ክፍል ሲኖረው አንደኛው ግላዊ መረጃ የያዘ ሲሆን ሁለተኛው ደግሞ ዝርዝር መረጃ የሚያካትት ነው። በዚህ መጠይቅ የሚሰበሰብ መረጃ ለትምህርት አላማ የሚውል ሆኖ ሚሰጠራዊነቱ የተጠበቀ መሆኑን ልገልፀሎ ወዳለሁ። በመሆኑም ትንሽ ጊዜ ወስዳችሁ መጠይቁን ለምትሰጡኝ ምላሽ በቅድሚያ እያመሰገንኩ የእናንተ ተሳትፎ ለዚህ ፕሮግራም ጽሁፍ ስኬታማነት የማይተካ ሚና እንደሚኖረዉ ለማሳሰብ እወዳለሁ።

ይህ መጠይቅ ጥቅም ላይ የሚውለዉ ለዚህ ፕሮግራም ጽሁፍ ማሳኪያ ብቻ ነዉ።

መመርያ

ሳጥኑ ውስጥ ካሉት መግለጫዎች የእርሶን ምርጫ ለማመልከት የ $\sqrt{\quad}$ ምልክትን ይጠቀሙ። ስመዎትን ሆነ ሌላ አድራሻዎትን መጻፍ አይጠበቅበዎትም።

ክፍል 1:-አጠቃላይመረጃ

ሀ. ስም:- ተባዕታይ አነስታይ

ለ. ዕድሜ:- 18-27 28-37 38-47 48-57 ከ58 በላይ

ሐ. የትምህርትደረጃ:- አንደኛ ደረጃ ሁለተኛ ደረጃ ዲፕሎማ የመጀመሪያ ዲግሪ
ማስተርስ ሌላ

መ. የባንኩ ደንበኛ ከሆኑ ስንት ጊዜ ሆነዎት? እባክዎን የቆይታዎ ጊዜ በአመት ይግለፁት_____

ሰ. በምን ያህል የቆይታ ጊዜ የባንኩን አገልግሎት ይጠቀማሉ? እባክዎን የቆይታዎ ጊዜ በሳምንታት ይግለፁት_____

ክፍልII:-ከዚህ በታች ለተዘረዘሩት ሀሳቦች የግልጽ ሚዛን በሃሳቦቹ ትይዩ በተቀመጡት አምዶች የ "✓" ምልክት በማስቀመጥ እንዲገልፁ በትህትና ስጠይቅ አማራጮቹ ከበጣም አልስማማም (1) ጀምሮ እስከ በጣም እስማህሁ (5) ድረስ መሆናቸውን እንልግለሁኝ።

	በጣም አልስማማም (1)	አልስማማም (2)	እርግጠኛ አይደለሁም (3)	እስማማለሁ (4)	በጣም እስማማለሁ (5)
ጥራት ያለው አገልግሎት (Quality of Service)					
1. ባንኩ ለደንበኞቹ ቀልጣፋ አገልግሎት ይሰጣል።					
2. የባንኩ ቅርንጫፎች በየቦታው መኖራቸው ለደንበኞች አመቺ ነው።					
3. ባንኩ የሚያስከፍለው የአገልግሎት ክፍያ ተመጣጣኝ ነው።					
4. ባንኩ የትኛው የባንኩ አገልግሎት በየትኛው አካባቢ ማግኘት እንደሚችሉ የሚጠቁም ምልክት አለው።					
5. የባንኩ የሥራ ሰአታት ለኔ አመቺ ና እንደሁኔታው መለዋወጥ የሚችሉ ናቸው።					
6. ባንኩ በተለያዩ ጊዜያት ተመሳሳይ ጥራት ያለው አገልግሎት ይሰጣል።					
የአስተዳደር ስጋጥር (Interaction Management)					
1. ባንኩ በመረጃ ቋት (Database) ውስጥ ስለእኔ የተሟላ እና የቅርብ መረጃ አለው ብዬ አስባለሁኝ።					
2. ባንኩ ለደንበኞች ሞባይል ባንኪንግ አገልግሎት በማዘጋጀቱ ባንኩ ድረስ መሄድ ሳይጠበቅብኝ የሂሳቤን መረጃ በቤቴ ማየት እና ማነቀሳቀስ ችያለው።					
3. በባንኩ ኢንተርኔት አገልግሎት በመኖሩ ከባንኩ የተለያዩ አዳዲስ አገልግሎቶች ይደርሱኛል (የብድር ጥያቄ መልስ... አዳዲስ የብድር መረጃዎች)።					
4. ባንኩ ለደንበኞቹ ባህላት ሲደርስ የእንኩዋን አደረሳችሁ መልእክት ይልካል።					
5. የባንኩ ሀላፊዎችን ሆነ ሰራተኞችን ለማግኘት ሆነ ለማወያየት ቀላል ነው።					
የሠራተኞች ባህሪ (Employee Behavior)					
1. የባንኩ ሰራተኞች ታማኝ ናቸው።					
2. የባንኩ ሰራተኞች እርሱን ለማገዝ ፍቃደኞች ናቸው።					
3. የባንኩ ሰራተኞች ባህሪ በደንበኞች ዘንድ እምነት እንዲጠብቅ ያበረታታል።					
4. የባንኩ ሰራተኞች አገልግሎት ለመስጠት የሰለጠኑ እና ልምድ ያላቸው ናቸው።					
5. የባንኩ ሰራተኞች ደንበኞችን የሚያገለግሉት ከታላቅ አክብሮት ጋር ነው።					
6. የባንኩ ሰራተኞች ለደንበኞቻቸው ፍላጎት ፈጣን ምላሽ ይሰጣሉ ይሰጣሉ።					

ግንኙነትን ማሳደግ (Relationship Development)					
1. የባንኩ ኃላፊዎች ለችግሮች በቀጥታ ምላሽ ይሰጣሉ					
2. ከደንበኞች የሚቀርብን ቅሬታዎች በባንኩ በምን መልኩ እና በምን ያህል ፍጥነት እንደሚፈታ ለደንበኞች በግልጽ ይነገራል።					
3. ባንኩ አልፎ አልፎ ደንበኞቹን ይጎበኛል።					
4. ባንኩ በደንበኞች የሚቀርቡ ቅሬታዎችን እንደ ግብአት በመጠቀም አገልግሎቱን ለማሻሻል ጥረት ያደርጋል።					
5. ባንኩ የደንበኛውን አስተያየት በአፅንኦት ተቀብሎ ተመልሶ ለደንበኛው ያሳውቃል።					
6. ባንኩ መድረክ አዘጋጅቶ ደንበኞች ከባንኩ ጋር ያላቸውን ግንኙነት በተማለከተ እንዲወያዩ ያደርጋል።					
አካላዊ አካባቢ (Physical Environment)					
1. የሰራተኞች የአለባበስ ደንብ የቢሮ ስርአትን የጠበቀ እና በደንበኞች አይን አመኔታን የሚፈጥር ነው።					
2. ባንኩ አገልግሎት በሚሰጥበት ክፍል ውስጥ ያሉ ወንበሮች እና ሌሎችም ግብአቶች አቀማመጣቸው በጣም ሳቢና አገልግሎት ለማግኘት ምቹ ነው።					
3. የቢሮው አቀማመጥ ለደንበኛ ምቹና ሳቢ ናቸው።					
4. የግድግዳው ቀለም እንዲሁም የክፍሉ መብራት አመቺና ሳቢ ነው።					
5. የባንኩ አገልግሎት መስጫ ፎርሞች ብሮሽሮችና ባንክ ካርዶች ለእይታ ማራኪ ናቸው።					
6. ባንኩ ያዘጋጀው መስተናገጃ ቦታ ለደንበኞች በቂ እና ምቹ ነው።					

ለተደረገልኝ ትብብር እጅግ በጣም አመሰግናለሁ!!!

Appendix III

SAINT MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES
MASTERS OF BUSINESS ADMINISTRATION (MBA) PROGRAM
INTERVIEW QUESTION FOR CUSTOMER RELATIONSHIP MANAGERS AND
CUSTOMER RELATION OFFICERS

My name is Selamawit Meheretab I am post graduate student in department of business administration (MBA) program at St. Mary University. Now I am doing thesis on “customer relationship management practice on commercial bank of Ethiopia. The purpose of the Interview is to gather information in the bank customer relationship management practice. In order to make the study more fruitful, your response to the given Interview would be necessarily. All of your response would be used for the research and will be kept confidential work. Therefore I kindly request you to respond each question item carefully.

1. Can you describe the current Customer Relationship management practice of the bank?
2. What benefits do you think the bank gained from service given by CRMs’?
3. To what extent your bank applying customer relationship management practice in terms of the five CRM elements (Service Quality, Relationship Development, Employee’s Behavior, interaction Management, Physical Environment)?
4. What challenges are faced by the bank in implementing customer relationship management?
5. How do you describe the awareness of employees on the concept as well as practice of CRM?
6. What type of technology the bank used to record and maintain customer profile? Moreover, how the employee committed to update the customers data regularly?