

**ST.MARY'S UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**



**ASSESSMENT ON THE CONTRIBUTION OF CUSTOMER RELATIONSHIP  
MANAGEMENT ON CUSTOMER LOYALTY  
THE CASE OF COMMERCIAL BANK OF ETHIOPIA**

**BY**  
**SENAIT YIMAM**

**JUNE, 2017**  
**ADDIS ABABA, ETHIOPIA**

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE  
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## DECLARATION

I, Senait Yimam hereby declare that, “ Assessment on the contribution of customer relationship management on customer loyalty: the case of commercial bank of Ethiopia” is my original work, prepared under the guidance of Temesgen Belayneh (PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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Name

St. Mary's University College, Addis Ababa

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signature

June, 2017

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## **Acronyms**

**ANOVA** – Analysis of variance

**CBE** – commercial bank of Ethiopia

**CRM** – Customer relationship management

**SERVQUAL** – Service Quality Measurement Tool

**SPSS** – statistical package for social science

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## Abstract

*This research studies contribution of customer relationship management in commercial bank of Ethiopia. CRM as a strategy has gained tremendous interest among researchers and practitioners in recent times. Thus, the study tries to assess the contribution of CRM on customer loyalty. In addition, this research considers different CRM dimensions such as trust, reciprocity, empathy, bonding and responsiveness. To achieve the objective of the study, primary data were collected through questionnaire from sample of 259 bank customers of CBE. These respondents were selected using simple random sampling technique. The data collected through questionnaire were analyzed using descriptive statistical analysis method and SPSS as a tool of data analysis. Interviews were also conducted with management bodies of the selected branches of CBE. The result of the study indicated that, there are some loopholes; such as, lack of continuous supervision and monitoring in the quality of bank services, weakness in giving individualized attention to customers and the common challenge is network interruption. The finding also suggests some measures which can be taken in to consideration in order to enhance CRM practices of the bank. The study also clearly revealed that the four CRM dimensions are strongly related. Thus, from customers as well as management bodies of the bank perspective, CRM has a significant influence on customer loyalty in CBE. Based on the findings of the study, the researcher forwards some recommendations as; the bank should make the whole system on work with customers, not in opposite of customers, continuous supervision on the quality of services, provision of training to employees, and also they are expected to invest more on attracting new customers and retaining the existed ones with regard to CRM to increase customer loyalty.*

*Key words: Customer Relationship Management, Trust, Reciprocity, Empathy, Bonding and Responsiveness*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the study

Most recently it has become an undeniable fact that the contribution of customer relationship management (CRM) is of paramount importance for the successful achievement of any business entity's objectives. For those multi-national companies that compete internationally, globalization has made their competition more intense and harsh than before. Customer relationship management has become the hottest issue in the contemporary business environment. Business organizations working in different industries are striving to adopt and implement the most found CRM strategic approach to pursue their long term profitability and to ensure sustainability of their organizational success. Now, the question at stake is why CRM has become the burning issue that calls for the attention of managers of business firms? How can its contributions to organization success of firms be perceived? What benefits does it entail to business firms in various industries; in general and to banks in the banking industry in particular? There are a considerable number of theoretical and empirical facts that tend to answer these questions.

CRM is extremely significant to firms as they pursue to improve their marketing performance through: customer's retention, customer acquisition, market shares and sales volume so as to ensure long-term relationship with customers. For this reason; currently, many firms have relied heavily on information technology assets to better manage their collaborations with customers before, during and after sales (Bohlingetal.2006). As more and more enterprises recognize the importance of becoming customers focus in today's competitive economy, they embrace CRM as an essential business approach (wu, 2008). CRM is also a method of increasing a wide spread picture of customers desires, anticipation and conducts and managing those factors to affect the business performance (Hoots, 2005); or it is about managing customer knowledge to better understand and serve them (Rahimi, 2007). It is also strictly believed that with an effective use of information and communication technology, organizations can offer their customers a variety of products, at lower prices and customized services in order to effectively reach to their customers and fulfill their preferences by gathering information both from the internal and external

resources to provide a unified profile of customers for target marketing devotions (Kara hostas, etal. 2001). By building relationship with customers, organizations can also gain quality service of marketing intelligence for better planning of marketing strategy. (Eisigerich and Bell, 2006) Besides, in particular banks have to look difficulties to meet the high growth of customer expectation (Hinnawi; 2011).

Moreover; in Ethiopia, the rapid growth and expansion of the banking sector and industry of financial institutions has been providing the financial infrastructure facilities to the economic expansion and the structural transformation. So, most recently; harsh competition, fragmentation of markets, the relatively short life cycle of products and increasing customer awareness and complexity are the main challenges to the banking sector (Tsegay, 2011). It is with noting here that many companies are turning to CRM systems to better understand customers' wants and needs. CRM applications often used in combination with data warehousing, e-commerce application and call-centers which allows companies to asses information about customers buying behavior, preference, complaints and other necessary data to they can better anticipate their customers wants so as to instill greater customer loyalty (<http://www.comercecentral.com>) apart from what has been confirmed by the aforementioned and other contending theories with regard to CRM's contribution and benefit to firms, these are also some general benefits that CRM renders to business organization. These includes the ability to provide faster response to customer inquiries, increased efficiency through automation, having deeper knowledge of customers, getting more marketing of cross selling opportunities, identification of the most profitable customers, receiving customer feedback leading to new and improved products and services and doing one to one marketing.

The above mentioned axioms and general facts about the benefit of CRM strategy and their contributions to the success of any business entity in any industry in general and banks in the banking industry in particular are considered by this research as spring boards to assess the contribution of CRM strategic approaches on customer loyalty in Ethiopia case, Commercial Bank of Ethiopia.

## **1.2 Statement of the problem**

A world has become a global village. The pace of globalization is becoming too intense that it is making the world a mere single village. The ever-advancing information technology has made this global phenomenon more concrete and real than ever before. So undoubtedly the business environment cannot be alienated from this global scenario. The banking industry in the financial sector is swimming in this pool of reality. The financial sector being headed by the banking industry is the core of other business. This is due to the fact that it is through this industry that the main resource of business (money) is circulating. In Ethiopia; the numbers of financial institutions (banks) have been tremendously growing since relatively few years ago. Especially, banks in the private sector have been incorporated and entered to the banking industry. This event undoubtedly adds fuel on the ever burning competition amongst banks that are recently engaged in the industry. To successfully achieve their organizational goals and realize their visions banks have been formulating and practically applying their own policies and managerial strategies. Commercial bank of Ethiopia (CBE) as one business unit in this specific industry has been acting in the same manner. One of the managerial strategic approaches that these banks in general and CBE in particular have been incorporating in to their business policy instruments is CRM strategy. This is a global practice in fact. The implementation of CRM as a tool of competitive advantage is increasing worldwide (Parvatiyal and Sheith, 2002). Early researchers reveal that a sound CRM strategy contributes a lot to banks to upgrade their profitability status, expand market share, enhance sales volume, satisfy customers, retain customers and maintain their loyalty, attract other potential and profitable customers and ultimately to stand out as a leader in the industry competition.

Most banks are characterized by having both profitable and unprofitable customers, where the former subsidize the latter. Retaining the profitable customers has become increasingly difficult in a competitive environment where other financial institutions specialize in offering attractive services and prices to this rewarding segment. Relationship marketing is often directed only at the most profitable segments defined by, for example, income and wealth (Leverin and Liljander, 2006). 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 (Pritesh et al., 2010).

The introduction of more innovative and technologically advanced banking operation would also enable them to keep in touch with their customers and maintain their loyalty (Payne, 2004). The acquaintance of IT- based CRM strategy has become the issue of all the banks. They also try to adopt and undertake a highly advanced CRM strategy by sharing the experience of banking practices that the advanced world applies. The reason for this is nothing but a sound and IT-based CRM strategy is of significant paramount importance to attain sustainable competitive advantage over their rivals by extensively utilizing their business resources optimally and core competencies efficiently (peppers and Rogers, 2004) The fierce and ever intensifying competition amongst the bank in the industry, strictly calls for the formulation, adoption and implementation of sound CRM strategy Because, this well-defined, designed and contextually workable strategy makes them not only good competitors but also leaders. However, in a competitive market place, customers are easily lost through in different services (oracle, 2002). customers are becoming solidier to please, they are smart, more price sensitive ,more challenging, less sympathetic and they are approached by many more competitors with equal or better offers (oracle, 2002)

To be competitive in the thriving market, CRM practice is the latest thing solution. In view of this fact CBE has been trying its level best to cope up with this tangible reality. The bank has been trying to adopt its own customer relationship management instruments with its strategic implementation that would enable the bank to go in parallel with the fierce competition ([www.combanketh.et](http://www.combanketh.et)). However, there seems to be some discrepancies observed between the real banking practice perpetrated by CBE and what should have been theoretically. But researches that have been conducted in CBE both by academicians and practitioners, focus on the internal dimensions of CRM than external dimension which emphasis on interactive activities with customers i.e. trust, reciprocity, empathy, bonding and responsiveness, in order to discover whether these dimensions have had the intended strengthening effect on customer loyalty. Therefore, the researcher would like to assess the status and ways CRM has been put into practice by Commercial Bank of Ethiopia. This is, therefore, as Tamilarasan (2011) says, when one wants to evaluate the effectiveness of CRM, one has to consider the voices of customers which help to improve customer satisfaction and loyalty than evaluating CRM programs based on other criteria. As a result, customer perception feedback regarding the service level of the



bank is essential in retaining existing customers and attracting potential ones. Therefore, to assess contribution of CRM on customer's loyalty, a study was carried out with a special reference to customers of CBE Arat kilo, Mehal Gebeya, Nifas silk and Megenagna branches.

### **1.3 Research Questions**

The research has tried to give answers to the following research question

1. How do customers' perceive the CRM practice of the bank?
2. How do customers perceive their loyalty to the bank?
3. Is there significant relationship between CRM (Trust, Reciprocity, Empathy, Bonding and Responsiveness) and customer loyalty?
4. What is the influence of CRM (Trust, Reciprocity, Empathy, Bonding and Responsiveness) on the customers' loyalty of CBE?

### **1.4 Objective of the study**

#### **1.4.1 General objective**

On the basis of the main topic of the research; the general objectives is to assess the contribution of sound CRM strategy on CBE's customer's loyalty, primarily and to determine the extent of the contribution, ultimately.

#### **1.4.2 Specific Objective**

In conformity with the above general objective the following specific objectives are set.

- To assess customers perception towards the bank CRM practice.
- To measure customers' loyalty towards the bank
- To find out the relationship between CRM (Trust, Reciprocity, Empathy, Bonding and Responsiveness) and customer loyalty.
- To identify the relative influence of CRM (Trust, Reciprocity, Empathy, Bonding and Responsiveness) on customer loyalty.

## **1.5 Research Hypothesis**

In order to achieve the purpose of this study the following hypotheses are considered to be tested

**H1:** Trust has positive and significant influence on customer loyalty.

**H2:** Reciprocity has positive and significant influence on customer loyalty.

**H3:** Empathy has positive and significant influence on customer loyalty.

**H4:** Bonding has positive and significant influence on customer loyalty.

**H5:** Responsiveness has positive and significant influence on customer loyalty.

## **1.6 Significance of the Study**

The primary reason for which research studies are conducted is to benefit the expected users of the research's findings in one way or the other. Some users (individual, organizations, societies, nations and even the world) directly or indirectly reap benefits from the harvest of research studies depending the reasons or objectives based on which the studies are conducted. On the basis of this general fact; this research study is expected to benefit its users in three dimensions, up on successfully accomplished.

### **1.6.1 The organization (CBE):**

The primary beneficiary of this research study will be CBE at which the problem area of the research is identified and the research analysis will be conducted for the primary purpose of aligning effective CRM strategy with the organizations customers' loyalty. Beyond this particular significance to CBE, the research is also supposed to benefit other banks by pinpointing some remedial solutions to their specific problems in connection with their problem of area in organizational dysfunctionality.

### **1.6.2 The academic society:**

The secondary beneficiaries of this research study are students, scholars and any academicians that have the potential and likely hood referring the very findings of the research, to further strengthen their academic works and widen their knowledge in relation to the topic of the research.

### **1.6.3 The general society:**

The other indirect beneficiaries in this research are the society in general and the customers of the bank in particular since, the society circumscribes the customers of the bank, it can logically be deducted that the society's benefit is the customers benefit. Obviously, this research will assist CBE to reformulate, adopt and implement an effective IT-based and well automated CRM strategy; primary, to render quality based banking services to its currently existing and prospective potential customers in particular and the society in general.

## **1.7 Scope and Limitation of the study**

### **1.7.1 Scope of the study**

This research study is not supposed to go beyond its primary aim of assessing “the contribution of customer relationship management” (CRM) in improving the customer loyalty of the bank at least conceptually. More over: the study is also bounded to a specific industry; which is the banking industry. To make it more specific the study; particularly converges to discuss and spot light on one bank amongst the many that currently exist. That is commercial bank of Ethiopia (CBE). The research has also determined the overall population to be limited to customers of import export business and borrowers of those selected branches. Other branches are excluded because either they are not rendering the service under study or they did not operate for more than five years.

### **1.7.2 Limitation of the study**

There is one underlying fact with regard to any research study conducted on whatever topic of interest. That is, it is a complicated, tedious, and time consuming task. It crucially demands reasonably enough time coverage, money and effort expenditure, adequate knowledge, experience and availability of relevant information from various resources. Based on this tangible fact, it is an unquestionable matter that the unavailability and inadequacy of any of these research inputs significantly affects the generalizability of the research findings. Therefore, this research has found it imperative to restrict and remarket the boundary of the research on account of the above mentioned resource constraints.

## **1.8 Organization of the study**

The paper is organized in to five chapters. The first chapter deals with the introduction of the topic and the second chapter presents review of related literature which is about customer relation management. The third chapter deals with the methodology of the research and the forth chapter presents data analysis, findings and discussion of the data gathered. The fifth chapter presents summary, conclusion and recommendation of the research.

## **CHAPTER TWO**

### **REVIEW OF RELATED LITERATURE**

This chapter provides theoretical foundation of the study, presents a summary of CRM literature such as definitions, assumptions and major concepts regarding CRM. Finally, conceptual framework of the study is included by summarizing different literature results.

#### **2.1 Theoretical literature**

The review of the literature was done from various writings, related with the topic in question, which were rated into primary and secondary one depending upon the origin of the source. Some of these literatures provide a basic overview of the research and some of them raised crucial questions for examination. The majority are text books, articles, journals, paper presented by the management, documents written by the local writers on the area. Along with some other text books related to the general concept of customer relationship management.

##### **2.1.1. Definition of Customer Relationship Management**

The aim of this research is not just to familiarize the reader with the techniques and technology of CRM philosophy. The more ambitious goal of this research is to benefit the readers to understand the importance of customer relationship management as necessary and significant elements of managing every successful enterprise. Hence, “a firm most valuable asset is its customers, and given the new and unfolding technological capabilities to recognize, measure, and manage relationship with each of those customers in order to succeed, a firm must focus in deliberately increasing the value of the customer base” (Peppers & Rogers, 2004,p.6). Therefore, the competitive advantage for any enterprise can be gained only by leveraging knowledge of customers’ expectations, preferences and behavior, which involve creating an ongoing dialog with customers and manipulating the information and insight obtained at every customers touch points (Payne, 2004). It's worth mentioning that, building good life time value with customers is not a brief assignment of the marketing department rather it’s an ongoing process which required the involvement of the entire organization. This is true for nonprofit (when the customers may be

donors or volunteers), as well as for-profit, large or small, public or as well as for private enterprise" (Peppers, 2004, p.6).

The case can be more difficult when talking about the concept of CRM philosophy and the new definition of relationship marketing in the public sector. Therefore, the public sector has different objectives and faces different challenges regarding customer management, customer satisfaction, customer retention, customer attraction and acquisition. In addition to this, the fact that, the public sector organization can't choose the proper people they serve; they oriented to serve the entire customer's knocking their doors. The segmentation and targeting process which considers essential requirements for the private sector companies marketing strategy are not valid. Implementing CRM concept on the public and private sector will be measured through this research when employing its effect on the customers of the bank. Linking the working area of banking with the new and developing practice of CRM, in order to measure the effect of adopting the concept on customer satisfaction, acquisition, retention and decreasing customer's loss, increasing market share, sales volume will be the main goal of this study.

However, many scholars give various definitions for customer relationship management, among these definitions technological and relationship aspects of customer relationship management are the fundamental ones. For instance some authors from marketing experience emphasize the marketing side to define customer relationship management while others consider information technology view point to define CRM. However, from marketing point of view, CRM is defined according to (Could well, 1998) as "CRM is a blend of business process and technology that are used to realize a company's customers from the viewpoint of who they are, what they do, and what they are like". But, according to Swift, R.S., (2000,p.11), more emphasis is given for customer relationship management and is defined as "it is a system of business approach that are thoughtful and manipulating customer behavior by managing relationships via meaningful communication in order to improve customer turnover". In these circumstances, customer relationship is defined as a multidimensional construct composed of four behavioral components:-key customer focus, CRM organization, Knowledge management and technology-based CRM in order to implement the CRM in a successful way for increasing the market performance (Sadek et al., 2011).

### **2.1.2 Customer relationship management building strategies**

Maximizing customer value means cultivating long-term customer relation. Thus the concept of CRM, in addition to working with partner called Partner Relationship Management (PRM). This is a process in which companies develop stronger bonds with their customers. Kottler, Keller, 2006. Therefore CRM becomes the process of managing detailed information about individual and carefully managing all customer “touch points” to maximize customer loyalty. A customer touch points is any occasion on which a customer encounters the brand and product from actual experience to personal or mass communications to casual observation. Kottler, Keller, (2006).

Obtaining new business is important to the growth of a company, but maintaining customer relationships drives revenue. By using strong strategies to build customer relationships, you can retain repeat business while creating new revenue streams with existing clients. It can take years of experience to develop effective techniques to build customer relationships, but these are necessary skills for any business professional. Pick up the phone, email and other forms of electronic communication make it easier for business professionals to stay in touch with clients, but they are not an effective way to build a relationship. To build a strong relationship with your client, you need to pick up the phone and call at least once a week to discuss the customer's satisfaction with your company and any improvements the client would like to see. Set up personal meetings to present new product information, sales presentations or close deals.

The company should stay proactive, if you do not present your clients with new ideas to help them better manage their business, then your competition will beat you to it. Rather than presenting your client with a renewal contract that outlines the same services from the previous year, turn the renewal into a presentation of new ideas. To retain your client's business, you need to constantly be offering innovative suggestions on how he can get a better return on his investment in your company's product or service(Liyun et al., 2008).

Liyun et al (2008) your client relies on you for the products and services that you supply regularly, and they may start to come to you for items that seem associated with your product line but you do not sell. For example, if you sell a company its computer equipment, then they may start asking you about office equipment such as copiers. Rather than telling the client that you cannot help her, you should learn to become a resource coordinator for your client. Partner

with an office supply company and introduce that company to your client. Not only do you address your client's concern with a qualified vendor, but you gain a business partner in the office equipment company that can refer you to its customers as well. Provide extras, customers remember your great customer service, and they also remember the great time they had at your annual customer appreciation gathering. Reach out to your clients with free promotional items from time to time such as mouse pads, sticky pads or any office supplies that the client can use every day. They help the client reduce his office supply costs and act as constant marketing tools for your company. Hold special events for clients such as golf outings, parties and family picnics that will allow the client to feel appreciated.

Don Peepers and Martha Rogers in a series of Books also outline four steps that can be adapted to CRM marketing as follows, Identify company's prospects and customers, Do not go after every one, build maintain, and Mine a rich customer data base with information derived from all the channels and customer touch points. Differentiate customers in terms of their needs and their value to the company Spend. Interact with individual customers to improve your knowledge about their individual needs and to build stronger relationships. Formulate customized offerings that are communicated in a personalized way. Customize products, service and messages to each customer facilitate customer company Interaction through the company contact centre and website.

### **2.1.3 Customer Relationship Management Objectives in Banking Industry**

In business transaction the objective of CRM is that, it helps businesses to use know-how and human resources in order to gain understanding into the manners of customers and the value of those customers. In this case business can deliver improved services, making their activities more efficient, developing positive and close relationship with staffs, modernize marketing and selling activities, discover new customers, and increase customer revenues.

According to Semih and Ibrahim (2000), for CRM to be truly effective and successful primarily, an organization must understand and identify what kind of customer information is allowing for and it is indispensable to select what it intends to do with that information. For instance, most of banking institutions keep trail of customer life phases in order to market suitable banking products like mortgages to them at the right time to fit their needs. However, the organization must look into all of the various facts about customers into a business, where and how this data is



warehoused and how it is currently used. For instance, one organization may have a relationship with customers through mail campaigns, websites, call centers, mobile sales force staff and marketing and promotion efforts. Mehrota (2006) stated that, before the introduction of internet era, customers most of the time selected their banks based on how appropriate the location of banking branches was to their homes or office. However, with the introduction of new technologies in the business of bank services, such as providing banking services through internet ‘internet banking’ and ‘ATMs’, now customers are more valuable and they can easily choose any bank for their transactions. This phenomena increased customer base of banks, and also has expanded the choices of customers for selecting the different banks as per their interests. Due to fierce competition in the business environment, public sector banks are also becoming more technology focus and customer oriented. Accordingly, non-traditional competition, market partnership, new equipment, and the conception of the internet are varying the competitive landscape of the retail banking institutions. Through the increased number of banks, offers and services and basically nil switching costs, customers are easily switching banks whenever they find better services.

#### **2.1.4. Benefits of Customer Relationship Management in the banking Industry**

Customer relationship management is a philosophy that is providing incredible importance for any businesses particularly for banking industries since the knowledge of CRM enhances how to attract, retain, and catch potential and new customers for a business in order to compete and survive in stiff competition. According to Liyun et al (2008,) the emphasis of CRM is to focus on keeping and maintaining long-term relationship with customers, leading to customer satisfaction and hence creating business performance in the banking industry. However, Kalakota and Robinson, (2001); Shani and Chalasani, (1992) emphasize that the companies' objectives from using customer relationship management is to know their personalized customers and to offer tailored services, in order to intensify both customer satisfaction and their marketing performance in the long run through keeping customers loyal to them. Nguyen et al (2007), sustained that the customer relationship management if used appropriately, would develop a bank's ability to attain the ultimate goal of holding customers in order to improve a strategic advantage over its competitors. Accordingly, the successful management of customer

relationship can increase customers' satisfaction and loyalty, in order to give optimistic effect on promoting market performance (Liyun et al., 2008).

Furthermore, customer relationships are charming, especially important for banks as market conditions get solidier. Competition is increasing, returns are declining, customers are becoming more challenging and the life-cycles of products and services are shortening dramatically. All these factors make it essential for banks to increase the relationship with their customers and provide them the services they need via the channels they prefer. Furthermore, the implementation of customer relationship management benefits banks to offer a lot of benefits to their customers; some crucial benefits are as follows: CRM provide businesses to delivery service effectively and efficiently all the way through the entire life cycle of the business customer, from the introduction to the establishment of a close, continuing relationship with profitable clients (Could well, 1999). CRM enables the organization substantial reduction and constraint of operational costs via system computerization and regulation, offers low maintenance and widening of costs paid for the use of modern administration tools with authorization bank employees to make a widespread range of modifications to the system. CRM provides organizations particularly banks in order to control flow of information from their databases to achieve customer retention and to cross-sell new products and services to ongoing customers (Foss, and Stone, 2001).

In any business organizations, which implement customer relationship management sustainably, they able to improve relationships with their customers, attain loyal customers and a significant payback, increased revenue, market share, attracting new customers and minimized cost (Roh, T.H., et al, 2005). As far as previous research stated, customer relationship management in the business arena, particularly in the banking sector provides convenience of location for customers, fairness of price, endorsements from others and advancements are not important selection criteria for business firms. However, for a business to be successfully and sustainably implement their activities they can use criteria's like account and transaction, accuracy and suspicion, competence in correcting mistakes and sociability and helpfulness of personnel on the customer's perspective. Hence, customer relationship management, superior quality features of the product / service and distinction proved to be the most important factors for customers

(Zineldin, 2005). Furthermore, also other studies are conducted in a European banks emphasis that taking customer relationship management as a frame work, the bank institution was capable to focus on long term customers through efficient segregation according to individual behavior. The effective implementation of customer relationship management results both in higher revenues and lower costs, making companies more effective and efficient, effective in focusing the right customer base with the right services through the right channels, and efficient in doing this at the lowest costs (Lindgreen and Antioco, 2005) .

### **2.1.5 Contribution of CRM**

Firms are motivated to adopt CRM strategies for both defensive and offensive reasons. Offensive arguments are associated with a desire to improve profitability by reducing cost and to increase revenues through improved customer satisfaction and loyalty. Defensive arguments apply when a firm's leading competitors have adopted CRM successfully, and it fears losing consumers and revenue (Buttle, 2004:28). The fundamental reasons why firms desire to build relationships with consumers are based on economic considerations. Firms generate better results when they manage their consumer base in such a manner as to ensure that they identify, satisfy and retain their most profitable consumers. The rationale for the implementation of CRM strategies is that it improves business performance by enhancing customer satisfaction and increasing customer loyalty (Das, K.,Parmar, J. and Sadanand, V.K. 2009:257).

Early researchers had hypothesized that CRM benefits varied by industry as the process and technologies associated with CRM were tailored to specific industry structures (Shani and chalasani, 1992). Notwithstanding the complexity of the concept, a number of benefits could be derived from or associated with building customer relations management. Harrison (2000:231) points out some as: It allows cross selling opportunities, leading to low customer expenditure over time. For many institutions, the attraction of building customer relationship is the promise of cross selling; selling additional products and services to existing customer base and that it is generally believed that longer term customers will buy more and if satisfied with the company and the company has what the customer wants, the customer will buy from the same financial services. Other benefit is building relationship with customers stops competitors from knowing them. Harrison is of the view that retained and satisfied customers may be less susceptible to

competitors appeal and indicates that Lindgreen and Antico (2005) argues that a satisfied customer may demonstrate immunity to the pull of competition.

#### **2.1.5.1 Customer Service (service quality)**

The degree of assistance and courtesy granted those who patronize a business. Excellent customer service is more than what you say or do for your customers. It also means giving customers a chance to make their feelings known. Customer Service applications enables reps to resolve service issues throughout multiple channels, whether it be through the Web, a call center, fax or field service rep. Customer Service applications and Interaction Center applications enable customers to solve their own problems on a self service model for efficient problem resolution. The SERVQUAL instrument has been the predominant method used to measure customers' perceptions of service quality (Shahin, 2010).

By understanding customers better, firms can provide higher levels of customer service and develop deeper customer relationships and as such CRM can be used to pin point high value customers, target them more effectively, cross sell the company's product and create offers tailored to specific customer requirement (Kotler et al., 2005).

#### **2.1.5.2 Customer satisfaction**

In the literature, there has been discussion about two major concepts of satisfaction; transaction-specific satisfaction and cumulative satisfaction (Gustafsson, Herrmann, Huber, Johnson, 1997). The first one is described as customer evaluation of single experience with a product or service – therefore how happy the customer is with the offering at given point of time, during concrete transaction. Transaction-specific concept refers to satisfaction as the evaluation of single experience. Opposite to transaction specific satisfaction is the concept of cumulative satisfaction, which understands satisfaction as customer's up to date experience with a product or service. In such comprehension, satisfaction is the sum of evaluations of all purchase and consumption experiences with a product during whole relationship.

Satisfaction has not only its drivers – performance and expectations, but also its results loyalty and retention. Those two consequences are correlated with each other, but are at the same time distinct results of customer satisfaction. Loyalty is only expressed psychological predisposition

toward purchasing and/or using a particular product/service once again, however it does not guarantee a success to an organization measured as customer retention. In other words, loyalty is a high perceived or expressed likelihood of repurchase or willingness to pay a higher price, but does not mean, that customer will repurchase from an organization (Rootman, 2006).

### **2.1.5.3. Customer loyalty**

Customer loyalty is one of the most important factor or the issue facing by the business today. Unless the companies can retain the loyalty of their customer, they will lose their customer for repeat purchase and the long term future of that business will be uncertain Linton (1993). According to Morgan and Hunt (1994) customer loyalty has been defined as the strength of the relationship between the individual's relative attitude and repeat patronage. Therefore Aaker(1992) pointed out that considering the brand loyalty reflects the likely habitual behavior of the consumers when brand make changes in the price, product features, its communication and distribution program etc. It is an important part of the marketing side for the expansion of the customer loyalty which focuses on the marketing strategy due to the benefits related with the existing retaining customer Gwinner et al. (1998) and Hagen and Matthews, (2001). Discovering an exact measurement of loyalty is very important due to its profitability Reichheld (2003) to obtain loyalty and to outweigh other competitors, service providers must be able to obtain high levels of customer satisfaction for the service supplied (Eisigerich and Bell, 2006). How much should a company invest in building loyalty so that the costs do not exceed the gains?

### **Loyalty Dimensions**

Behavioral and attitudinal are two dimensions for the customer loyalty (Paravatiyal and sheith, 2002). The behavior dimension refers to a customer's behavior on repeat dining for a specific restaurant over time. Attitudinal dimensions, on the other hand, refer to a customer's intention to repurchase and recommend, which are good indicators of a loyal customer. Moreover, a customer who has the intention to repurchase and recommend is very likely to remain with the restaurant. The behavioral dimension and customer loyalty is usually expressed by repeated purchase of service among other variable intention to repurchase and to recommend (Mithas and Frow, 2005). Lemon and Zeithaml (2001) showed a positive correlation between overall satisfaction and loyalty intention. As for behavioral loyalty, Barnes (1997) found out those

customers having a closer relationship with a service employee present higher share of business with the service provider. If a server maintains good relationship with customers, those customers may wish to return again to the restaurant and to request to be served with the same server. Customer satisfaction and service quality are prerequisites of loyalty (Ghavami and Olyaei, 2006). Several researchers pointed out that high customer satisfaction and service quality result in higher customer loyalty and willingness to recommend the service (Danaher & Mattsson, 1998). Bitner (1990) confirmed that the word-of-mouth becomes more positive as satisfaction increase.

### **Factors contributing to customer loyalty**

Awareness, the awareness of the organization towards its customers has contributed to the development of bank, since it increases customers' expectations. Reputation, in order to build and maintain a reputation, the promised quality of services must be delivered (Tepeci, 1999). The organization reputation is very important for the performance of the bank activities, therefore the CBE customers are loyal because of the bank status and reputation. Promotion, it can be used to develop differentiation, and can be used to create loyalty. The CBE through its marketing department has created various promotional campaigns to advertize its products though it is only based on urban areas rather than rural areas but they succeeded to increase customer loyalty. Innovation, it allows the bank to remain up-to-date and demonstrates attentiveness to the changes in customer style with the consideration of the customers' perceptions and attitudes. It is important that the managers should decide on which innovations to implement (Tepeci, 1999). Image, building and sustaining a positive image is an important step in maintaining customer loyalty (Tepeci, 1999). A strong image is important for a bank to distinguish its service from their competitors'. CBE has created some image to the society it lives and attracts them as well. The image includes excellent service, atmosphere, colors, symbols, and words that convey a consistent message and not merely the name (Berry et al., 1988; Tepeci, 1999).

### **2.1.6. Dimensions of customer relationship management**

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

#### **2.1.6.1 Trust**

Trust is defined as a belief or conviction about the other party's intentions within the relationship (Taleghani et. al., 2011). Thus, trust plays a major role in separating purely economic actions from those that have a social nature such as with professional services. Good relationships and trust are built over time, with give and take on both sides, and not too much pressure (Rigby et. al, 2003). We conceptualize trust as existing when one party has confidence in an existing partner's reliability and integrity (Morgan and Hunt 1994). Trust can lead to commitment, which can in turn lead to long-term cooperation between the two sides involved in a relationship (Hunt and Morgan, 1994). Therefore according to these authors, trust permits firms to lessen or avoid dependence on expensive formal controlling mechanisms to maintain their partnerships.

#### **2.1.6.2 Reciprocity**

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

#### **2.1.6.3 Empathy**

Velnampy and Sivesan (2012) stated that empathy can be viewed as the ability to share, understand and feel another person's feelings in a relational situation. Thus, it is the dimension of a business relationship that enables two parties to see a situation from the other's perspective. Empathy is the ability to see a situation from another person's perspective (Wang, 2007 cited in

Taleghani et. al., 2011). Taleghaniet. al., (2011) added to the above fact that empathy is defined as seeking to understand somebody else desires and goals. Other writers also described to empathy (including access, communication, understanding the customer) – as caring and individualized attention that the firm provides to its customers (Khenget. al., 2010). Therefore, Empathy is the care and importance the service provider gives to an individual customer and the degree to which specific customer needs and preferences can be understood and articulated (Taiwoet.al., 2011).

#### **2.1.6.4 Bonding**

As per Taleghaniet. al., (2011), bonding is defined as the dimension of a business relationship that results in two parties (the customer and the supplier) acting in a unified manner toward a desired goal. They added that in the dyadic relationship of a buyer and a seller, bonding can be described as a dynamic process that is progressive over time. If CRM practices are conceived and implemented properly, it will enable companies to retain customers for life, get maximum value out of each customer and generate exemplary customer bonding (Tamiliarasan, 2011). The bonding process begins with the very basic force of the need for a seller to find a buyer for their product, and the desire for a buyer to purchase a product that will satisfy their needs. Various bonds exist between parties and indicate different levels of relationships.

#### **2.1.6.5 Responsiveness**

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

### **2.3 Empirical literature**

#### **2.3.1. Empirical Findings in Developed Countries**

Most of the research conducted on Customer Relationship Management is based on evidence from majority of prior empirical studies that are done in developed countries. Here, in this section a certain empirical findings conducted based on developed countries are reviewed.



According to Swaminathan, (2004), the association of customer relationship management and its customer outcome has been done by considering banks, investment companies, insurance companies and other firms as a sample study which characterized as high degree of relationship orientation and thus well suited for testing CRM framework. Although for the purpose of data collection questionnaire was used and for these case questionnaires were sent directly to general managers and similarly level senior managers. These senior-level respondents were highly knowledgeable about CRM implementation and practice within their companies as indicated by their ability to answer fully virtually all questions. Accordingly, the results shows that focusing on key customers and managing knowledge have significant effects on market performance in terms of customer satisfaction. However, customer satisfaction is not directly affected by organizing around CRM and incorporating CRM-based technology. Furthermore, organizing around CRM affects customer retention directly. Similarly, managing knowledge has a significant effect on customer retention and sales growth via customer satisfaction. Incorporating CRM-based technology shows no sign of significant effect on the performance metrics. Also another research has been conducted on the fundamental role of customer relationship management on customer knowledge and customers 'satisfaction. For this research the necessary data was gathered from experienced managers of information technology almost from 300 institutions working in United States of America. The finding showed that the applications of CRM have a positive effect as they contribute to improve the knowledge of the customer and enhance the market performance (Mithas and Frow, 2005). Also studies are conducted in Turkey on the customer relationship management process within a business and recommend a tool or customer relationship management measurement. For this matter the research is designed according to scale development literature. The feedbacks from several industries like manufacturing, information technologies, tourism, service, retail, finance, and logistics were collected. The study enables shortages of information about the relationship between the processes and outcomes of CRM such as Customer satisfaction, Customer loyalty. As a result a wide-ranging model can be assembled and the relationship between CRM results, customer relationship management processes and other organizational factors can be investigated. The effect of organizational philosophy, arrangement and other organizational features on CRM processes and results can be analyzed (Oztaysi, 2011).

### **2.3.2. Empirical findings in Developing countries**

In developing countries most of the studies on customer relationship management have been done on the basis of data obtained from developed countries. For instance, a research was conducted on customer relationship management and customer orientation on the Hotel industry. Accordingly the study tried to classify hotels in Ashanti region of Ghana into a category of low, middle, or high customer relationship management conscious. The result of the findings suggests that significantly majority of the hotels have low orientation to CRM (Hamdallah and Evelyn, 2011). According to Sayed (2011) research was conducted on exploring the hypothetical bases of customer relationship management and its relationship to the marketing performance from the several perspectives. However, the population of the study includes all the financial institutions working in the Arab Republic of Egypt. The Result of the research shows that there is a significant correlation between marketing performance and focus on the main customers, organizational efficiency and customer knowledge management. Furthermore, the research was conducted on how information technology could enhance firm performance in the organizations that are providing services for the customers and in order to enhance profitability in the Nigerian insurance industries (Oghojafor et al, 2011).

Accordingly, the researcher was used survey methods to collect data among insurance companies in Nigeria. Also the researcher was selected a sample from Lagos state, the commercial center of the country. Finally according to the result of the finding shows, despite the fact that all most all organizations have a widespread data base of their customers, but not almost make provisions for their customers to make major businesses online because they have not fully incorporated their customer relationship management with information technology. Furthermore, another research has been done by Sayed (2011). Hence the research was not only taking a non-traditional method of evaluating success; by approaches stakeholders' expectations as an evaluation criterion but also concentrating a case study from Pakistan, wherever ICT industry and specifically CRM is in the initial stages of adoption. The only suggestion the researcher would like to make is that instead of reinventing the wheel, stakeholders should learn from the mistakes of the western companies. If they have imported the solution from these developed countries, then those failure lessons should also be imported and applied in order to

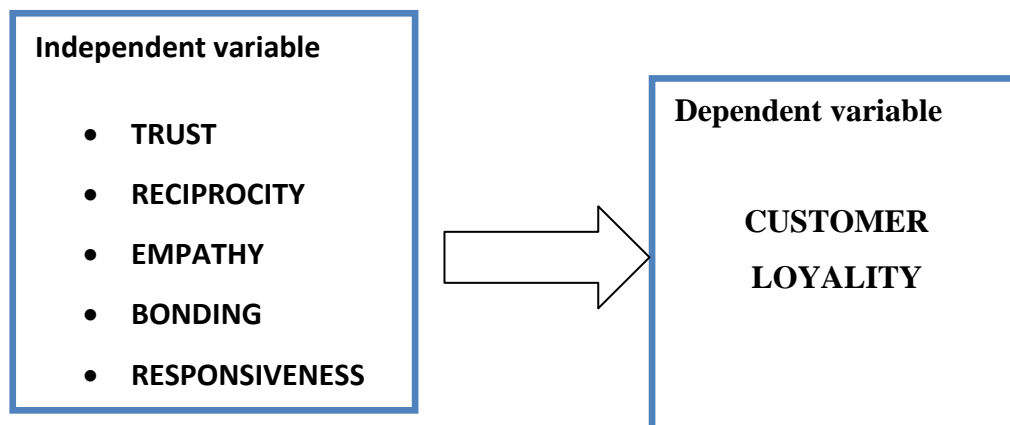
avoid damage and financial losses. The result shows that the loyalty card program has significant positive effect on the customers' loyalty. Although loyalty card program may not be the best choice for some stores, also there are many other ways to develop and maintain customer loyalty.

Having all the above studies conducted by various scholars, the measurement of CRM earning can be different from researchers to researchers, some studies measured them through the customer's satisfaction and loyalty, others studies measured them through the return rate on investment and others measured it through increasing sales and profits.

## 2.4 Conceptual Framework

Callaghan et al. (1995) cited by Kojo, disclosed that trust, reciprocity, empathy, bonding and responsiveness are dimension of customer relationship management. Kojo applied the above dimension to measure customer relationship management.

**Figure2.4.1 Conceptual Framework for CRM Practice**



Source: own construction

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1. The study area**

The identification of the real area of problem investigation is one of the main concerns of the study. The banking industry currently prevailing in Ethiopia is the place where the actual problem investigation is undertaken. In general terms commercial bank of Ethiopia (CBE) which is the leading state owned bank in the nation is undertaken. The selection of the bank is that it constitutes the significant portion of the bank industry, on account of its vast number of branches, largest market share and relatively huge capital outlay and numerous assets so the study believes that an assessment made in overall performance of the bank and finding there of greatly reflects the industry as a whole. The study selected four branches of CBE for its investigation of the real research problem. Most recently CBE is designing its operation through its 1140 branches located all over the country however, the study selected four branches found under the four district offices located in Addis Ababa city. The branches were selected from each district for investigation of the real research problem. The selection of four branches to represent the overall branches as a representative does not affect the reliability of the research finding as well as the validity of the research output, this can be justified by Two crucial reasons, one reason is that the bank has been following similar customer relationship management strategy and has been practicing uniformly through all its branches, the Second reason is that the quality of service the bank has been redesigned to its customers across all branches is almost the same. In general the nature of operation of the bank is almost similar in all branches so; selecting four branches for the actual research problem Investigation is justifiable in this regard.

#### **3.2 The Research Design**

According to Chopra et al. (2012) research design is the conceptual structure within which research is conducted. They specifically indicated that “a research design is the arrangement of condition for collecting and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”. A research design is the arrangement for a precise

statement of goals and justification. This study employed more of quantitative case study method to answer the research questions and used some qualitative information to know the current conditions of CBE concerning customer relationship management and loyalty. Therefore, the researcher uses descriptive research design in order to describe the assessment of contribution of CRM practices of the Commercial Bank of Ethiopia. To do so the researcher data were collected through questionnaire using customers' of CBE and interview with managers of the branches.

### 3.3 Types and sources of data

The study mainly depends up on primary source of data. Primary data were collected from customers of the four selected branches of commercial bank of Ethiopia through questionnaire. In addition to this the researcher conducted an interview with the higher officials (branch manager and customer service manager) of the selected branches of CBE.

### 3.4 Target population and sample size

The study was undertaken to examine the contribution of CRM on customer loyalty by the customers of Commercial bank of Ethiopia. The bank has four district offices in Addis Ababa (East, West, North and South) .The researcher selected a branch from each district and its population size from Customers of commercial Bank of Ethiopia, rat kilo, Mehal Gebeya, Nifas silk and Megenagna branches with the following Parameters. Customers should have a bank account in the selected bank at the same time they have to be engaged in either importing exporting business or users of credit facilities of the selected branches of Addis Ababa city. They are considered as target population size of the research study.

The population sizes of the selected branches are presented hereunder:-

Branch Name	No of importers and exporters	No of borrowers	Total	Proportion	Sample size
<b>Arat Kilo</b>	122	72	194	26	67
<b>MehalGebeya</b>	144	108	252	34	88
<b>Nifas Silk</b>	82	50	132	18	47
<b>Megenagna</b>	94	64	158	22	57
			736	100	259

**Source : From Trade service and Credit Department of Commercial Bank of Ethiopia**

To determine the respective sample size from these defined population the study followed if appropriate to apply (Yamane 1967) formula at 95% confident level and 5% level of precision so based on this

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

where *n* is the required sample size

N is the population size and

e is the level of precision

$$n = \frac{736}{1 + (736)(0.05)^2} = \frac{736}{1 + 736 \cdot 0.0025} = \frac{736}{2.84} = \underline{\underline{259}}$$

### 3.5 Data Collection Instruments

The study used both primary and secondary data as its source of information. Primary data was collected based on structured questionnaire and semi-structured interview. The secondary data was collected by reviewing books, previous research works, articles and journals related, and online information available. Based on the research objective, a questionnaire was prepared to elicit customers experience and semi-structured interview questions also prepared to get information about customer relationship management and customer loyalty of the bank.

The questionnaire consists of two parts. Part one was prepared to gather general information about the respondents gender, age, education, and for how many time the customer using the bank's services.

Part two was prepared to enable the researcher to gather information about effectiveness of CRM on the loyalty of customers of commercial bank of Ethiopia.

For all questionnaire included in section 2, the respondents were requested to indicate their feeling on a five point Likert scale type to measure weighted as follows: 5=strongly agree, i.e., very much supporting the case described, 4= Agree, i.e., feeling alright with the Case described, 3=neutral, i.e., uncertain with the case, 2=Disagree, i.e., not satisfied with the Case described, and 1= strongly Disagree, i.e., very much dissatisfied with the case described.

### 3.6 Methods of Data Analysis

After the data was collected from primary source it was checked and in-house editing was undertaken to detect errors that had been committed by the respondents. Then, the edited data were coded and manually entered in to statistical package for social science (SPSS) version 20 computer software. Moreover, both qualitative and quantitative methods of data analysis techniques were employed. Analysis of data in this research was done by using descriptive statistical method like: frequency and inferential statistical methods such as: correlation and regression. The regression analyses were conducted to determine by how much percent the independent variable i.e. customer relationship management explains the dependent variable which is customer loyalty and to test the proposed hypothesis. Correlation analysis was conducted to test whether there is a positive significant relationship between the customer relationship management dimensions and customer loyalty.

### 3.7 Reliability test result

Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively related to one another. It is computed in terms of the average inter correlation among the items measuring the concept. The result of 0.7 and above implies an acceptable level of internal reliability (shifera, 2004). The result of the reliability test for the questionnaire is shown in the following table. The total test result is 0.852. therefore, based on the test the result for the items are reliable and acceptable.

Table 3.1: Reliability test result for the questionnaire

Item	Number of item	Cronbach's alpha
Trust	7	0.934
Reciprocity	4	0.879
Empathy	6	0.901
Bonding	5	0.856
Responsiveness	6	0.884
Customer Loyalty	10	0.946

## CHAPTER FOUR

### DATA PRESENTATION, ANALYSIS AND INTERPRETATION

As it was clearly revealed in the earlier sections of this research paper ; the study tried to gather the necessary and relevant data by using self administered questionnaires , by conducting a structured and semi structured interview , and by reviewing the related documents of the branch company. The self administered questionnaire was designed to focus on the main variables of the research which are trust, reciprocity, empathy, bonding and responsiveness. Each enquiry in the questionnaire was prepared to extract information from respondents centrally focusing on the main variables of interest. The whole content of the questionnaire was made to consist of enquires requested to the randomly selected customers based on a five point likert scale type to weight the feelings of the respondents. The extent of customers feelings towards the question was estimated and determined by offering five typical choices which are strongly agree, agree, strongly disagree , disagree, and no comment . So, in this first part of this chapter the raw data obtained via the self administered questionnaire has been presented in a more understandable manner by using tables and charts followed by descriptive analysis of the major issues and variables of the research in a sequential manner . These issues and variables of the research are demographic attributes of respondents, questionnaire response rate, and trust, reciprocity, empathy, bonding and responsiveness. The major findings of the questionnaire are analyzed descriptively for each of these issues and variables right after each table and chart followed by a thorough discussion of the results obtained thereof.

#### 4.1 Questionnaire response rate

Questionnaire distributed	Questionnaire responded	Response rate in percentage
259	246	95

Table 4.1. Showing the response rate of questionnaire distributed to randomly selected customers of CBE



As the above table shows questionnaire was dispatched randomly to customers of commercial bank of Ethiopia selected four branches, from the table it can simply be inferred that the great majority of customers were willing to directly fill in the questionnaire presented to them.

## 4.2 Demographic characteristics of customers

Table 4.2. Schematic showing the major demographic attributes of the customers who participated in filling the questionnaires

Demographic attributes	Categories	No of respondents from each category	Percentage of respondents from each category
Sex	Male	140	57%
	Female	106	43%
	Total	246	100%
Age	18-25 years	42	17%
	26-35	76	31%
	36-45	79	32%
	46 and above	49	20%
	Total	246	100%
Educational level	Primary	17	7%
	Secondary	27	11%
	Certificate	29	12%
	Diploma	47	19%
	Degree	69	28%
	Masters degree	52	21%
	Above master degree	5	2%
	Total	246	100%
For how long have you been the customer of the bank?	0-3 years	27	11%
	4-6 years	84	34%
	7-9years	79	32%
	10 and more than 10 years	56	23%
	Total	246	100%

Source: own survey, 2017

Out of the Two hundred Forty six (246) respondents; one hundred forty (140) of them were found to be male where as one hundred six (106) of them were found to be female. It can easily be observed from the table that forty-two(42) of the respondents were 18-25 years old; seventy six (76) of them lies in the interval 26-35 years for their ages; seventy nine (79) of them lie in the age range of 36-45 years, and forty nine (49) of them were found to be 46 and more than 46 years of old.

As to the educational level of respondents ; seventeen(17) of them were below grade 12 ,twenty seven(27) of them were high school graduates; thirty (29) of them have certificate ; forty nine (47) of them were diploma holders sixty nine (69) of them were degree holders; fifty two (52) of them were with their masters degree , and the remaining five (5) were qualified with PHD.

#### **4.2.1 Results and discussion**

Out of the two hundred forty six (246) respondents; fifty seven (57%) of them was constituted by the male subcategory where as the 43% was constituted by female sex category. This shows that; though the number of male respondents is greater than that of female respondents; the customers of the branches are nearly proportional in number in connection with their sex categories.

Most of the respondents were in the age categories of 26-35 years (31%) and 36-45 years (32%), where as 17% of them were in the age groups 18-25 years, and the rest 20% is the range of 46 and above age category. This shows that, the customers of the branch are at various age groups even if most of them constitute the youth.

7% of the respondents were primary school for their educational level where as 11% of them were high school graduates, 12% of them possessed certificate , 19% of them received their diploma qualification , 28% owned their first degree, 21% held their masters degree and the remaining 2% were at their PHD academic level. This shows that; the respondents were off from various educational background and most of them were rational or reasonable enough to respond to the questionnaire.

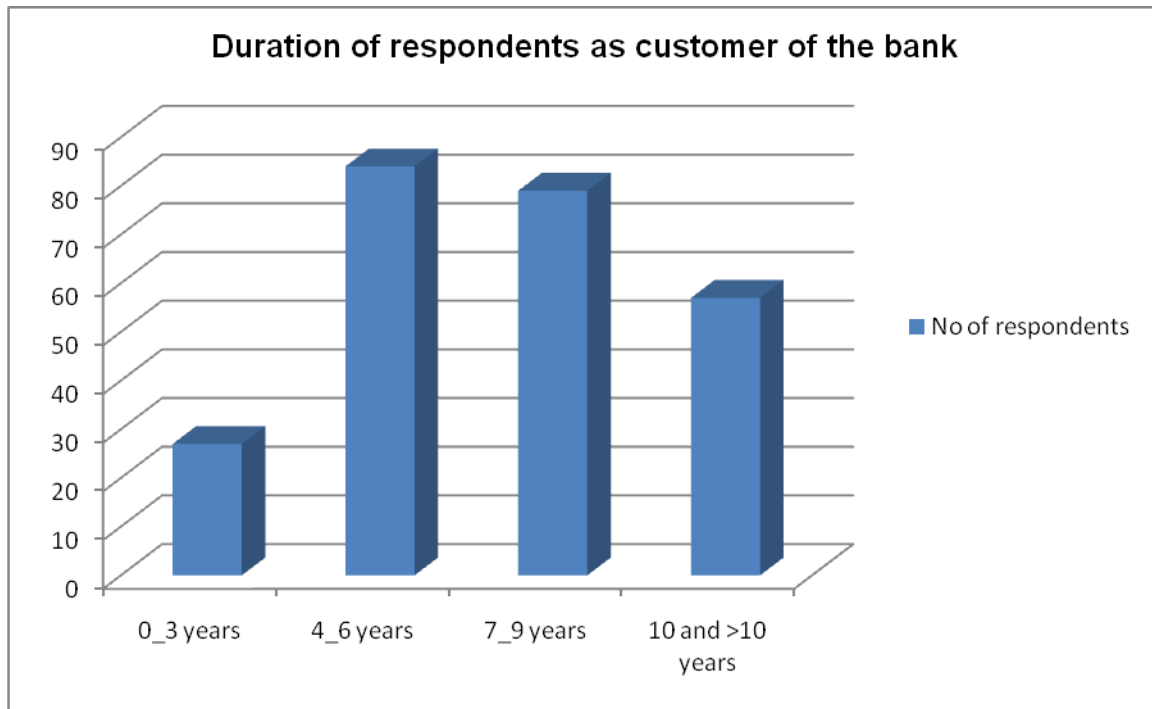


Fig 4.1 showing the no of respondents against their stay in the bank as customers

As the above graph shows; the majority of the respondents had been customers of the bank for about 4-6 years. In fact; the graph also indicates that in general most of the customers had stayed as customers for about longer than 4 years.

### 4.3 Analysis on the perception of customers towards the variable trust.

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

The perception of customers of the branch towards the measure variable of trust of the bank has been presented below in a tabular form. Based on this, analysis has been made on this specific research variable by using the basic statistical tools. Here; it must be noted that; the weights from 5 to 1 have been attached to strongly agree, agree, no comment, Disagree, and strongly disagree response.

Table 4.3 showing the results of the questionnaire on the variable trust

Questionnaire	No of respondents for an alternative										
	Strongly agree (5)		Agree(4)		No Comment(3)		Disagree(2)		Strongly disagree(1)		Total
	F	%	F	%	F	%	F	%	F	%	
The bank is highly concerned about the security of my transaction.	49	20	121	49	15	6	27	11	34	14	246
The bank makes efforts to truly discharge its obligation to customers.	27	11	81	33	25	10	34	14	79	32	246
3. I am confident on the financial status of the bank.	66	27	165	67	15	6	-	0	-	0	246
4. I am confident that the bank will take care of me in case I incur financial loss.	79	32	101	41	29	12	25	10	12	5	246
5. The bank is trustworthy on calculating charges.	89	36	103	42	12	5	20	8	22	9	246
6. The bank is trustworthy during cash payment process.	101	41	106	43	-	0	24	10	15	6	246
7. The bank provides quality service consistently.	189	77	25	10	20	8	7	3	5	2	246

Source: own survey 2017

#### 4.3.1 Results and discussion

As the above table clearly depicts; out of the two hundred forty six (246) respondents 49(20%) of them strongly agreed that the bank is highly concerned about the security of their transaction

while 121 (49%) of them agreed and the rest 34(14%) didn't comment in this regard. Meanwhile; 27(11%) of the respondents replied that the bank makes efforts to truly discharge its obligation to customers by strongly agreeing. It is further noted from the table that 81(33%) of the respondents agreed; 79 (32%) of them strongly disagreed, 34(14%) of them disagreed and 25(10%) of them gave no comments in connection with this.

It can easily be observed from the table that 66(27%) of the respondents strongly agreed on the fact that they are confident on the financial status of the bank. Besides; 165(67%) of them agreed on this reality while 15(6%) of them refrained from giving any comment in this regard. One can also easily see from the table that 79(32%) of the respondents said that they felt confident that the bank will take care of me in case they incur financial loss. In this regard; 101(41%) of them agreed and accepted this; 12(5%) of them strongly disagreed, 25 (10%) of them disagree and finally; 29 (12%) of them abstained from commenting.

It can also be deduced from the table that 89(36%) of the respondents strongly agreed that the bank is trustworthy on calculating charges. Furthermore, 103 (42%) of them positively supported this idea by agreeing. However; 22(9%) of them strongly disagreed in this context; 20(8%) of them disagreed and 12 (5%) of them became neutral.

With regard to the trustworthiness of the bank during cash payment process 101(41%) of them strongly agreed that it went in accordance with their service requirement while 106(43%) of them agreed to a lesser extent in this regard however ; 15(6%) of them strongly disagreed and the rest 24(10%) disagreed .

At last but not least; the table reveals that 189(77%) of the respondents strongly supported the idea as to whether the bank provides quality based service consistently or not; while 25 (10%) of them agreed on this. However; 5(2%) of them and 7(3%) of them refused to accept and agree on this idea by strongly disagreeing and disagreeing respectively and simultaneously 20(8%) of them became reserved from commenting in this regard.

In conclusion 75.57% of the respondents agreed that they trust the bank, they will leave all the activities to be performed by the bank. In contrary 15.14% of the respondent denied the trust of the bank while 9.29% refrained from commenting.

On the basis of the findings explored from the replies of the questionnaire that focused on the important dimension of CRM; that is trust, the researcher has come up with results that have been discussed thoroughly in the following manner:

The majority of the respondents confirmed that the bank is highly concerned about the security of their transaction; while a relatively few of them were not in favor of this spectrum of trust. A considerable number of respondents had a belief that the bank makes efforts to truly discharge its duties bestowed on it by its customers. A significant number of them also didn't have this belief on the bank. Being confident in the financial status of the bank as one measure of the trust dimension was confirmed by the vast majority of the respondents while it was denied by few of them.

The respondents predominantly express their opinion that they are totally confident in getting the proper care from the bank at their times of financial loss. This is probably due to their conviction on the financial status of the bank. However, a relatively few number of customers didn't have that much confidence in this regard. The trustworthiness of the bank on calculating charges as well as cash payment process was also another measure of this CRM dimension that had been positively assured by the vast number of the respondents while it had not been accepted by some customers.

#### **4.4 Analysis on the perception of respondents towards the variable reciprocity**

The study has made the analysis on one of the research variables that is; reciprocity. Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009 cited in Taleghani et al., 2011). Thus reciprocity becomes a virtue, a trait necessary for a rational individual to have if they are to aspire to excellence in moral behavior. Based on the findings of the response made on the Enquires that go in line with the research variable .the findings are presented below in a tabular form.

Table 4.4 showing the results of the questionnaire on the variable reciprocity.

Questionnaire	No of respondents for an alternative										
	Strongly agree(5)		Agree(4)		No comment(3)		Disagree(2)		Strongly disagree(1)		Total
	F	%	F	%	F	%	F	%	F	%	n
The bank helps me to solve difficulties, so I am responsible to repay their kindness.	89	36	128	52	15	6	7	3	7	3	246
The bank keeps its promises	57	23	108	44	20	8	20	8	20	8	246
The bank and you work for mutual benefit.	83	34	121	49	0	0	21	9	21	9	246
The bank and you are interdependent.	97	39	86	35	20	8	27	11	16	7	246

Source: own survey, 2017

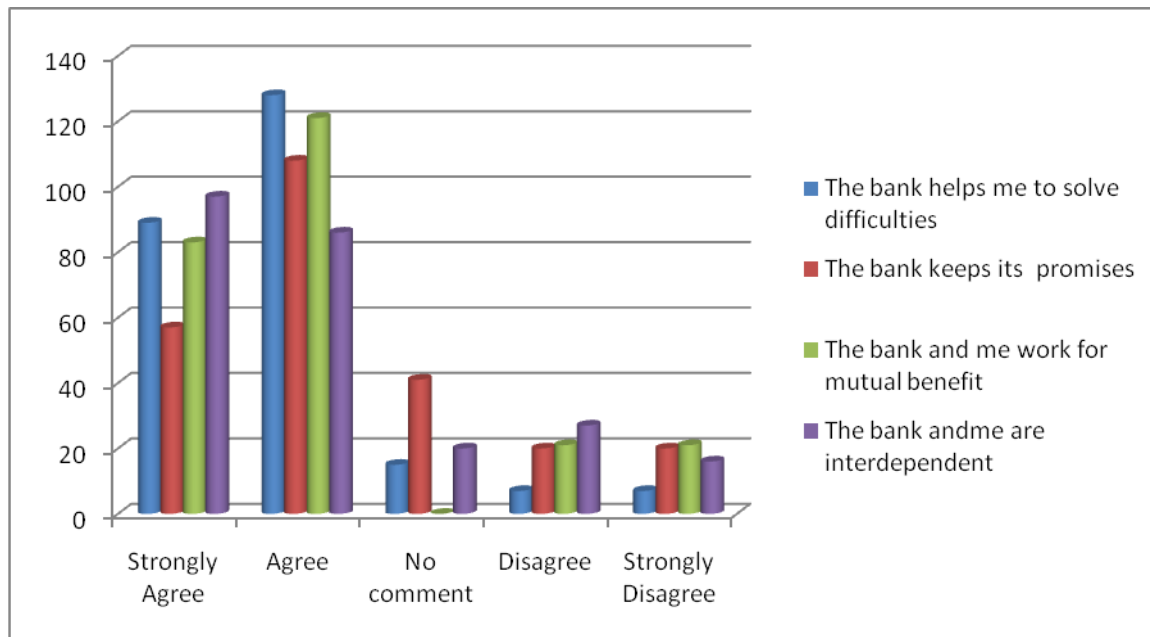


Fig 4.2 showing the findings on the variable reciprocity

In accordance with the findings sought from the replies of the questionnaire centering on the other essential dimension of CRM, that is ,reciprocity this study has obtained results as discussed below;

The vast majority of the respondents assured that the bank had considerably assisted them in solving their life time difficulties and even they believed that they had felt a sense of responsibility to repay the favor they deserve from the bank. This reality is denied by very few of them. A great deal of the respondents confirmed that the bank had enabled them to have a conducive business relationship with it by keeping promises that it entailed to have with customers at times of contractual agreement. Even they believed that they had had indebtedness to the bank. The lesser number of them were not found to be in favor of this reality.

Working for mutual benefit and deserving interdependence were also the measure of reciprocity dimension that had positively been applauded the lion's share of the respondents. This is to mean that most of the respondents had the perception that they had been working with the bank and strengthening their interdependence for the mutual benefit and common growth. This fact was not assimilated by a relatively few respondents.

#### **4.5 Analysis on the perception of respondents towards the variable empathy.**

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



Table 4.5 showing the results of the questionnaire on the variable empathy

Questionnaire	No of respondents for an alternative										
	Strongly agree		Agree		No comment		Disagree		Strongly disagree		Total
	F	%	F	%	F	%	F	%	F	%	n
Employees of the bank understand my feelings.	25	10	22	9	76	31	103	42	20	8	246
The bank gives individual attention to its customers	20	8	17	7	71	29	125	51	12	5	246
The bank shows a sincere interest in solving your problem.	160	65	69	28	7	3	10	4	-	0	246
When I am in contact with the employees of the bank to get served I feel confident in getting the service I need as per my demand.	17	7	34	14	59	24	116	47	20	8	246
The bank has guidance signs indicating as to which counters are offering which service.	12	5	140	57	52	21	25	10	17	7	246
The working hours of the bank are suitable to get accessed with my service requirement.	91	37	121	49	5	2	20	8	10	4	246

Source: own survey, 2017

#### 4.5.1 Results and discussions

From table 4.5 above the study has sought the following important findings which are analyzed in the following manner.

Out of the 246(two hundred forty six) respondents who were asked about whether the employees of the bank understand their feelings or not; 25(10%) of them strongly agreed and 22(9%) of them agreed with the statement respectively. However; it can also be noted from the table that 20(8%) of them strongly disagreed on this opinion and 103 (42%) of them disagreed while 76(31%) of them abstained from giving any comment.

As one can see from the table; 20(8%) of the respondents replied that the bank had provided individual attention to its customers by strongly agreeing while 17(7%) of them agreed in this regard. Nonetheless 12(5%) of them and 125(51%) of them strongly disagreed and slightly disagree on this issue while 71(29%) of them refrained from giving any comment on it. As clearly shown from the table 10(4%) of respondents don't believe the bank solves their problem while 7(3%) neither agree nor disagree. Large proportions of respondents 69(28%), 160 (65%), however, do agree and strongly agree respectively that the bank is in their side when they encounter problems.

One can also easily see from the table that 17(7%) of the respondents said that they felt confidence when they had been in contact with the employees of the bank in getting the bank's service provision as per their demand. In this regard; 34(14%) of them agreed and accepted this; 20(8%) of them strongly disagreed. 116 (47%) of them disagreed and finally; 59(24%) of the abstained from commenting.

Additionally, 17(7%) and 25(10%) of the sample respondents strongly disagree and disagree, respectively, in responding to the question "Does the bank has guidance signs indicating as to which counters are offering which services?" and about 52(21%) of the respondents were also found to be neutral. Majority of the sample respondents, however, showed their agreement with the statement above, 140(57%) of them agree and 12(5%) of them strongly agree.

With regard to the suitability of the bank's working hour schedule 91(37%) of them strongly agreed that it went in accordance with their service requirement while 121 (49%) of them agreed

to a lesser extent in this regard however; 10(4%) of them strongly disagreed and the rest 20(8%) of them disagreed and the rest 5(2%) them became neutral.

Finally, 49.33% of respondents gave their opinion on the entire sub construct variables of empathy by agreeing while 32.33% of them complain that the bank was not empathic towards them and the rest 18.33% gave no comment on it.

Based on the findings of the study, A relatively few number of respondents conferred that employees of the banks understand their feelings. Besides a significant number of them didn't confirm this fact. The banks have been capable of giving an individual attention to their customers. This was evidenced by a slight number of the respondents. The vast majority of the respondents didn't go in line with the fact.

Most of the respondents were convinced by the supposition that the banks really show a sincere interest in solving customer related problems. Only a few of them didn't agree on this supposition. Feeling a high sense of confidence on the bank's capability in providing the service as per the demands of customers was also another major measure of empathy appraised by small number of the respondents. Nonetheless; majority of the respondents were found to be against this hypothetical fact.

The presence of guiding signs to enable customers to easily identify the counters with their service provision spots at the work place of the banks was also granted and applauded by predominantly large number of the respondents. However, a relatively small number of the respondents were not found to be in favor of this hypothetical reality. The other measure of empathy well approved and encouraged by the largest portion of the respondents was the suitability of the banks regular workings hour for the customers' service requirement. Merely a handful of the respondents' opinion didn't go in parallel with this fact.

#### **4.6 Analysis on the perception of respondents towards the variable bonding**

Bonding is defined as the dimension of a business relationship that results in two parties (the Customer and the supplier) acting in a unified manner toward a desired goal (Taleghani et al., 2011).

This particular study has also made the analysis for the other research variable bonding. The findings of the responses obtained from the questionnaire presented to them in this regard are presented below in a tabular form.

Table 4.6 showing the findings of the questionnaire attributable to the variable bonding

Questionnaire	No of respondents for an alternative										
	Strongly agree		Agree		No comment		Disagree		Strongly disagree		Total
	F	%	F	%	F	%	F	%	F	%	n
The bank keeps in touch constantly with its customers.	59	24	113	46	17	7	12	5	44	18	246
The bank tries very hard to establish a long term relationship with its customers.	111	45	88	36	10	4	10	4	27	11	246
The bank works in close cooperation with its customers	91	37	113	46	12	5	22	9	8	3	246
Employees of the bank know you very well	84	34	90	37	9	4	36	15	27	11	246
Your achievement flourish on the solid relationship you have with the bank.	76	31	101	41	20	8	12	5	37	15	246

Source: own survey, 2017

#### 4.6.1 Results and discussion

From table 4.6 It can easily be seen that 59(24%) and 113(46%) of the respondents strongly agree and agree respectively with the statement their banks ability of keep in touch constantly with them. While 56(23%) of respondents are disagree and strongly disagree, 17(7%) of the respondents gave no comments in this regard. Furthermore; 111(45%) of them expressed their firm belief by strongly agreeing that the bank had been trying its level best to establish a long term relationship with its customers, 88 (36%) of the respondents agreed and supported for this

belief of customers. Besides 27(11%) of respondents disagreed, 10(4%) of the merely disagreed and 10(4%) of them refrained from commenting.

On the other hand; from the table; it can also be depicted that 91(37%) of the respondents highly supported the presumption that the bank works in close cooperation with its customers. In this dimension; 113(46%) of them supported the idea by agreeing. Nevertheless; 8(3%) of the respondents strongly Disagreed while 22(9%) of them disagreed as far as this context is concerned 12(5%) of the respondents didn't reply. It is also noticed from the table that 84(34%) of the respondents strongly believed and agreed that the employees of the bank knows them very well and 90(37%) of them expressed their belief in this regard by agreeing. On the contrary; 27(11%) of them strongly disagreed while 36(15%) of them slightly disagrees against this proposition 9(4%) of them said that they had no idea to comment on.

A question was also asked to know whether their achievement flourish on the solid relationship they have with the bank or not. The description presented on the table 4.7 revealed that 177(72%) of the respondents were believed that their achievement has direct relationship that were formed with the bank. The rest 49(20%) of the respondents disagree with the statement while 20(8%) of them refrained from commenting.

In general, 75.4% of respondents' maintained strong bond with the bank and 19.2% of them refused to accept their bondage with the bank while 5.4% of respondents had no idea.

Concerning the findings above, a great deal of the respondents conferred that the bank had been keeping in touch with their customers constantly. This confirmation was not granted by a relatively small portion of them. The extent of the banks attempts to establish a long term relationship with their customers was also the other spectrum that this study tried to assess. From the findings, it can be observed that the respondents predominantly, made sure that the banks had had a successful attempt in this regard. Merely a small portion of the respondents didn't have this belief.

There was also a good cooperation by the bank with their customers. They tried to undertake their routine operations in close connection with their respective customers. This hypothetical reality was witnessed and accepted by the vast majority of the respondents except a relatively few of them who denied this. A relatively large number of the respondents reported in their reply

that the banks had been fruitful in having a considerable knowledge about their customers. However, a significant number of the respondents also offered their responses emphasizing the unfruitful attempt of the banks in this regard.

Here again; most of the respondents had the conviction that their finance related goals were achieved through the solid and consistent relationship they had already established and maintained with the banks. Only a relatively small portion of them were found to be out of this belief.

#### **4.7 Analysis on the perception of respondents towards the variable Responsiveness**

Responsiveness has to do with the degree with which the selected bank was able to respond to the needs and wants of customers. For a firm to be responsive, it must gain deeper understanding and profiling of customer behavior, real-time customer information and loyalty, and management at Point of Service. However, Taiwoet. al. (2011) described that responsiveness is the degree to which customers perceive service providers' readiness to assist them promptly. Therefore, showing sincerity and willingness to help customers are some of the key issues in responsiveness. Again what was tested in respect of responsiveness included devoted time to customers and efficient services.

Table 4.7 showing the findings of the questionnaire attributable to the variable responsiveness

Questionnaire	No of respondents for an alternative										
	Strongly agree		Agree		No comment		Disagree		Strongly disagree		Total
	F	%	F	%	F	%	F	%	F	%	
The bank provides prompt service to its customers	56	23	79	32	5	2	60	24	46	19	246
Employees of the bank are willing to help customers	101	41	128	52	7	3	10	4	-	0	246
Employees of the bank devote time to reply to any of your questions.	71	29	150	61	2	1	5	2	17	7	246
The bank arranges special care to special customers	96	39	76	31	15	6	32	13	27	11	246
The behavior of the employees inspires confidence in customers.	49	20	87	35	17	8	69	28	15	9	246
Employees assist me well by giving the detailed information when I become confused about what services to get and how I can access the service	81	33	91	37	7	3	44	18	22	9	246

Source: own survey 2017

#### 4.7.1 Results and discussion

As depicted in table 4.7, 46(19%) of the respondents strongly disagree with the statement about the bank provides prompt service to its customers; on the other hand, almost 56(23%) of the respondents agree with the statement the bank provides prompt service to its customers. Conversely, about 5(2%) the respondents are neutral and 60(24%) disagree with the statement indicated in the above table (4.7).

Regarding the question for employees of the bank the table(4.7) briefly described as follows, 10(4%), 7(3%), 6.2%, 101(41%) and 128(52%) of sample respondents replied as disagree, neither disagree nor agree, agree and strongly agree with employees of the bank are willing to help customers, respectively.

Responsiveness is also measured by the time devoted by bank employees in answering the questions of customers. Considering the sample respondents, 221(90%) of the respondents agree with the statement about employees of the bank devotes time to reply to any of their questions. However, about 2(1%) of the respondents are neutral whereas 10(4%) of the respondents are against the above statement.

Considering the special care arrangement to special customers by the bank the feeling of respondents indicate that 15(6%) of the respondents remain silent. while 27(11%), 32(13%) of customers strongly disagree and disagree, respectively. 96(39%) and 76(31%) of the customers, however, agree and strongly agree with the existence of special treatment.

It is obvious that the behavior of employees of the bank increases the confidence of customers and makes them loyal to their bank. In return building customer confidence on employees of the bank is crucial for their profitability. Table 4.7 shows this fact in which about 84(37%) of the respondents argued against the statement ‘behavior of employees inspires confidence to them’ whereas; about 136(55%) of the respondents agree with it. In addition, 17(8%) of the respondents are neutral.

It can also be deduced from the table that 81(33%) of the respondents strongly agreed that they were well treated and politely helped by the bank’s work force when they had been confused on how to receive the service they wanted. Furthermore, 91(37%) of them positively supported this idea agreeing. however, 22(9%) of them strongly disagreed in this context; 44(18%) of them disagreed and 7(3%) of them became neutral.

As per the findings here above, a great deal of the respondents conferred that the bank had been providing prompt service constantly and the employees are willing to help and devote time to reply any of their question These confirmation was not granted by a relatively small portion of them.

It can be observed that the respondents predominantly, made sure that the bank had been giving special care to special customers using its employees this in fact inspire confidence on customers. Merely a small portion of the respondents didn’t have this belief.

Here again; most of the respondents had the conviction that employees had been assisting them well by giving the detail information when they have got confused with the service. Only a relatively small portion of them were found to be out of this belief.



## 4.8 Analysis on the perception of respondents towards customers' loyalty

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

Table 4.8 showing the findings of the questionnaire attributable to the loyalty characteristics of respondents

Questionnaire	No of respondents for an alternative										
	Strongly agree		Agree		No comment		Disagree		Strongly disagree		Total
	F	%	F	%	F	%	F	%	F	%	n
I strictly believe that my relationship with the bank is very important.	82	33	110	45	30	12	18	7	6	2	246
The bank welcomes complaints from customers.	57	23	102	41	32	13	25	10	30	12	246
The bank's quality based service undoubtedly forces me to up hold with it as a genuine customer	50	20	88	36	58	24	44	18	5	2	246
Without hesitation I advice other potential customers to be served by the bank	55	22	103	42	50	20	32	13	6	2	246
I have never had an intention to shift to other banks to get better service	80	33	103	42	35	14	17	7	11	4	246
The bank insists on error free records.	44	18	87	35	64	26	43	17	8	3	246
I am confident of giving positive word of mouth testimonies to others about this bank	66	27	90	37	52	21	28	11	10	4	246
I intend using other products and services of the bank	65	26	105	43	44	18	19	8	13	5	246
It is my belief that the bank has been greatly simplifying my day to day life	73	30	99	40	41	17	25	10	8	3	246
It is my motto that CBE is always my first choice.	54	22	90	37	41	17	43	17	19	8	246

**Source: own survey, 2017**

#### **4.8.1 Results and discussion**

From the table 4.8 it can easily be seen that; 33% of the respondents strictly believed that their long term relationship with the bank to be very important to them by strongly agreeing while 45% of them gave their opinion in parallel with this by agreeing. Mean while ;2 % strongly disagreed against this belief and 7% of them disagreed but to a lighter extent, additionally 12% of them gave no comment in this regard .

In the other dimension; 64% of the respondents said that they had ever offered complain to the bank's officers and 22% of them replied by saying that they had never offered any complain to the bank's officers. Besides 13% of them refrained from giving any comment on this.

On the other hand; from the table, it can be depicted that 20% of the respondents highly supported the presumption that the banks quality based service would undoubtedly make them its genuine customers. In this dimension; 36% of them supported the idea by ageing. Nevertheless; 2% of the respondents strongly disagreed while 185 of them disagreed as far as this context is concerned, 24% of the respondents didn't reply. It is also noticed from the table that 22% of respondents strongly believed and agreed that without hesitation they can advice other potential customers to be served by the bank and 42% of the expressed their belief in this regard by agreeing. On the contrary 2% of them strongly disagree while 13% of them slightly disagree against this proposition 20% of them said that they had no idea to comment on.

In relation to this fact; 33% of the respondents also further confirmed by strongly agreeing that they had never had an intention to shift to other banks to get a better service, 42% of them expressed their agreement in this regard. However; 4% of them and 7% of them strongly disagree and disagree respectively of this supposition while 14% of them didn't respond at all.

Moreover; 53% of them agreed that the bank insists on error free records while 20% of them refused to accept the statement and 13% of them were not willing to give any suggestion in this regard. 27% of the respondents also said by strongly agreeing that they even would give positive word of mouth testimonies to others about the bank while 37% of them confirmed this by agreeing. Nonetheless; 4% of them strongly disagreed and 11% disagreed in this regard while 21% of them became neutral.

In connection with other products and services of the bank, 26% and 43% of the respondents plan to use other products and service of the bank by strongly agreeing and agreeing respectively. Conversely, 5% and 8% of them didn't plan to use any service of the bank while the rest 18% of the respondents stayed calm. Furthermore 30% of them expressed their firm belief by strongly agreeing that the bank had been greatly simplifying their day to day life and had fully hoped that it would continue so in the future as well, 40% of the respondents agreed and supported for this belief of customers. Besides 3% of respondents who strongly disagree for this free attitude rather 10% of them merely disagreed and 17% of them refrained from commenting.

Finally; the finding also shows that 22% of respondents highly believed in the quality service of the bank that made them prefer the bank as their first choice while 37% of them expressed their belief to a slighter more extent. 17% of respondents opposed this while 8% of them strongly opposed to a lesser degree.

In conclusion out of the 246 respondents; 65.2% of them expressed their loyalty to the bank by agreeing while 16.3 % of them refused to be loyal and 18.5 of the respondents abstain from commenting.

From the findings; it can be deduced that the bank were successful in welcoming complaints from customers, taking customers feedback seriously and insists on error free records so that the customers strictly believed that their relationship with the bank is essential. They never had an intention to shift to other banks rather they will give positive word of mouth testimonies about this bank. This was in fact, backed by the response obtained from the vast majority of the respondents. This result is similar with

#### **4.9 Correlation analysis**

In the earlier sections of this chapter; various analyses have been made with regard to the variables (trust, reciprocity, empathy, bonding and responsiveness) of research interest. This analysis was conducted based on the numerical findings of the questionnaires prepared and dispatched to two hundred forty six (246) arbitrarily selected customers of the branch company. Based on this; this study found it to be imperative to conduct a correlation analysis to see the relationships between the independent variables and the dependent variables; they are trust, reciprocity, empathy, bonding, responsiveness and loyalty. For this reason; the empirical and

statistical findings of the study have been entered to the ‘SPSS’ software version 20 to effect the correlation analysis. This data are combined and presented in the table below for simplicity and convenience of the analysis.

Table 4.9 Correlation

		Correlations					
		RECIPROCITY	BONDING	RESPONSIV ENESS	TRUST	EMPATHY	LOYAL TY
LOYALT Y	Pearson Correlation	.338**	.386**	.531**	.395**	.331**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	246	246	246	246	246	246

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

Since all variables are interval, the relationship between the independent variables i.e. trust, reciprocity, empathy bonding and responsiveness and the dependent variable i.e. customer loyalty was investigated using Pearson product –moment correlation coefficient. The results of correlation analysis in the table 4.9 shows that all the independent variables were positively and significantly correlated with the dependent variable i.e. customer loyalty at 95 percent confidence level ( $P < 0.05$ ). The highest correlation is signified by responsiveness ( $r = 0.531$ ), followed by trust ( $r = 0.395$ ), bonding ( $r = 0.386$ ), reciprocity ( $r = 0.338$ ) and empathy ( $r = 0.331$ ).

Based on the Pearson correlation test shown in the table 4.9, Trust dimension is positively and significantly correlated with customer loyalty. The correlation coefficient between trust and loyalty is the second of all correlation results of CRM dimensions which is ( $r = 0.395$ ). This means if the bank improves the trust feeling levels of customers, the bank’s customer loyalty will be improved. Therefore, trust has power to determine the customers’ loyalty on the banks. With regard to trust dimension, the bank can be perceived by its customers as trustworthiness has able to build strong and lasting relationship with customers. Trust has a significant role in building long-term relationship with customers and achieving loyalty of customers. (Kassim&Abdullah, 2010). So, the finding of Kassim and Abdullah is similar with the results of this research.

Bonding is another element of CRM dimensions that is taken into account to explain customer loyalty. Based on the correlation result as it is shown in the table 4.9, bonding dimension is

positively and significantly correlated with customer loyalty. The correlation coefficient between Bonding and customers loyalty is the third of all correlation results of CRM dimensions which is ( $r=0.386$ ). Bonding is essential element to establish long lasting relationship with customers. This shows that bonding is a determinant of loyalty and that bonding helps for the development of key relationships with customers. In addition to the above fact it is also accepted that bonding would strengthen relationships and loyalty. Bonding is essential element to establish long lasting relationship with customers. (Taleghani et al., 2011).

The other factor that is included in the dimensions of CRM is reciprocity. As far as the table 4.9 is concerned, it has positive and significant relationship with customers' loyalty. In addition to this, the correlation coefficient between these variables is 0.338. This means if the bank works for mutual benefit in its business, they will improve loyalty of their customers. Regarding reciprocal help between the banks and their customers, the significant relationship between this variables shows customers of the selected bank perceived that their bank were working for mutual benefit, this in turn, helps the bank to retain the existing customer and attract a new one.(Callaghan et al.1995).Hence, this study is consistent with the finding of Callaghan, (1995). The other factor which has similar finding with Callaghan, (1995) is empathy. As far as the table 4.9 is concerned, it has positive and significant relationship with customers' loyalty. In addition to this, the correlation coefficient between these variables is 0.331.

The last factor included in the CRM underpinnings is responsiveness. As it is indicated in table 4.9 of the correlation analysis, responsiveness dimension has positive and high relationship with loyalty. The correlation coefficient between responsiveness and loyalty is 0.531. It is the highest of all correlation results of CRM elements. This means if the bank focuses on responsiveness, the bank will improve its customer's loyalty. The responsiveness of the bank will help to retain customers by improving the services of the bank. By having committed employees, banks can continue retaining existed customers and attracting new customers to generate more profit. To this extent the responsiveness dimension plays great role. Therefore, banks are expected to have committed employees to offer appropriate services and treat the customers as they want. This result is supported by the study of Fullerton (2003). According to this researcher, responsiveness has a strong positive effect on the softer aspects of customer loyalty such as advocacy and willingness to pay more for the service.

## **4.10 Regression Analysis**

The regression analysis was conducted using the hierarchical regression method. It is conducted to investigate the influence of independent variable on the dependent variable and identify the relative significant influence; i.e., independent variable (trust, reciprocity, empathy, bonding, and responsiveness) to the dependent variable; i.e. customer's loyalty. The proposed hypotheses were tested using the regression analysis.

### **4.10.1 Regression analysis of trust and customers' loyalty**

As it is indicated in the model summary of table 4.10, trust explains customers' loyalty. In this case, the results of correlation of trust and customers' loyalty and R Square (0.156) are taken into consideration. This R square is the explained variance and it is actually the square of the R (0.395)<sup>2</sup> which is 0.156. Therefore, it is pointed out that 15.60% of customers loyalty is explained by trust. As it is indicated in table 4.10, trust was considered as predictors of customers loyalty and reported high level of significance  $p < 0.01$ . And also the R square value of 0.156 confirming that, 15.6% of the variation in customer loyalty is explained by trust. Trust as used for prediction was found to be significantly related to customers's loyalty as the p-value is less than 0.01 and the beta is positive ( $\beta = 0.395$ ), hence the proposed hypothesis is accepted. It is the second highest of all the independent variables in explaining customers loyalty.

Table 4.10 Regression analysis result for trust and loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.395 <sup>a</sup>	.156	.153	4.98783

a. Predictors: (Constant), TRUST

Table 4.11 Coefficient of trust

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	19.972	2.492		8.014	.000
	TRUST	.610	.091	.395	6.725	.000

a. Dependent Variable: LOYALTY

#### 4.10.2 Regression analysis of reciprocity and customers' loyalty

As the result of regression analysis of reciprocity and customers' loyalty indicates, reciprocity can explain customers' loyalty in some extent. In this case again, the correlation result of these variable and the R square were taken. The R square is the explained variance and it is actually the square of the multiple R (0.338)<sup>2</sup> which is 0.114. Therefore, it is possible to conclude that 11.4% of customers' loyalty is explained by reciprocity. As it is indicated in table 4.13 reciprocity was considered as predictors of customer loyalty and reported high level of significance  $p < 0.01$ . And also the R square value of 0.114 confirming that, 11.4% of the variation in customer loyalty is explained by reciprocity. Reciprocity as used for prediction was found to be significantly related to customers' loyalty as p-value is less than 0.01 and beta is positive ( $\beta = 0.338$ ), thus the proposed hypothesis is accepted

Table 4.12 Regression analysis result for reciprocity and loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.338 <sup>a</sup>	.114	.110	5.11162

a. Predictors: (Constant), RECIPROCITY

Table 4.13 coefficient of reciprocity

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	23.678	2.328		10.169	.000
	RECIPROCITY	.832	.148	.338	5.602	.000

4.10 Dependent Variable: LOYALTY

### 4.10.3 Regression analysis of bonding and customers' loyalty

From the result of regression analysis of bonding and customers' loyalty indicates, bonding can explain customers' loyalty in some extent. In this case again, the correlation result of these variables and the R square are taken. The R square is the explained variance and it is actually the square of the multiple R (0.386)<sup>2</sup> which is 0.149. Therefore, it is possible to conclude that 14.9% of customers' loyalty is explained by bonding. As it is indicated in table 4.15, bonding was considered as predictors of customers' loyalty and reported high level of significance  $p < 0.01$ .

And also the R square value of 0.149 confirming that, 14.9% of the variation in customer loyalty is explained by bonding. Bonding as used for prediction was found to be significantly related to customers' loyalty as p-value is less than 0.01 and beta is positive ( $\beta = 0.386$ ), hence the proposed hypothesis is accepted.



Table 4.14 Regression analysis result for bonding and loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.386 <sup>a</sup>	.149	.146	5.00941

a. Predictors: (Constant), BONDING

Table 4.15 coefficient of bonding

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	21.226	2.372		8.947	.000
	BONDING	.786	.120	.386	6.537	.000

a. Dependent Variable: LOYALTY

#### 4.10.4 Regression analysis of responsiveness and customers' loyalty

We can also look the regression analysis result of responsiveness and customers loyalty in table 4.16. As it is clearly indicated in the table, responsiveness can explain customers' loyalty in banking industry, particularly in CBE. The correlation result of these variables and the R Square are considered. In this case the R square is the explained variance and it is actually the square of the multiple R (0.531)<sup>2</sup> which is 0.281 Therefore, it is possible to state that 28.1% of customers loyalty is significantly explained by responsiveness. Responsiveness was considered as predictors of customers' loyalty and reported high level of significance  $p < 0.01$  as it is indicated in table 4.17. And also the R square value of 0.281 confirming that, 28.1% of the variation in customer loyalty is explained by responsiveness. Responsiveness as used for Prediction was found to be significantly related to customers' loyalty as p-value is less than 0.01 and beta is positive ( $\beta = 0.531$ ), thus the proposed hypothesis is accepted

Table 4.16 Regression analysis result for responsiveness and loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.531 <sup>a</sup>	.281	.279	4.60316

a. Predictors: (Constant), RESPONSIVENESS

Table 4.17 Coefficient of responsiveness

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14.449	2.284		6.326	.000
	RESPONSIVENESS	.937	.096	.531	9.776	.000

a. Dependent Variable: LOYALTY

#### 4.10.5 Regression analysis of empathy and customers' loyalty

We can also look the regression analysis result of empathy and customers loyalty in table 4.18. As it is clearly indicated in the table, empathy can explain customers' loyalty in banking industry, particularly in CBE. The correlation result of these variables and the R Square are considered. In this case the R square is the explained variance and it is actually the square of the multiple R (0.331)<sup>2</sup> which is 0.110 Therefore, it is possible to state that 11% of customers loyalty is significantly explained by empathy. Empathy was considered as predictors of customer's loyalty and reported high level of significance  $p < 0.01$  as it is indicated in table 4.19. And also the R square value of 0.110 confirming that, 11% of the variation in customer loyalty is explained by empathy. Empathy as used for Prediction was found to be significantly related to customers' loyalty as p-value is less than 0.01 and beta is positive ( $\beta = 0.331$ ), thus the proposed hypothesis is accepted

Table 4.18 Regression analysis result for empathy and loyalty

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.331 <sup>a</sup>	.110	.108	5.42625

a. Predictors: (Constant), EMPATHY

Table 4.19 Coefficient of empathy

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	38.539	3.205		6.326	.000
	EMPATHY	.838	.136	.331	6.381	.000

a. Dependent Variable: LOYALTY

Generally, the research questions which are proposed earlier were answered by using a sample of 246 respondents. From the analysis it is clearly indicated that customer relationship management and customer loyalty are related and the measure of correlation between these variables as it is indicated in the correlation analysis is positive. And also it is noticed that the independent variables which are included in the elements of customer relationship management have the power to explain the dependent variable as it is indicated in the regression analysis. Therefore, all the research questions are answered based on the test conducted and all the research hypothesis are tested using regression so that customer relationship management has the power to explain customer loyalty in banking industry, particularly in CBE.

**Table 4.20 Summary of hypothesis testing**

No	Hypothesis	Tool	Result
H1	Trust has positive and significance influence on customer loyalty	Regression	Accepted
H2	Reciprocity has positive and significance influence on customer loyalty	Regression	Accepted
H3	Empathy has positive and significance influence on customer loyalty	Regression	Accepted
H4	Bonding has positive and significance influence on customer loyalty	Regression	Accepted
H5	Responsiveness has positive and significance influence on customer loyalty	Regression	Accepted

Source Field survey (2017) n=259

#### **4.11 Discussion results of the interview data**

Interviews were also conducted with branch managers and customer service managers of the branches considered in this study. The interviews consisted of six structured questions. This section presents the results of each interview questions.

The first question forwarded to them was about the CRM practices of the banks as compared to their rivals. In this regard, the managers responded that their CRM practice is focused on customer satisfaction through quality customer service.

The second interview question asked was “How does the bank attain knowledge about customers?” In this regard, the managers and customer service managers of the branches replied that they get information about their services from their suggestion box. Though, this may not be sufficient source of information, questionnaires and research works being the most reliable source of information about customer’s satisfaction on the bank services.

The third question was regarding CRM strategies of the bank under consideration. The managers of the selected branches said that introducing new technology, structure revision and customer focused services are emphasized by the bank.

The fourth interview question was regarding the CRM dimensions such as trustworthiness, reciprocity, empathy, bonding and responsiveness of the selected banks. With regard to trust, all interviewees of the selected branches replied that they are trustworthy in keeping customer record safely as well as confidentiality. In addition, all the interviewees of the branches admitted the existence of interdependence between the bank and their customers, which show a positive value of reciprocity within the organization.

Regarding to empathic relationship with their customers, some managers have doubt on employees’ response towards customers request because, according to the interviewee, some customers provide information regarding the response capacity of employees of the bank. Considering bonding, all interviewees agreed that they are working to establish long term relationship with their customers and doing various efforts, since nothing is absolute in the world, towards customer loyalty. In addition, responsiveness was one area of interview question for the study. As showing sincerity and willingness to help customers are some of the key issues in responsiveness, from the selected branches interviewees are replied that their respective branches trying to provide prompt customer focused services.

The fifth interview question was about the awareness of employees on the concept as well as practices of CRM. In this regard, interviewees replied that they create awareness among their employees through continuous training. However, employees of the bank never got training on quality customer service though training is important to make employees have good understanding on quality customer service practices.

Finally, a question was also asked to interviewees about the bank's strength and weaknesses related to maintaining good relationship with their customers. Regarding their strength all interviewees expressed that they are strong in introducing new technology; for instance their branches are networked with other branches of the respective banks. However, from their challenge perspective, all interviewees raised internet interruption problem. This network interruption adversely affects their services. From the interview the researcher understands that the managers of the branches identified their gaps that adversely affect their quality banking service towards customer's individual character, needs and preferences.

## CHAPTER 5

### SUMMARY, CONCLUSION AND RECOMMENDATION

#### 5.1 Summary

Customer relationship management (CRM) has become a crucial issue; currently. As it is of a paramount importance for the successful achievement of any business entity's objectives. It is also a well-known fact that CRM is an extremely significant part of the overall management tasks as it pursues to improve business organizations performance through service quality assurance, customers satisfaction enhancement, sustenance of customers' loyalty and guaranteeing persistence customer retention.

On the basis of the above fact; this particular study tried to assess the contribution of sound CRM strategy on customer loyalty in the banking sector in general and at commercial bank of Ethiopia (CBE) in particular. This study holds an objective of assessing and finding out the contribution of CRM strategy on CBE's customers' loyalty. Besides; the study also tried to sort the main research variables as trust, reciprocity, empathy, bonding, responsiveness and customer's loyalty. Besides, the study also made an attempt to look into the various relationships among these variables and research interest.

Taking the four branches as a representative sample among CBE's multitudes of branches; the study under took the research activities on these branch. The study deployed self-administered questionnaire and document review as its data gathering techniques. The randomly selected 259 customer of the branch was provided with questionnaire and the result was analyzed by descriptive method applying the basic statistical tools. Correlation analysis, hypothesis testing, and regression analysis were also used to investigate the nature and degree of relationships among the research variables.

Concerning the reliability of the questionnaire table 4.1 illustrates that all the quaternaries were reliable and acceptable with Cronbach's Alpha result 0.852. With respect to the demographic information of the respondents, table No 4.2 indicates majority of the respondents (57%) were males and (43%) were females and table No 4.3 also shows that majority of the respondents are

in the age between 36-45 years old). Moreover, table No 4.2 indicates majority of the respondents (28%) were degree holders, (19%) were diploma holders and 21 percent of the respondents were master's holders.

As figure 4.1 shows the majority of the respondents had been customers of the bank for about 4-6 years. In fact; the graph also indicates that in general most of the customers had stayed as customers for about longer than 4 years.

Regarding the perceptions of respondents towards the independent variables i.e trust, reciprocity, empathy, bonding and responsiveness and the dependent variable customer loyalty, 75.57% of the respondents agreed that they trust the bank, they will leave all the activities to be performed by the bank. In contrary 15.14% of the respondent denied the trust of the bank while 9.29% refrained from commenting. Concerning reciprocity 78% of respondents have reciprocal relation with the bank and 14.4% have no reciprocal relation while 5.5% gave no idea. 49.33% of respondents gave their opinion on the entire sub construct variables of empathy by agreeing while 32.33% of them complain that the bank was not empathic towards them and the rest 18.33% gave no comment on it. 75.4% of respondents' maintained strong bond with the bank and 19.2% of them refused to accept their bondage with the bank while 5.4% of respondents had no idea. 72.16% and 24% of the respondent agree and disagree respectively on the responsiveness of the bank while 3.8% stayed calm. In conclusion out of the 246 respondents; 65.2% of them expressed their loyalty to the bank by agreeing while 16.3 % of them refused to be loyal and 18.5 of the respondents abstain from commenting.

The results of correlation analysis in table 4.9 shows that all the independent variables i.e. trust, reciprocity, bonding and responsiveness are positively and significantly correlated with the dependent variable i.e customer loyalty at 95 percent confidence level ( $P < 0.05$ ). The highest correlation is signified by responsiveness ( $r = 0.531$ ), followed by trust ( $r = 0.395$ ), bonding ( $r = 0.386$ ), reciprocity ( $r = 0.338$ ) and empathy ( $r = 0.331$ ).

The results of the finding of the interview questions offered to selected customer service managers and branch managers were analyzed using a technique of explanatory. After the results of the finding, each analysis were thoroughly discussed, some important conclusions were made. In accordance with the conclusion made the possible solution that would enable the bank to perform better were also recommended by the study.

## 5.2 Conclusion

The study incorporated the various techniques of analysis like descriptive, correlation analysis, Hypothesis testing, regression analysis to analyses the quantitative data obtain via questionnaire and document review. It also included explanatory technique to analyze the data gathered through interview. Based on the findings of the analyses and the results obtained, the study has drawn the following conclusion;

- In banking industry trustful and quality bank services are the basis of sound CRM. From the result obtained the vast majority of the respondents perceived that the bank is trustful, they feel safe in conducting transaction with their bank and the bank was better in keeping their promises. Though there is a slight difference among them.
- Concerning reciprocal help between the bank and its customers; majority of the respondents perceived that the bank were working for mutual benefit.
- One measure for CRM is empathy. Empathy is a key component for harmonies and productive relationship in the work place. Thus empathy can be viewed as the ability to share and understand and feel another person in a rational situation. As per the result of the data, the bank is relatively week in giving individual attention and understanding customers feeling.
- The study also shows the majority of the bank's customers are working in close cooperation with the bank. Therefore the existence of close cooperation, the better the bank can understand customer wants and needs and it is helpful to retain them.
- Regarding responsiveness here again the largest number of customers said that employees of the bank know them very well this in turn inspires confidence on them.
- The majority of the customer of CBE had been customer of the bank permanently for a relatively long period of time. This means that the bank has able to make mostly its customers as its loyal customer and retain them.
- From this study we can also conclude that there is a direct and positive relationship between CRM and customer loyalty. This in turn implies that managing bodies of the bank are encouraged to pursue CRM practices so that they can survive in the present globalized business environment.



- The study has made the last conclusion based on the analysis conducted on the response obtained from the interviewees. The bank's customer service managers conferred that the bank was found to be strong in introducing new technology and make networking system among its own branches. On the other hand they faced problem of network interruption that adversely affects their quality banking service.
- Finally, the purpose of customer loyalty is to keep a high proportion of valuable customers through reducing customer dissatisfaction. From the descriptive statistics results of this study, there exists a relationship between CRM and Customer loyalty. The results clearly revealed that the five CRM dimensions are very close. This shows us that CRM has significant influence on customer loyalty both from customers' and branch managers view. Though it needs further and detailed study, generally, the results indicate that customer relationship management is important for customer loyalty that is essential for the success of CBE.

### **5.3 Recommendation**

Based on the conditions made above in section 5-2; this particular study has made efforts to point out some valuable recommendations as remedial solutions to some of the weaknesses witnessed in the bank's experience of adopting the best CRM strategy. Some of the important remedial solutions to the currently existing weaknesses of the bank are listed below.

Though most of the CRM strategic approaches being adopted and use by the bank are found to be effective in enhancing the satisfaction level of customer by quality –based service provision so as to make them more loyal and long term profitable customers, still, this study would like to highly recommend the following crucial CRM approaches.

- The bank should develop customer relationship program that will help them build and support positive customer relationships. Since the bank is providing services to customers, it is a must to give high value for good relationship. Relationship with customers can be improved by explaining to employees, especially in the frontline and knowing how much each customer is worth to the business. The more employees work together to keep existing customers satisfied, the lesser customer attrition will be.

- Considering empathic relationship between the bank and its customers, some respondents of reply that employees are not responding to their requests properly. Therefore, the banks need to provide continuous training to its employees.
- Attention should be paid in continuous supervision and monitoring the quality of services.
- The bank should make the whole system on work with customers, not in opposite of customers. As it is known, customers are the reason for the survival of the bank. So, the bank is expected to invest more on attracting new customers and retaining the existed ones. The bank should recognize the importance of relationship management in creating loyal customers and implement appropriately.
- To retain and develop loyal customers, the bank should be trustworthy and show responsiveness, providing individualized attention to customers and must resolve conflicts in a manner that will eliminate unimportant loss and inconvenience to their customers. In Ethiopia, the growing number of banks led to the increase in the competition of banking industry. Therefore, the bank must be well aware of the want and needs of the customers. Nowadays customers are demanding more not only based on the service but they demand the way they are treated. Once they are satisfied with the services that were provided by the banks, they will communicate about the bank or services to the other customers.
- The bank should put more effort to attract more customers especially in dimensions related to trust, reciprocity, bonding and responsiveness. In order to create and maintain loyalty, the bank must recognize that many of the core product attributes are necessary, but not sufficient for loyalty. On the other hand, it is a must to have a strong connection with its customers in order to create and maintain customer loyalty. By having strong relationship with customers it is possible to keep customer from switching to other competitor.

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**Appendix A**  
**St. Mary's University**  
**School of Graduate Studies**

**Questionnaire to be filled by customer's of CBE.**

Dear Respondent;

I am currently pursuing my Masters of Business Administration (MBA) at St. Mary's University As partial fulfillment towards the completion of my postgraduate degree, this research titled as "Assessment on the Contribution of Customer Relationship Management on Bank Performance" is undertaken. Hence, I kindly request you to fill in this questionnaire while assuring you that the information that you provide will be treated with confidentiality and shall only be used for the purpose of this academic research. I would also like to remind you that your fair and impartial feedback will make this research a very successful one.

Thank you for your cooperation and assistance.

Sincerely,

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 I. Demographic Profile**

1. Sex            Male     Female
2. Age
- Below 20 years                           20-39 years
- 40-59 years                                   6 years and above
3. Educational Background
- Primary Secondary     certificate     Diploma
- Degree     Masters Degree     Above masters degree
5. For how long have you been the customer of the bank?



0-3year    4-6 year    -9 year    10and more than 10 year

**Part II. Survey of Customer Relationship Management Practices**

Please show the extent to which you agree or disagree with the statements given below. This is to assess the following on the scales of strongly disagree to strongly agree. Strongly disagree is given the least weight of 1; while strongly agree is given the highest weight of 5.

1. Strongly disagree 2. Disagree 3. No comment 4. Agree 5. Strongly agree

<b>Trust</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. The bank is highly concerned about the security of my transaction.					
2. The bank makes efforts to truly discharge its obligation to customers.					
3. I am confident on the financial status of the bank.					
4. I am confident that the bank will take care of me in case I incur financial loss.					
5. The bank is trustworthy on calculating charges.					
6. The bank is trustworthy during cash payment process					
7. The bank provides quality based services consistent.					
<b>Reciprocity</b>					
1. The bank helps me to solve difficulties, so I am responsible to repay their kindness.					
2. The bank keeps its promises.					
3. The bank and you work for mutual benefit.					
4. The bank and you are interdependent					
<b>Empathy</b>					
1. Employees of the bank understand my feelings.					
2. The bank gives individual attention to its customers.					
3. The bank shows a sincere interest in solving your problem.					
4. When I am in contact with the employees of the bank to get served I feel confident in getting the service I					

need as per my demand.					
5. The bank has guidance signs indicating as to which counters are offering which Services.					
6. The working hours of the bank are suitable to get accessed with my service requirement.					
<b>Bonding</b>					
1. The bank keeps in touch constantly with its customers.					
2. The bank tries very hard to establish a long term relationship with its customers.					
3. The bank works in close cooperation with its customers.					
4. Employees of the bank know you very well.					
5. Your achievement flourish on the solid relationship you have with the bank.					
<b>Responsiveness</b>					
1. The bank provides prompt service to its customers.					
2. Employees of the bank are willing to help customers.					
3. Employees of the bank devote time to reply to any of your questions.					
4. The bank arranges special care to special customers.					
5. The behavior of the employees inspires confidence in customers.					
6. Employees assist me well by giving the detailed information when I become confused about what services to get and how I can access the service.					
<b>loyalty</b>					
1. I strictly believe that my relationship with the bank is very important.					
2. The bank welcomes complaints from customers.					
3. The bank takes customer feedback seriously and replies to you.					
4. Without hesitation I advice other potential customers					

to be served by the bank.					
5. I have never had an intention to shift to other banks to get better service.					
6. The bank insists on error free records.					
7. I am confident of giving positive word of mouth testimonies to others about this bank.					
8. I intend using other products and services of the bank					
9. It is my belief that the bank has been greatly simplifying my day to day life.					
10. It is my motto that 'CBE' is always my first choice.					

Thank You!

**Appendix B**  
**St. Mary's University**  
**School of Graduate Studies**

**Structured interview conducted with top management members of the selected branches.**

Hello sir/madam! My name is senait yimam and I am currently pursuing my Masters of Business Administration (MBA) at St.mary University. I kindly request you to ask a few set of questions regarding Customer relationship management practices in your bank. Shall I proceed?

Thinking over your entire experience in the position you have hold now, would you please give me your genuine response to the following questions?

1. Can you describe the Customer Relationship Management (CRM) practice of your bank?
2. How does the bank attain knowledge about customers?
3. What are the CRM strategies that your bank applies to make customers satisfied?
4. How do you appraise the trustworthiness, reciprocity, empathy, bonding, and responsiveness of your bank customers?
5. How do you describe the awareness of employees on the concept as well as practice of CRM?
6. Would you tell me any strength and weakness of the bank related to maintaining good relationship with customers?

THANK YOU FOR YOUR COOPERATION!!!