ST.MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

The Effect of Customer Relationship Management on Customer Satisfaction:
(The case of United Bank S.C.)

BY:

Mesfin Alemu Aberra

ID No. SGS/0228/2011A

AUGUST, 2020

Addis Ababa, Ethiopia

The Effect of Customer Relationship Management on Customer Satisfaction:
(The case of United Bank S.C.)

BY:

Mesfin Alemu

ID No. SGS/0228/2011A

A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF DEGREE OF MASTER IN BUSINESS ADMINISTRATION

AUGUST, 2020

Addis Ababa, Ethiopia

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

The Effect of Customer Relationship Management on Customer Satisfaction: The case of United Bank S.C.

BY:

Mesfin Alemu

ID No. SGS/0228/2011A

APPROVED BY BOARD OF EXAMINERS

_____

Dean, Graduate Studies   Signature

Tewodros Meskir (PhD)

Advisor   Signature

Saleamlak Mola (Ph.D)

External Examiner   Aug, 16, 2020
                                                             Signature

Ephrem Assefa (Ph.D)

Internal Examiner   Aug, 17, 2020
                                                             Signature

Statement of Declaration

Here I Mesfin Alemu , the student researcher, make a declaration that this research work titled ''The effect of Customer Relationship Management on Customer Satisfaction'' (The Case of United Bank S.C.) is my original and genuine work and has not been presented neither in St. Mary's University nor any other Institutions. All references or sources that have been used on this study are either been referenced in the prescribed manner or dually acknowledged.

Declared by: **Confirmed by Advisor:**

Name: Mesfin Alemu   **Name: Dr. Tewodros Mesfin**

Signature_____   **Signature**

Date_____   **Date _20/08/2020**

Place and date of submission: St. Marry University, AUGUST, 2020

Endorsement

This is to certify that Mesfin Alemu has carried out his research work on the topic entitled ''The effect of Customer Relationship Management on Customer Satisfaction'' (The Case of United Bank S.C.). The work is original in nature and is suitable for submission for the award of Masters of Degree in Business Administration.

Advisor: <u>Tewodros Mesfin (PhD)</u>   **Signature**

St. Mary's University   **Date: _20/08/2020**

Table of Content

Contents   **Page**

ACKNOWLEDGEMENT

LIST OF TABLES

LIST OF FIGURES

ACRONYMS

ATM – Automated Teller Machine

CRM- Customer Relationship Management

FCY - Foreign currency

MIS – Management Information System

POS- Point of Sales

S.C – Sharing Company

SD – Standard Deviation

SPSS – Statistical Package for Social Science

ABSTRACT

The main objective of this study was to examine the effect of customer relationship management on customer satisfaction for the case of United Bank S.C. The researcher used the behavioral components of CRM i.e. reliability, process driven approach, customer focus and technology orientation as independent variables to examine its effect on customer satisfaction. The researcher was used descriptive and explanatory research design to meet the research objectives. The researcher was used convenient sampling method to get representative sample from the populations. The researcher collected data from four branches of United bank S.C through structured questionnaire to assess customers' level of agreement regarding CRM practice in their respective banks. A total of 394 questionnaires were distributed to collect data and out of the total 357 questionnaires were returned. The collected data was analyzed using statistical package for social science (SPSS) version 20.The descriptive statistics (mean, standard deviation) and inferential statistics (correlation and regression) were used to described demographic facts, to test hypothesis and to answer research questions. The statistical result showed that Customer relationship management which is represented by four behavioral components has a positive and significant influence on customer satisfaction. The researcher suggested that United Bank S.C has to pay attention to CRM reliability dimension as it has highest influence on customer satisfaction.

Keywords: Customer Relationship Management, Reliability, Process Driven Approach, Customer Focus and Technology Orientation

CHAPTER ONE
INTRODUCTION

This chapter presents a brief discussion of the background of the study, statement of the problem, research questions, as well as research objectives. The chapter further describes research hypothesis, significance of the study the scope of the study, definition of terms and organization of the study.

1.1. Background of the study

Modern-day financial service industry has become highly dynamic and unrest, with many changes in form of new regulations, changed consumer behavior, increased usage of information and communication technology and intense competition (Lymperopoulos et al., 2013; Heinonen, 2014). Banks have to invest great efforts to create added value and one way to do that is to generate and support the development of long-term customer relationships that provide greater value than the value provided by the banking product itself. Building of any added value is hard to achieve now a days since competitors' activities, which are often very similar, erode added value of any business (Zineldin, 2005).

Customers have become more demanding, enabled to perform some activities that were previously handled solely by banks, more knowledgeable, sophisticated, and aware of available alternatives, independent, in a position to negotiate with many different service providers and similar (Heinonen, 2014). Under the influence of such changes in customer behavior and their needs, and with the goal to gain and maintain market competitiveness, banks invest a lot of financial, technological and human resources in customer relationship management (CRM) (Jugovic, et al., 2015). Relationships must be such that both banking service providers and customers benefit from it on a long term (Dimitriadis, 2011). As a result of such relationships, productivity and quality of banking services is rising based on the progress of relationship between banks and customers (Brige, 2006).

Many researchers have defined Customer relationship management (CRM) in different ways in different times. Customer relationship management has been defined as a management philosophy in literature at times and as a marketing strategy tools in other times, while different definitions

have been made of it. According to Duygu and Sevcan (2012) customer relationship management is an approach that makes it necessary to form long-term relationships with customers for the purpose of increasing the profitability and productivity of the enterprise and to make use of technology for this purpose. Zakaria (2014) customer relationship management (CRM) is a concept for managing a company's interactions with customers, clients, and sales prospects which can achieve financial institutions goal such as customer satisfaction. It involves using technology to organize, automate, and synchronize business processes. The objectives of CRM are to enhance profitability, income, and customer satisfaction. CRM can also be defined as a process that maximizes customer value through on-going marketing activity founded on intimate customer knowledge established through collection, management and leverage of customer information and contact history. CRM is about perfecting relationships to maximize customer's satisfaction and Loyalty over time.

Research about CRM effectiveness have been done in service sectors such as banking, insurance, transportation and telecommunication to evaluate its effectiveness and revitalize its weak dimensions (Zuliana and Izah , 2011). Banking sector is a customer oriented services where customer is the main focus. Therefore research is needed in this sector to understand more on customers' need and their attitude so as to build a long term relationship with banks. Thus, the study provided insight to customers' evaluation of CRM and examined the relationship between CRM dimensions and its outcome on customer satisfaction in United Bank S.C.

Currently, with the wide usage of electronic communication technologies, customer relationship management has undergone significant changes and it represents a system which includes all aspects of communication and interaction with customers and, in other words, it determines how to work with customers, solve their problems, persuade them to purchase banking products and services, generate a feeling of satisfaction, loyalty and maintain financial interactions with customers (Rezghi, et al., 2014). And also seek them to improve their profits through long-term relationships with customers. Customer Relationship Management is a vital and an essential business strategy for the banking sector.

Therefore, banks with the need to be more customer-centric have taken efforts to design and implement CRM as a step towards success and achievement in their business.

One of the sectors in which competition is experienced intensively is that of banking. Banks are the finance institutions that meet the economic needs of the individuals and businesses and that perform such economic activities as collecting bank deposits, giving credits, providing capital, and etc… In recent years there have appeared important developments in the understanding of modern banking with the transition to automation, customer satisfaction and management of customer relationships have taken place in the banking sector. CRM is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationships with those customers through individualized marketing, reprising, discretionary decision making, and customized service-all delivered through the various sales channels that the bank uses (Anuboli and Thiruvenkatraj ,2013).

Most of the studies done on CRM are from supplier perspective (example: Stein and Smith, 2009; Akroush et al., 2011). Despite the importance of input from these studies, surprisingly overlooked area in CRM research has been the customer (Kim, et al., 2012). In fact according to Padmavathy, Balaji and Sivakumar (2012) only few studies have investigated and measured the effect of CRM from customer perspective.

This limits the understanding of how customers perceive CRM and the outcome of such efforts on their behaviors. Understanding the customer perspective is crucial for an organization, since an effective CRM requires the business process and technology focused towards the customer satisfaction. It is essential to know for firms how effective their CRM activity perceived by customers and its effect on customer satisfaction. Such information will help the organizations to better understand customers and tailor their activities to meet customers' expectations and deliver high customer values and also to focus on the dimensions that will enhance customer satisfaction.

Padmavathy, Balaji and Sivakumar (2012) in their study identified five key CRM dimensions of measurement from the customer perspective that should be implemented to enhance a bank business performance. In addition to this, Padmavathy and Sivakumar; (2017) on their study of adopting analytic hierarchy process to prioritize banks based on CRM effectiveness – the customers perspective, stated CRM dimensions are four: reliability, process driven approach, customer focus and technology orientation. These dimensions emphasize that CRM efforts should focus on crucial areas that require attention for successful CRM implementation which are

strategy, process, technology, management and people (Crosby and Johnson, 2001; Yim, 2002; Sin et al., 2005).

As it has been marked by Onut et al., (2006) in their study, today many businesses such as banks, insurance companies and other service providers realized the importance of customer relationship management and its potential to help them acquire new customer, retain existing ones and maximize their lifetime value.

In realization of this fact the United Bank S.C. have organized customer relationship management besides serving their customers with range of services, to create lifetime value for customers, enhance customer relationship quality, and retain their existing customers and becoming more customer-focused. Despite the fact that CRM has emerged as a major business strategy, little research has been conducted to evaluate its effectiveness and effect on customer satisfaction. (Kim et al., 2003)

To address this concern this study conducted to examine bank customers' perception towards CRM and its impact on customer satisfaction. Specifically the study is conducted in United Bank S.C. by assessing the bank customers' attitude towards the bank CRM implementation and their satisfaction. The study regarded the customer as a major factor to consider for the effect of CRM of the bank. Thus, the study provides insight to customers' evaluation of CRM and examines the relationship between CRM dimensions and its outcome on customer satisfaction based on the four dimensions identified by Pamavthy and Sivakumar (2017).

1.2.   Statement of the Problem

Customer relationship management has gained wide attention in both business and service literatures recently and become of pivotal importance to many organizations as the key to profitability, through building and maintaining sustainable relationships with profitable customers. Zakaria (2014) stated that it is very important in our intensity changing competitive environment in the banking industry to be in direct contact with the customers in order to build up good relationship so that satisfaction can be attained. As a result of this knowing the main elements of customer relationship management which can achieve customer satisfaction is a critical issue for financial institutions; especially with the intensive competition between such institutions. In

applying the CRM, the goal of the banks is to identify their own profitable customers and to provide personalized services, in order to enhance and increase both customer satisfaction and loyalty in the long run (Shani and Chalasani, 1992). Thus, customer relationship management becomes the main tool used to satisfy and retain customers in the banking industry. CRM provides a competitive edge; it enables businesses to focus on customer relation activities for identifying, acquiring, retaining customers and developing life-long relationships with them; by providing best possible service and satisfaction to achieve organizational goals (Burt and Sparks, 2003).

Customers are the engine of any organization moving towards winning and becoming a profitable business. What customers feel and think about a company and/or its offering is key aspects of its success. Banks have realized that managing customer relationship is an essential factor for their success as CRM is one of the best strategies that can help them build long lasting relationships with their customers and increase their profits through efficient management system and application of customer focused strategies (Nyarku et al., 2013). However for the success of these efforts besides the organization commitment on implementing CRM, customers' attitude should be considered. Knowing the customers attitude towards the effectiveness of the implemented CRM activities and its behavioral outcome on the customer satisfaction is vital for the success of CRM activity.

With regard to CRM, studies had been replicated in most developed economies like USA, Europe and Asia and developing economies like South Africa, Ghana and Nigeria, but without resource to Ethiopia. But, currently it is obvious that Ethiopia is one of the fast growing countries in economy in the world, as such requires the application of CRM concepts for businesses to be relevant in the global marketing competition.

Even though customer relationship management activities are in the infant stage in Ethiopian banking industry, knowing the customers' view and perception towards the effort is an essential for the development and growth of CRM in Ethiopia. It has a competitive advantage for firms in financial sector. However, most of the studies done on CRM are from supplier perspective. Only few researches have been done in evaluation customer relationship management from customer perspective (Kim et al., 2012; Padmavathy et al., 2012).

Moreover, in Ethiopia, especially in Addis Ababa city, United Bank S.C is highly penetrated to the market through the opening of branches in several places of the city. Meanwhile, the bank faces high competition from government and the private sector such as high competiveness; high level preliminary expensive and customers switching to other banks. It used different formation of strategies to compete in the highly competitive market but still the problems are not solved. Therefore, to overcome the above mentioned problems a study on the effect of Customer Relationship Management on customer satisfaction with reference to United Bank S.C. in an emerging market area like Addis Ababa will be a fruitful empirical work. Hence, the main aim of the researcher assesses the effect of Customer Relationship Management (reliability, process driven approach, and customer focus and technology orientation) on customer satisfaction.

1.3. Research Question

In accordance with the research purpose and objective, below are questions that will be addressed in this research:

1 How does reliability affect customer satisfaction in United Bank S.C.?

2 How does process driven approach influence customer satisfaction in United Bank S.C.?

3 How does customer focus influence customer satisfaction in United Bank S.C.?

4 How does technology orientation affect customer satisfaction in United Bank S.C ?

1.4. Research Objective

The research attempts to achieve the following general and specific objectives:

1.4.1. General Objective:

The overall objective of this study is to assess the effect of Customer Relationship Management on Customer satisfaction: A case of United Bank S.C in Addis Ababa.

1.4.2. Specific Objectives:

In line with the above general objective, the specific objectives of this study are the following:

- ➢ To determine the effect of reliability on customer satisfaction in United Bank S.C.
- ➢ To examine the influence of process driven approach on customer satisfaction in United Bank S.C.
- ➢ To examine the influence of customer focus on customer satisfaction in United Bank S.C.
- ➢ To determine the effect of technology orientation on customer satisfaction in United Bank S.C.

1.5. Research Hypothesis

H1: Reliability has a positive and significant effect on customer satisfaction.

H2: Process-driven approach has a positive and significant effect on customer satisfaction.

H3: Customer focus has a positive and significant effect on customer satisfaction.

H4: Technology orientation has a positive and significant effect on customer satisfaction.

1.6. Significance of the study

To build and manage customer relationships effectively, organizations should establish a customer-centric culture.

While most of the researches done in evaluating CRM implementations so far are from marketers' perspective. This research provided an insight in to customers' perception towards CRM activities and show activities of CRM meet customers' expectations. Through converting customer information in to usable data, CRM can increase the overall performance of a company (Stein and Smith, 2009; Yim et al., 2004).

As the number of service providers in the banking sector is increasing in Ethiopia the competition is getting harder. Among other factors the decrease in customer satisfaction and shifting of customers to competitors easily with lesser or no switching costs, have impact on the declination of the market share of the players in the industry. Banks have realized this and are implementing CRM to win, retain and gain back customers. However the view and perception of customers, towards whom CRM is applied, should be considered.

Evaluation of customers will help the bank to design the application in accordance with customer need to create long lasting relationship by creating value to customers.

Thus, this study gives an insight how customers perceive CRM implementation and its effect on customer satisfaction which in return will help the bank to identify gaps between customers' needs and the current customer relationship activity of the bank and dimensions which contributes to customer satisfaction. Moreover, based on this kind of studies managers can get insights into the development and implementation of CRM activities based on customers' evaluations. Such information enables the bank to review the current CRM activity and to know the needs of the customers.

1.7. Scope and Delimitation

The study was limited to assess the effect of customer relationship on customer satisfaction from customer perspective on four dimensions (reliability, process driven approach, customer focus and technology orientation) in the United Bank S.C. However, due to time and financial constraints in taking large sample size, it was difficult and unmanageable to include all branches found in the country. Thus, the study is delimited to collect data from the selected branches which are found in the one district in Addis Ababa. i.e., branches in West district were the focus of the study.

1.8. Definition of Terms

Customer Relationship Management (CRM): The process involving CRM is an approach based on creating and maintaining positive customer relationships, increasing satisfaction of customers, and expanding the lifetime value of customers (Ngambi & Ndifor, 2015).

Reliability: refers to the extent to which the banks fulfill its promises by providing relevant information to the customers; by providing effective communication to the customers; and by approaching the customers with cooperation. (Padmavathy and Sivakumar., 2017, p. 86).

Process-driven approach: refers to conducting the transactions of the customers correctly and quickly; making the services processes with speed and astuteness in order to provide the customers with fullest satisfaction; delivering the products with value-added information available to the customer. (Padmavathy and Sivakumar., 2017, p. 86).

Customer focus: refers to giving importance to the customers; greetings the customers on special occasions; and making the customers to visit the bank again. (Padmavathy and Sivakumar., 2017).

Technology orientation: addresses the operational performance of banks with the use of latest technology such as automatic teller machines (ATMs), internet banking and mobile banking to provide quality service and easier service. (Padmavathy and Sivakumar., 2017, p. 86).

Customer Satisfaction: It is an appraisal of how products and services of a company meet up or exceed customer anticipation. (Shaon, K., & Rahman, H. 2015).

1.9. Organization of the Study

This thesis is organized in five chapters. The first chapter contains the background of the study, statement of the problem, research questions, research objective, research hypothesis, significance of the study, scope of the study and definition of terms. The second chapter addresses the literature review including definitions & concepts of relevant topics in line with the objective of the study. Besides, the third chapter presents the methodology of the research which includes research design, research approach, research population, sampling method, data type and source, method of data collection, method of data analysis and ethical consideration. The fourth chapter provides the data analysis results and discussion. The fifth chapter presents the summary, conclusions of the major findings and recommendation.

CHAPTER TWO
REVIEW OF RELATED LITERATURE

2.1. Introduction

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

2.2. Theoretical review

2.2.1. Evolution of CRM

The concept of Customer relationship management (CRM) has been a widely cited topic of marketing scholars and marketers over last 35 years. CRM is derived from the word "contract management" which emerged in the 1980s about preserving customer details for further contact with customers. Customer relationship management is an organizational strategy to develop mutually profitable long-term relationships with the customer. It helps the company to collect and preserve customer details through continuous survey of information about products and services offered to the customer (Bergeron, 2002).

In this way, companies can customize the suitable product and service preferred by the customer (Sun, 2009). Customer relationship management systems are becoming popular across most sectors and have emerged as a chief business strategy in today's competitive environment. CRM has been widely accepted and practiced as the most effective marketing technique involving human and technical dimensions. It involves an all-round customer centricity and commitment of the entire organization. Effective CRM has become a critical challenge in business competition and marketing and economic advancement of a country. Customer relationship management ensures the relationships with customers to increase the organization's market share by integrating technology, procedures and people.

CRM is to maintain the customers and increase their satisfaction and the organization's profit. Customer satisfaction is the main element in a successful CRM implementation for retaining

customers (Long, Khalafinezhad, Ismail and Rasid, 2013). In modern business, if any competitor wants to gain additional market share, with no doubt he has to handle customers in an effective and efficient way.

CRM concept helps banks to effectively coordinate efforts to present a unified message to individual customer. Therefore it is necessary to submit a unique proposal to customer by phone, mail, personal contact or by email; in accordance with method of communication that customer has chosen. (Marko Laketa, et, al., 2015)

Every organization seeks to maintain and use critical information regarding the needs, expectations and choices of customers to make them satisfied and loyal. Customer loyalty is such a kind of valuable situation where an organization ultimately gains profitability. But achieving customer loyalty is not an easy task. To build positive relations with a customer, to fulfill a customer's needs and want, to manage customer expectations are the main goals. An organization can attempt to achieve these goals using an effective CRM. Customer relationship management undoubtedly influences customer loyalty for the organization. (Kamrul Islam Shaon, et,al., 2015)

2.2.2. Customer Relationship Management

According to Long and Khalafinezhad (2012), customer relationship management is a business strategy focused on optimized profitability, revenue, and customer satisfaction through consolidating customer segments, developing customer-satisfying behavior, and executing customer-centric processes. Businesses can gain competitive advantage through the gathering of information from customers to design tailor-made products and services to suit specific needs. The ability to gather and use customer information is essential for creating superior customer value (Tseng & Wu, 2014).

Business leaders in service organizations can enhance and sustain customer relationships through effective CRM systems (Tseng & Wu, 2014). The term CRM means building a relationship with consumers is a significant way to create loyalty and loyal customers are valuable and profitable (Agudze–Tordzrol et al., 2014). Enhancing profitability and customer satisfaction are the main objectives of CRM programs.

Customers who stay with their firms and maintain a sound relationship tend to be satisfied with

the relationship. Satisfied customers are less likely to switch to competitors, and it is difficult for competitors to enter the market or gain market share (Hundre, Kumar, & Kumar, 2013). The business strategy involving CRM includes two perspectives. The first involves measurement of factors related to customer to Mozaheb, Alamolhodaei, and Ardakani (2015), leaders of organizations can use CRM as a business strategy to focus on the customer and increase customer loyalty and satisfaction by presenting tailored made services. Identifying, attracting, developing, and maintaining an effective relationship with customers for organizational profitability involves CRM (Mozaheb et al., 2015). Alharthey, Rasli, and Ratyan (2013) argued that CRM is one of the most effective business strategies that involve increasing satisfaction and loyalty of customers. Thus, bank leaders use CRM to provide responsive and tailor-made services leading to happy and satisfied customers. The main principles of sales for organizations are to attain high growth and profit and have loyal and satisfied customers. Anabila and Awunyo-Vitor (2013) posited that CRM has emerged as a key business strategy employed by banks in their bid to hold on to their customers and increase customer loyalty and retention. Loyal customers give a solid basis for attaining sustainable business progress (Anabila & Awunyo-Vitor, 2013). According to Hundre et al. (2013) asserted that customer retention is the actions that a firm undertakes to reduce or avoid customer defection. He also confirmed that a firm's ability to attract and retain new customers is related to how existing customers feel treated. Since satisfied customers mostly do not defect to competitors, a successful implementation of CRM techniques could yield satisfaction, loyalty, and retention of the customer.

The process involving CRM is an approach based on creating and maintaining positive customer relationships, increasing satisfaction of customers, and expanding the lifetime value of customers (Ngambi & Ndifor, 2015). Agudze-Tordzro et al. (2014) asserted that CRM is a comprehensive strategy and a process of acquiring, retaining, and cooperating with selective customers to build and maintain trust. According to Ngambi and Ndifor (2015), the process of recognizing customers, creating customer knowledge, creating customer relationships, and influencing customer perceptions of the company and its services requires CRM strategies. Bank leaders should handle customer service problems, keeping customers informed as to when service providers will perform quality services and give customers individualized attention. Customer satisfaction levels increase whenever the customers appreciate the service in a way that fulfills their personal needs (Auka,

Bosire, & Matern, 2013). Customer relationship management is a two-way communication between customers and the firm (Messay, 2012).

Tracking customer activities and producing specified information to customers will make them have a sense of belonging and increase their satisfaction. Customers show appreciation to a bank that offers them options and alternatives, especially when the customers feel the banks are concerned with their best interests (Kariru & Aloo, 2014). Furthermore, through CRM, the bank will have a greater understanding of customer requirements and inform them through feedback. Efficient company to customer communications results in increased customer satisfaction (Lau, Cheung, Lam, & Chu, 2013).

2.2.3. Objective of CRM

According to Marko Laketa et al., (2015) customer relationship management is a complex process which is based on a good knowledge of habits and needs of customers. It assumes constant collection of information of customer's behavior, as bank's goal is to give offer to customers based on his needs.

Establishing a CRM concept implies continuous changes on customers and bank side. *There are four primary reasons why banks adjust their business processes to customers' needs:*

- *Retention of existing customers,*

- *Attracting new customers,*

- *Encourage customers to extend cooperation with bank,*

- *Informing customers about portfolio of products, services and communication channels, with aim of increasing profits or prevent losses.*

Group of authors (Peppers et al. 1999, 152) believe that well-implemented CRM concept allows:

- ***Identification of customers via channels of communication***, interaction and transactions with aim to create value for each customer with slogan "the right product at the right time."

- ***Client segmentation***: Each customer has specific needs for products and services; bank has to determine which group customer belongs (age, sex, income, transactions, channel utilization, etc.). Grouping customers, who have similar needs or similar behavior; require

information about customers, as customer needs are very complex. Monitor changes in customer behavior is major challenge for bank. Therefore, a higher number of interactions and more frequent communication with each customer, increase likelihood that bank will collect better information about customer`s needs and behavior.

- *Interaction with customers*: One of the most important goals of CRM concept is to monitor behavior of customers and their needs over time. Interaction with customers is a communication process, initiated by bank to collect customer information, monitor their reactions and to determine value that customers have for the bank. On the other hand, customers receive necessary information about bank's activities which can satisfy their needs. Unlike traditional marketing, where goal is to generate messages for customers, goal of modern marketing is to generate feedback from customers.

- *Personalization of relationships with customer*: Personalization means that bank treats each customer separately, differently and uniquely, through adjustment of offer to customer, in order to achieve long-term loyalty.

2.2.4. Benefits of CRM

Relationship marketing assumes unique relationship with customer by adding more value to products and services (Lindgreen and Wynstra 2005, 735).

Modern communication technology becomes a tool that enables modernization of existing processes, raises quality of business and communication between customers and bank. Accurate information is becoming basis of competitive advantage. Proactive usage of information involves participation of banks in creation of information and their usage in order to introduce changes in business.

Studies show that CRM concept (Richards and Jones 2008, 121):

- *Improves ability to choose profitable customers;*
- *Integrates offer to customers through channels;*
- *Improves efficiency and effectiveness of sales;*
- *Personalizes marketing messages;*
- *Customizes products and services for customers;*
- *Improves pricing policy.*

CRM concept opens new opportunities to attract customers through cross-selling of products and services, as sale of additional products and services within existing customer base. Good long-term relations with customers create immunity of customers on competition. Simmons, in his research, confirmed that if a bank focuses its activities on meeting needs of customers, the proportion of customers, who are leaving bank, is reduced up to 25% and in the long period, costs of acquiring new customers are reduced, also (Catalan-Matamoros 2012, 4).

Benefits of CRM concept is reflected through increasing revenues and profitability, reducing costs and organizational changes in banking sector.

Customer relationship management is a specific management process which must be aligned at all levels in bank. According to Shanks Graeme et al., 2009 advantages of CRM concept is reflected at operational, tactical and strategic level.

- *On operational level* -Better management of customers' data, management of processes, services to customers, position of employees, increase of productivity, increase of possibility to answer to customers in real time.
- *On tactical level* -Better segmentation of market, management of communication channels, analysis, reporting and prediction of customer behavior.
- *On strategic level* -Better satisfaction of customers and performances in organization.

Adoption of CRM concept in the banking sector requires jointly effort on three areas: operational, analytical and organizational (Payne 2005, 23):

- *Operational CRM* - provides a unique source of information about customers. It deals with creation of information and supports sales, marketing and customer service.
- *Analytical CRM* -is carried out through collection, processing and systematization of data in order to obtain information relevant to customer relationship management.
- *Organizational CRM* - requires cooperation between marketing functions and infrastructure in order to optimize activities aimed at customers, to create value for the bank and the customer through usage of multiple channels of communication. This CRM is responsible for establishing customer interaction through appropriate channel of communication. *In order to optimize processes in banks and satisfy customer needs, integration between analytical, operational and organizational CRM is essential.*

2.2.5. Dimensions of CRM

Only few studies have investigated and measured the impact of CRM despite the practical relevance of operationalizing and measuring CRM effectiveness for business performance variables (Padmavathy, Balaji and Sivakumar., 2012). Mithas, Krishnana & Fornell (2005) argued that marketing has moved from a brand-centered focus to a customer-centered approach. Hence, managing customer relationships is important and valuable to businesses. The effective implementation of CRM requires a cross-functional integration of marketing, sales, customer service and supply chain to enhance value delivered to customers (Parvatiyar and, 2001, p.5). As noted by Das (2012) the effective relationship between customers and banks depends on the understanding of different needs of customers at different stages.

Even though measuring of customer relationship will measure the relational efforts or activities that effect on customer and business performance variables as stated by Padmavathy, Balaji and Sivakumar., (2012) metrics for assessing of CRM are to date inadequate. Most of the proposed metric system for measuring CRM are developed to assess from the supplier perspective not the customers perspective (example: Yim et al.,2004; Sin et al., 2005; Bohling et al., 2006; Onut et al., 2006; Shafia et al., 2006; Chen et al., 2009; Oztaysi et al., 2011; Nguyen et al., 2012; Sang et al.,2013). Many definitions of CRM have been emerging, with each successive definition supplementing the previous ones and adding more focus to the concept and explanation of its underlying principles and dimensions (Akroush et al., 2011). And then Padmavathy and Sivakumar., (2017) came up with four dimensions from which customers can evaluate and reveal the CRM activities and efforts. These dimensions which are: reliability, process driven approach, customer focus and technology orientation, let customers evaluate and measure the impact of CRM activities of their banks from the four perspectives. Furthermore it enable the banks to take due consideration of their CRM activities. Each of these dimensions discussed in this section as described by Padmavathy and Sivakumar (2017).

2.2.5.1.   Reliability

Reliability is one of the most common factors of CRM. It enables customers to assess the banks use in providing service with regard to; maintaining consistent service standard and reliable service. Reliability refers to the extent to which banks consistently and accurately deliver services to their customers as promised. As mentioned by Padmavathy et al., (2012) and consistent with the

findings of Zinedlin (2005) reliability is one of the necessary conditions for banks to deliver superior customer value than competitors and thereby fulfill customer expectations and requirements. According to Padmavathy and Sivakumar, (2017) banks fulfill its promises by providing relevant information to the customers; by providing effective communication to the customers; and by approaching the customers with cooperation.

Customers expect organizations to anticipate their needs and provide consistent service at levels above their expectations. In return, customers are loyal to the organization for longer periods of time (Chen and Popovich, 2003). Chen and Popovich (2003) also stated that companies with efficient facilities and greater resources were able to satisfy customer needs with standardized products, reaping advantages through productivity gains and lower costs. Mithas et al., (2005) argue that CRM applications enable firms to improve the reliability of consumption experiences by facilitating the timely, accurate processing of customer orders and requests and the ongoing management of customer accounts. According to Parasuramal et al., (2004) CRM activities always try to fill a customer's expectations and provide better customer service, which isn't always possible without reliability. Reliability is depended as performing the task dependably and accurately. In addition to this, the studies of Vries & Brijder (2000) and C.Padmavathy et al (2012), found reliability is one of the dimensions of CRM and it shows positive significant impact on satisfaction. Therefore reliability has a positive significant impact on CRM activities and also for customer satisfaction.

2.2.5.2. Process Driven Approach

Process driven approach to customer service enables the banks to fulfill customer requests with speed and astuteness. Under this dimension the customers evaluate the effectiveness of the bank with respect to promptness in delivering services, design of the service process in satisfying its customers, whether accuracy and rapidness in conducting transactions is very common with the bank and whether the bank provides value adding information along with its services will be revealed. Korner and Zimmeramann (2000) argue that offering value-added information for the customer is a way of increasing customer satisfaction and loyalty. In addition, potential customers can be informed about a new product, since the new product may now cover the needs of the prospective customer. In return a prospective might become customer. Likewise if a customer is satisfied with the information provided that might be a source of competitive advantage (Kroner et

al., 2000). Besides, the studies of Padmavathy C. et al. (2012), found process driven approach is one of the dimensions of CRM and it shows positive significant impact on satisfaction. Therefore, Process driven approach has positive and significant impact on customer satisfaction.

2.2.5.3. Customer Focus

Customer focus is the ability of an organization to efficiently and effectively concentrate on the work that enhances the experiences of customers with products and services. Through their customer-focus efforts, companies can drive up the value that's received by customers. This often means gaining a good understanding of the various customer segments, producing quality at acceptable costs, and delivering on all commitments. It can also mean knowing how to price and sell the right products and services to the right customers at the right time.

Customer focus refers to managerial perceptions on competitive value creation for customers through CRM. It deals with an understanding of customer needs, expectations, feedback, communications, and customer- focused matrices (Day 2000; Gartner, 2003).

Competitive value creation for the customer gets reflected in higher levels of customer satisfaction, customer loyalty, and other customer focused matrices. Under this dimension refers to giving importance to the customers; greetings the customers on special occasions; and making the customers to visit the bank again. (Padmavathy and Sivakumar, 2017).

A customer-focused structure, culture, policy, and reward system should permeate any organization that strives to implement CRM successfully (Ryals and Knox, 2001; Sheth, Sisodia, and Sharma, 2000). All interactions with key customers, who are often identified by "lifetime value computations," must fully reflect this company-wide CRM focus (Jain and Singh, 2002). The ultimate goal is to achieve deep customer relationships through which the seller organization becomes indispensable to its most profitable customers (Vandermerwe, 2004). Equipped with company-wide understanding and internal support for key customer relationships, the sales force generally is better enabled and motivated to cultivate long-term customer relationships by offering more personalized products and services and enhanced customer satisfaction (Kotler, G & Armstrong, P (2012); Moreover, according to Yim et al (2004), identify customer focus to be one of CRM dimensions, that demonstrated the vital impact of those on performance and has significant impact such a customer satisfaction, customer retention and sales growth. Thus

according to the study, focusing on customers has a positive & significant relationship with satisfaction.

2.2.5.4. Technology Orientation

The technology orientation dimension addresses the operational performance of banks with the use of the latest technology such as Automatic Teller Machines (ATM), internet banking and mobile banking. Information technology and Information system play an important role in the development of CRM (Ling and Yen, 2001; Kincaid, 2003).

Bank's CRM technology allows collection of customer information across various points of contact and thereby delivers personalized services to maximize customer value. Hence, the technology has an important role in CRM in adding to firm intelligence (Boyle, 2004). Accurate customer data is necessary to successful CRM performance (Abbott et al., 2001). CRM technology augment the customer information processes and enables effectiveness of relational efforts. It is important for banks to be technology oriented to cope up with evolving customer needs. The bank's effective usage of latest technology like ATM, mobile and internet baking addressed with this dimension. Boulding et al. (2005) suggest that CRM is a consequence of the continuing technology evolution and integration of organization marketing approach. CRM applications take full advantage of technology innovations with their ability to collect and analyze data on customer patterns, interpret customer behavior, develop predictive models, respond with timely and effective customized communications and deliver product and service value to individual customers. (Chen and Popovich, 2003).

CRM technology is adopted by companies for the specific purpose of building and maintaining better customer relationships (Kim et al., 2012). The rapid advancement in communication technology has greatly transformed the way relationship between companies and their customers are managed (Bauer et al., 2002). As denoted by Kim et al., (2012) even though CRM technology increase the overall performance of a company, only adopting CRM technology does not mean that such benefits will easily accrue to the firm. Therefore; CRM technology helps companies and their salespersons" collect, analyze, and distribute information for enhanced prospecting, improved communication and sales presentations, and tailored product configurations.

It also facilitates cross-referencing of customers within divisions of a company for greater sales opportunities (Widmier, Jackson, and Mccabe, 2002). Among the major outcomes sought by incorporating CRM-based technology are enhanced significantly of customer satisfaction and more profitable long-term customer relationships (Yim et al., 2004 and Garrido-Moreno & Padilla Melendez, 2011). Therefore; CRM-based technology has a positive effect on customer satisfaction.

2.2.6. Customer Satisfaction

According to Kotler and Keller (2012), satisfaction is "a person's feelings of pleasure or disappointment resulting from comparing perceived products' performance (or outcome) in relation to his or her expectations". Authors elaborate that customer is dissatisfied if expectations are not fulfilled by the performance; satisfied in case the performance matches customer's expectations; and delighted or highly satisfied if his expectations are exceeded by the performance (Kotler and Keller, 2012).

Customer satisfaction is a popular expression in business and commerce circuits. It is a business term explaining the positive feeling consumers have by measuring product and services the company provided (Ramachandran & Chidambaram, 2012).

Most companies consider customer satisfaction a key performance index. Banking industry players are consistently trying to devise ways and means to increase their financial performance and be relevant to the customers. A bank cannot achieve financial objectives if the customers are not satisfied with operations and strategies in place.

Customer satisfaction plays a critical role in an organization's performance (Mburu, Van Zyl, & Cullen, 2013). The leaders of service organizations aim to satisfy customers because customer satisfaction is the foundation for business success (Ramachandran & Chidambaram, 2012). The survival of banks is now dependent on the quality of service delivered to customers. The level of competition could lead to customer empowerment, and customers can switch to other banks whenever dissatisfaction in service occurs.

Competitors can copy products, but it is difficult to reproduce unique service delivery (Asante-Gyabaah, Oppong & Idun-Baidoo, 2014). Customers are the stakeholders of the firm who make

payment in return for the goods and services provided by the organization. Upon receiving the goods and services, the customer aims at fulfilling a need and maximizing satisfaction.

Customer satisfaction is also necessary for business success in this modern competitive banking sector (Mutea, 2013). A customer's concern is, therefore, with the value and quality of what they pay for and receive. Yang and Ming (2014) defined customer satisfaction as the difference between the customer expectation of service or product and the experience. An important driving force of organizational profitability in this modern age of doing business is the focus on customers and customer satisfaction (Mutea, 2013).

Leaders of organizations wish to improve the levels of the customers' satisfaction by concentrating in designing goods and services customer want. The measurement of customer satisfaction has become a yardstick to assess the performance of the organization on how it provides the goods or service. The customer wants the best quality at the lowest possible price. The perception of this best quality of product and lowest possible price is relative and varies significantly among individuals (Omenye, 2013).

Therefore, for the organization to ascertain an overall view of customer perception, it needs to evaluate the satisfaction of the customer (Omenye, 2013). When customers are satisfied, in most cases, they talk strongly about their experience of the use of a particular good/service that gives a positive advertisement for the firm (Khan, 2012).

On the other breadth, when the customers are dissatisfied, they most probably would switch to a different brand and discourage others to patronize the brand that leads to a negative advertisement for the firm. Hence, the essence of keeping customers satisfied as well as considering them in strategic business planning can never be overlooked (Murugiah & Akgam, 2015). Customer satisfaction has received much attention and companies are regularly undertaking customer satisfaction surveys whereby the monitoring of the level of customer satisfaction has become a priority for firms regardless of their sector or industry. The satisfaction of the customer is the bedrock of the successful company (Belás & Gabčová 2014). In a very saturated market, there are homogeneous goods and services, and clients can easily change the provider of the product in case they are not satisfied. The issue of customer satisfaction is, therefore, critical. To comply with

what the customer need, customer care, as well as banks customer satisfaction has been at the centre of concerns of researchers and bankers (Bilan, 2013).

According to Belás and Gabčová (2014), the satisfaction of the customers is of immense importance to the present and future firm performance of commercial banks. The customer who is satisfied shall always be loyal and remain with the company. For the company to keep the customer, it requires less effort, time, and money than getting a new customer. A satisfied customer is willing to pay a higher price (Drugdová, 2012). When the customers are satisfied, they represent a free form of advertisement, and they are mostly inclined to buy other products.

The customers who are fully satisfied are less likely to move away from their banks and are more prepared to acquire and consume additional products or services from the same bank. However, some studies (Fraering & Minor, 2013) have not established this relation. They have reported that even satisfied customers change their banks if/when another bank offers a better product or service. These feelings are explicable in two ways: loyalty and other objective factors.

Loyal clients have more intense commitment and exercise emotional attachment to their banks. When a client is satisfied with the products and services, but not loyal to their banks, they are more likely to switch if conditions are better and accessible from another bank. Loyal customers are resistant to competitors' offers, and it is, therefore, imperative that management of service industries identify the drivers of customer loyalty.

Customer satisfaction also increases the lifetime value of customers as it plays a vital role in determining the amount of money generated by the customer for the business; while the costs of retaining existing customers is also lower than the cost of acquiring new customers (Sun & Kim, 2013; Sanjuq, 2014; Saad, 2012).

2.2.7. CRM and Customer Satisfaction

Customer satisfaction is the extent to which customers are satisfied with their purchased goods and services (Boone and Kurtz, 2013). Customer satisfaction is a statement to the buyer about the appropriateness of the reward, received in exchange for the service experienced. Every firm tries to fulfill customers' needs, desires, wants, aims and expectations.

Therefore, production and marketing department collaboratively produce economic utility for customers. Customer satisfaction is generally understood as the pleasure of using product and service. Customer satisfaction is the voice of customer that will differ from person to person. It is an appraisal of how products and services of a company meet up or exceed customer anticipation. (Shaon, K., & Rahman, H. 2015).

Jeong and Lee (2010) defined customer satisfaction as:

- ✓ Customers' satisfaction is an emotional (sentimental) reaction or a manner of interactive recognition and perception.
- ✓ Customers' satisfaction is a response to the specific concentration on the expectations of production and the experience of using services and consumption.
- ✓ Customers' satisfaction is a judgmental reflection of customers about a product or service during the time period of its usefulness.
- ✓ Customers' satisfaction is a summary of the psychological manner in which a composite of customers' feeling about the unexplained expectations and his/her previous consumption experiences are encompassed.

A satisfied customer always connects with a service provider. CRM is a formation that ensures customer satisfaction. CRM is a systematic process of building long-term relationships with its customer by providing optimum satisfaction. The organization actively takes the necessary steps in order to promote satisfaction. Maintaining the desired level of customer satisfaction requires a proactive corporate responsiveness in accessing, building and retaining satisfied customers for sustainable competitive advantages in market place (Rahman, Redwanuzzaman, Masud-Ul-Hasan and Rahman, 2014). CRM have a positive impact on customer satisfaction. If an organization has a good CRM strategy, then customer satisfaction will automatically be increased; on the other hand, the absence of a good CRM strategy will result in customer dissatisfaction.

By using modern communication media, CRM can easily communicate with customers while fulfilling their expectations. The fulfillment of customer expectations will help enhance customer satisfaction. A highly satisfied customer:

- continues his shopping for a long time,

- buys more as long as the firm produces new products and the existing products are improved,

- speaks of the firm and its products with praise,

- keeps indifferent to the trademarks that are in competition with the products of the firm and does not place the emphasis on price,

- And offers the firm suggestions and ideas about products and services.

Nowadays, most organizations have adapted customer-centered philosophy to fulfill the customer needs and to enhance perceived values of customer. Hence, adopting customer-centric strategies aimed at maintaining and enhancing relationships with existing customers is important for survival (Krishnamoorthy and Srinivasan, 2013). Highly satisfied customers of a firm are likely to purchase more frequently, in greater volume and buy other goods and services offered by the same service provider. Many companies focus on finding new customers instead of retaining and satisfying the existing customer base. However, since competition among companies is tough, the retention of customers has become more important than the acquisition of new customers. In recent years, companies have realized that a critical success factor is not a single transaction, but the creation of a long-term relationship by the method of CRM (Ampoful, 2012).

2.3. Empirical Review

The implementation of CRM is widespread (Peppard, 2000) and more advanced (Ryals and Payne, 2001) in the financial services industry than in other industries. However, to date few studies have examined the effectiveness of CRM in financial services industry from customer perspective (Padmavathy et al., 2012, p. 250). According to Crosby (2002) in financial services, the idea of relationship in banking was receiving considerable attention as a means of acquiring, retaining and improving the profitability of customers. However little is known about customers' perceptions of CRM implementation activities and efforts (Kim et al., 2012). This is due to the fact that focus of researches on the company side of CRM implementation (example: Bohling et al., 2006; Onut et al., 2006; Jallat and Anacarani, 2008; Malik and Wood-Harper, 2009; Akroush et al., 2011).

Malik and Wood-Harper (2009) tried to identify the problems and challenges in the banking sector of Pakistan using CRM. Bohling et al., (2006) concluded that linking CRM strategy and

implementation more tightly with the overall marketing strategy of a business will lead to greater CRM implementation effectiveness. Chen et al. (2009) proposed a metric system for measuring CRM effectiveness from the supplier perspective. Akroush, Dahiyat, Gharaibeh and Abu-Lail (2011) examined the generalizability of the CRM scale originally developed by Sin et al. (2005) to investigate the strength of linkages between CRM implementation components and business performance in Jordan financial service organizations. Hence, they conducted survey in financial service organizations located in Jordan. From the customer perspective, Jain et al. (2007) proposed a two-dimensional measure of CRM effectiveness. Reinartz et al. (2004, p. 294) conceptualized CRM from the customer perspective as: systematic process to manage the customer relationship initiation, maintenance, and termination across all customer contact points in order to maximize the value of the relationship portfolio. Though the researches, conducted on CRM from customer perspective, are few valuable researches are available on the subject matter.

Kim et al., (2012) assessed customer's viewpoints to explore the gap between actual bank CRM implementation and customers' expectation. Nyarku, Kwamena (2013) in his study assessed the CRM practices at National Investment Bank in Ghana and also recommended win-back and retention strategies to meet the needs of customers in a highly customized and responsive manner.

Whereas Padmavathy, Balaji and Sivakumar (2012), developed five dimensions, namely organizational commitment, customer experience, process-driven approach, reliability and technology orientation, to measure the effectiveness of CRM from customer perspective. Muro et al. (2013) investigated the strategic benefits and challenges of utilizing CRM systems in the banking sector, finding that the use of information and communication technologies provided personalized service and attention to bank customers. In addition, the researchers also determined that CRM improves relationships and processes with business partners (B2B) and also with customers. Most importantly, it was noted that CRM builds long-term relationships and loyalty when implemented appropriately and that CRM is beneficial investors, employees, and customers because it enhances performance. Giannakis and Boutsouki (2014) further attempted to approximate the extent to which CRM effectiveness influence potential for customer engagement, with a specific focus on CRM practices, reflected on the measures of customer performance. The findings show that customer affective commitment and overall gratification with the bank are significant influences of client willingness to deepen their relationship with the financial

institution. In addition, the financial institution's presence on social media also has a significant association with client willingness to engage in social CRM with the bank. Iriqat and Abu Daqar (2017) investigate the impact of CRM on Long-term Customers' Loyalty in the Palestinian Banking Industry; they found that there is a positive relationship between long-term customers' loyalty and CRM. Additionally, they clarified that the banks need to periodically update the customers' database. Padmavathy and Sivakumar (2017) in their analytic hierarchy process (AHP) to priorities banks study that based on the research of Padamavathy et al., (2012) come up with four dimensions these are reliability , process driven approach, focus on customer and technology orientation, the finding was with respect to the dimension, reliability was the most important factor needed by the customers and next process driven approach, focus on customer and technology orientation are respectively from 42 retail Indian bank customers.

2.4. Conceptual Framework

The theoretical model guiding the investigation is depicted in figure below, adapted from Padmavathy and Sivakumar (2017).

Figure 1: Conceptual Model of Relation between CRM & Customer Satisfaction
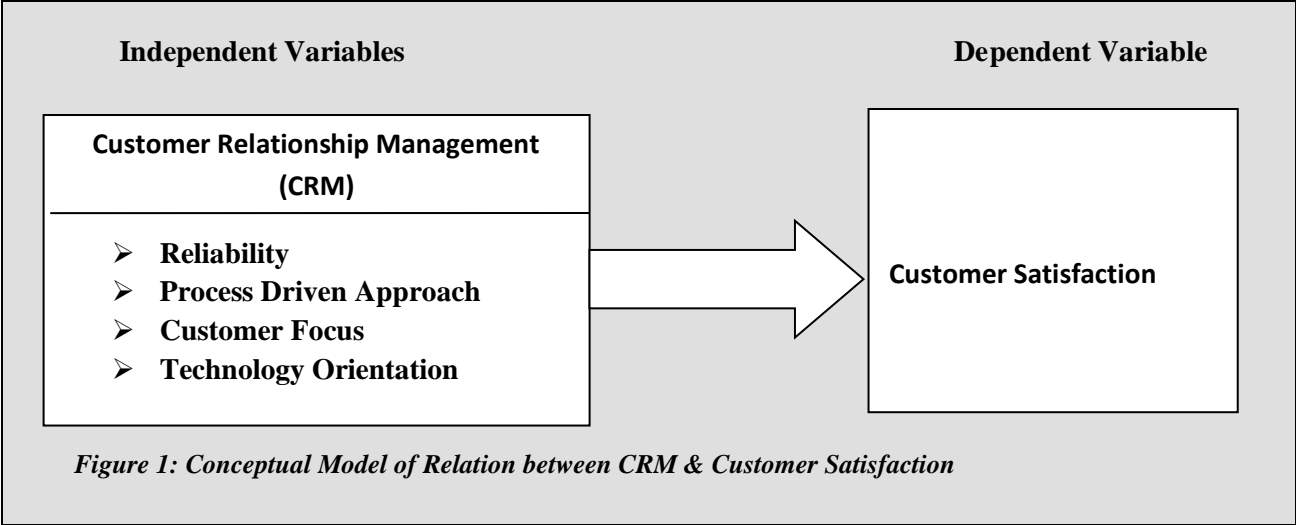
CHAPTER THREE
RESEARCH METHODOLOGY

3.1. Introduction

This section addresses the overall methodology used in this research. It consists of brief discussion of research design, research approach, research population and sampling methods, sample size determination, data type and source, method of data collection and data processing and analysis method.

3.2. Research Design

John, A. *et al.* (2007) stated that research design is the blueprint for fulfilling research objectives and answering research questions. In other words, it is a master plan specifying the methods and procedures for collecting and analyzing the needed information. Therefore, research design is a detailed plan for how a research study is to be completed-operationalizing variables so they can be measured, selecting a sample of interest to Study, collecting data to be used as a basis for testing hypotheses, and analyzing the results.

The researcher chose the descriptive and explanatory research design to answer the problem statement and met the research objectives on this study. The researcher described demographic facts or characteristics of respondents using descriptive research design. The researcher prefers descriptive research as it is convenient for model testing and description of the correlation of CRM and customer satisfaction. According to Kothari (2004) the main characteristic of descriptive method is that the researcher has no control over the variables; he/she can only report what has happened or what is happening. Explanatory design is sought because of its suitability for explaining the relationships between the CRM and customer satisfaction using multiple regression and correlation analysis. The researcher prefers explanatory research design as it is convenient for explanation of cause and effect relationships between dependent and independent variables.

3.3 Research Approach

There is a tendency to divide research into qualitative and quantitative when approach to research has been considered as the criterion of classification. Qualitative research involves studies that do not attempt to quantify their results through statistical summary or analysis. Qualitative research seeks to describe various aspects about behavior and other factors studied in the social sciences and humanities. In qualitative research data are often in the form of descriptions, not numbers. Quantitative research is the systematic and scientific investigation of quantitative properties and phenomena and their relationships. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. The process of measurement was central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of an attribute (Abiy et al., 2009). Therefore, for the purpose of this study the researcher used quantitative research method to study the effect of CRM on Customer Satisfaction as the study demands statistical model to examine the influence or prediction of CRM on Customer satisfaction.

3.4   Research Population and Sampling Methods

3.4.1 Target population

Ranjit Kumar (2011) described Sampling as the process of selecting a few (a sample) from a bigger group (the sampling population) to become the basis for estimating or predicting the prevalence of an unknown piece of information, situation or outcome regarding the bigger group. Therefore it is necessary to survey a sample of the population as an alternative in order to formulate predictions about the entire population.

United Bank S.C has 317 branch offices and 7 sub branch offices out of which 158 branch offices are located In Addis Ababa and the other 159 branches are in major towns of the country.(www.unitedbank.com.et /on April 2020)

The target population for this study encompassed all United Bank S.C customers in Addis Ababa City. Due to time and budget constraint, the study is focused on undertaking survey on conveniently selected samples branch of United Bank S.C. which is called (Bisrate Gebrial, Ayer Tena, Old Airport and Medhanit branch) and these branches are located in Western district. Accordingly, the researcher identifies that the total population size of the research is the number of

customers of in those branches. The overall numbers of customers of the branches are around 26,620. Therefore, the researcher used convenience sampling technique to collect the required data.

Table 3.1: Size of population

No.	Selected Branches of United Bank S.C.	No. of Customers
1	Ayer Tena	14,000
2	Bisrate Gebriel	7,600
3	Old Airport	3,000
4	Medhanit	2020
	Total	**26,620**

Source www.unitebank.com.et

3.4.2. Sample Size and Sampling Technique

3.4.2.1 Sample Size

From the total population size of 26,620.00 customers 394 samples of respondents were taken from the selected branches. Thus, the researcher has used convenience-sampling technique as a non-probability sampling to select the respondents for the study. Because it is difficult to access all customers of the bank with in specific period of time to collect data so it is best to collect data from customers at hand.

The researcher used the formula suggested by Israel, Glenn D. 1992 which indicated below to determine the sample size.

$$n \ = \ N / 1 + N * e^2$$

Where n is the sample size, N is the population size, and e is the level of precision.

N= population size of this research is 26,620.00

e= precision level the researcher prefer to use 5% of sampling error (with a confidence level of 95%) which is an acceptable level of sampling error in many social science researches.

Then n= 26,620/1+26,620(0.05)(0.05)

n=26,620/67.55

n=394.07

3.4.2.2   Sampling Technique

Questionnaires were distributed through non-probabilistic sampling technique of convenience sampling because all the population of the bank cannot be available at the same time. Convenience sampling also called accidental or opportunity sampling is a technique in which a sample is drawn from that part of the population that is close to hand, readily available, or convenient for customers of United Bank S.C branches according to the sample size of each branch.

3.5   Data type & Source

There are two types of sources when collecting data; primary and secondary data sources (Arbnor and Bjerke, 1994) as cited in Olle Stromgren, 2007. Primary sources are directly related to the study purpose. Primary data consists of all the data collected throughout the study that directly can be related to the study purpose, both personally gathered as well as data from a third party that has been collected with equivalent purpose. On the other hand, secondary data contains relevant data that has been collected for a different purpose, but from which the conclusion is valuable for the purpose.

Therefore the researcher collected primary data using structured questionnaires directly from customers who were selected for this study purpose.

3.6   Method of Data Collection

According to Cohen (2011) questionnaire is a set of questions designed to produce the statistical information from the respondents in order to accomplish research objectives. It allows the

researcher to collect the relevant information necessary to address research question or model hypothesis testing.

As a chance, the dates of data collection were held on before COVID-19 and this helped the researcher to perform data analysis and the rest of the research section freely by lockdown restriction.

Accordingly, the researcher is used Questionnaire as a method of data collection under this study. The questionnaire is contained statements that are specifically designed to measure the effect of CRM on customer satisfaction through the five dimensions of CRM. Like reliability, process driven approach, customer focus, technology orientation and customer satisfaction. The questionnaire has two parts, the first part is used to collect demographic data of respondent and the second part is used to collect respondent's view about CRM and Customer satisfaction. Five point Likert scale which is useful method for measuring opinions, attitude and behavioral tendencies is used on this study and Likert scale scoring from strongly agree=5 to strongly disagree=1,is used to measure the effect of CRM on customer satisfaction. These responses can easily quantified, and thus get provided for any mathematical analysis.

3.7   Methods of Data Analysis

Analysis of data in this research will be done by using statistical tools like frequency, mean, standard deviation, correlation, and multiple regression analysis has been employed. The regression analysis was conducted to determine by how much percent the independent variable i.e. CRM dimensions explain the dependent variable and which is important and most important to customer satisfaction.

Correlation analysis was conducted to test the proposed hypothesis whether there is a positive significant relationship between CRM dimensions and customer satisfaction. A descriptive analysis was used for each variable under investigation and also used for demographic factors such as gender, age, education, purpose of the bank service used, years of relationship with the bank and types of service used in the bank. To analyze the quantitative data the researcher executed SPSS software version 20.

In order to reduce the possibility of getting wrong answers, the researcher did take different actions to ensure the soundness of the study. These were:

1. Data was collected from reliable sources, from respondents who are customers of the bank.

2. The questionnaire was based on literature review to ensure the soundness of the results.

3. SPSS software version 20 was helpful to analyze the data and the researcher did give special emphasis during data coding and entry.

The Regression Model specification:

$$Y = \beta_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \beta_5 X_5 \ldots\ldots\ldots + \beta_k X_k + \varepsilon$$

Where:

Y = dependent variable (Customer Satisfaction)

β_i = Independent variable coefficient

x_i = Independent Variables

β_1 = Constant

ε = Error terms

β_2- Reliability, β_3- Customer focus, β_4- Process Driven Approach, β_5- Technology Approach

3.8 Ethical Consideration

Before respondents proceed on filling out the questionnaires they were briefed about the purpose of the study genuinely and respondents were asked to fill out the questionnaire based on their free will. Assurance has given to respondents that their personal information shall be kept confidentially and will be used only for this specific study.

CHAPTER FOUR
DATA ANALYSIS AND PRESENTATION

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

4.1. Validity and Reliability

4.1.1. Validity

According to R. Kothari, (2004), Validity is the most critical criterion and indicates the degree to which an instrument measures what it is supposed to measure. Validity is the extent to which any instrument measures what is intended to measure. Content validity of the survey questionnaire was validated by professionals and the research advisor. The results led to make minor changes in the instrument, which were made prior to administering the survey.

4.1.2. Reliability

In this research cronbach's Alpha of reliability test was used for to assess the reliability of the four independent variables of CRM and dependent variable customer satisfaction. The reliability analysis is used to test consistency of respondents' answers to all the items of independent and dependent variables in the questionnaire, whether the items are hanged together as a set which they are highly correlated with one another. Consistency of this research is examined through Cronbach's coefficient Alpha, which is used for multipoint – scaled items (Cronbach, 1946).

According to Cavana et al. (2001), "Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another. Cronbach's alpha is computed in terms of average inter correlations among the items measuring the concepts". The value of this coefficient can vary from 0 to 1. The value of 0.8 or higher of an alpha coefficient was proposed to

be accepted by Bryman and Cramer (1990). However, according to Nunnally (1978), the value of 0.6 and above is acceptable, especially for initial investigations. To meet Consistency reliability of the instrument, 21 questions was distributed to customers of United Bank Share Company Addis Ababa branches and Cronbach's alpha for customer relationship management and customer satisfaction was found greater than 0.8 as shown in table 4.1, and questioners were tested and fulfil the consistency reliability of the instrument. These results reveal that there was no need to remove items.

Table 4.1: *Cronbach's Alpha for each of the questionnaire*

Dimensions	Item Cronbach's Alpha	Reliability
Reliability	5	0.849
Process-driven Approach	4	0.810
Customer Focus	4	0.849
Technology Orientation	4	0.807
Customer Satisfaction	4	0.910
Overall	**21**	**0.947**

Source: Survey result 2020

The Cronbach's coefficient alpha was calculated for each field of the questionnaire. Table 4.1 shows the values of Cronbach's Alpha for each filed of the questionnaire and the entire questionnaire. For the fields, values of Cronbach's Alpha are in the range from 0.807 and 0.910. This range is considered as good according to Sekaran (2000); the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals 0.947 for the entire questionnaire which indicates reliability of the entire questionnaire. Therefore, based on the test, the results for the items are reliable and acceptable.

4.2. Descriptive Analysis

Descriptive analysis was used to look at the data collected and to describe that information. It was used to describe the demographic factors for more clarification. It is mainly important to make some general observations about the data gathered for general or demographic questions. The demographics factors used in this research were shown in Table below of respondents that, gender,

age, educational background, purpose of the bank service usage, year of relationship with the bank and service used from the bank.

For the scale typed questionnaires for all variables mean and standard deviation response of respondents were used. The highest mean figure with the lowest scores of standard deviation indicates the extent to which the United Bank S.C is highly reliable, process driven approach, customer focus and technology orientation for its customers.

4.2.1. Gender of respondents

Table 4.2: Gender of respondents

Gender	Frequency	Percent
Male	195	54.6
Female	162	45.4
Total	**357**	**100**

Source: Survey result 2020

As presented in Table 4.2 above the gender composition shows that both male and female customers of the bank were participated in the study. Even if majority of the respondents 195 (54.6%) were male, female respondents also participated which accounted for 162 (45.4%).

4.2.2. Age of respondents

Table 4.3: Age of respondents

Age	Frequency	Percent
18-30	143	40.1
31-40	159	44.5
41-50	44	12.3
More than 50	11	3.1
Total	**357**	**100**

Source: Survey result 2020

On Table 4.3 above, the age composition of respondents encompasses 159 (44.5%) between the age group of 31-40 years followed by 143 (40.1%) that fall in between the age group of 18-30. The

rest age group in the sample encompasses respondents aged 41-50 and above 50 years, 44(12.3%) and 11 (3.1%) respectively.

4.2.3 **Educational background of the respondents**

Table 4.4: *Educational Background of the respondents*

Educational Background	Frequency	Percent
Primary and Secondary School	52	14.6
Certificate	35	9.8
Diploma	88	24.6
Bachelor Degree	175	49.0
Master's Degree and above	7	2.0
Total	**357**	**100**

Source: Survey result 2020

The educational status in Table 4.4 shows that among 357 respondents first degree 175 (49.0%) followed by 88 (24.6%) and 52 (14.6%) of respondents with educational level of diploma and primary and secondary school respectively. Out of the total respondents 35 (9.8%) incorporates those certificate and 7 (2.0%) master's degree and above. Considering the education level of respondents, majority of them have a university education .Therefore, this suggests that CRM can be well assessed from this kind of customers better through questionnaire.

4.2.4 Purpose of the bank service used

Table 4.5: *Purpose of the bank service user*

Purpose of the Bank Service Used	Frequency	Percent
Personal	299	83.8
Business	25	7.0
Both	33	9.2
Total	**357**	**100**

Source: Survey result 2020

Table 4.5 shows that among 357 respondents 299(83.8%) use the bank service for personal consumption and the rest 33(9.2%) and 25 (7.0%) of the respondents both (for personal and business) and only business purpose respectively.

4.2.5. Years of relationship with the bank

Table 4.6: Years of relationship with the bank

Years of relationship with the Bank	Frequency	Percent
Less than 1 Year	11	3.1
1-4 years	124	34.7
5-7 years	115	32.2
8-10 years	66	18.5
More than 10 years	41	11.5
Total	**357**	**100**

Source: Survey result 2020

Regarding the years of relationship with the bank, either for personal consumption or business,

124 (34.7%) found to have relationship with the bank from 1-4 years, 115 (32.2%) found to be using the bank's service from 5-7 years, while 66(18.5%) have a relationship with the bank from 8-10 years and 41 (11.5%) were found to have relationship with the bank more than ten years Only 11 (3.1%) have relationship with the bank less than 1 year.. The table also shows us that 62.2% of the respondents have more than five-year's relation with the bank. The longer the customer stayed with the bank, the stronger the relationship he/she develops with it. From this, we can infer that customers at United Bank S.C have a good banking experience to judge the bank service and its relationship management with the customer.

4.2.6. Service used from the bank

Table 4.7: Service used from the bank

Service used from the bank	Frequency	Percent
Saving	85	23.8
Current Account	71	19.9
Money Transfer	7	2.0
Forex	5	1.4
Automatic Teller Machine(ATM)	2	0.6
More than one service	187	52.4
Total	**357**	**100**

Source: Survey result 2020   *** A customers may use more than one service

With respect to the use of services provided in the bank as presented in Table 4.7, 187(52.4%) encompasses more than one service users, 85 (23.8%) saving users , 71 (19.9%) and 7 (2.0%) are current account and money transfer users respectively whereas 5(1.4%) and 2 (0.6%) , forex & ATM users. As indicated in table 4.7, a customer may use more than one service. Accordingly 52.4% of respondents use more than one service rendered by the bank. This indicates that most of the respondents have experience with the bank and are capable of evaluating the bank's CRM activities from the different service of the bank provides.

4.3. Descriptive Statistics of Scales Typed Questionnaires

In this part descriptive statistics in the form of mean and standard deviation are presented to illustrate the level of agreement of the respondents with their implications to United Bank S.C.
The responses of the respondents for the variables indicated below were measured on five point Lickert scale with: 1=strongly disagree, 2= disagree, 3=neutral, 4= agree and 5= strongly agree. But, while making interpretation of the results of mean and standard deviation the scales are reassigned as follows to make the interpretation easy and clear. According to Kidane (2012) the intervals for breaking the range in measuring each variable with five point scale is calculated as follows:

Agreement level = $\frac{max-min}{5} = \frac{5-1}{5} = 0.8$

Therefore the range of the score indicates:

0.80	-	1.00	Strongly Disagree
1.81	-	2.6	Disagree
2.61	-	3.4	Neutral
3.41	-	4.20	Agree
4.21	-	5.00	Strongly Agree

The dimensions were: reliability, process driven approach, customer focus and technology orientation. According to Padmavathy and Sivakumar, (2017) these dimensions reveal how effectively CRM is being practiced in the banking industry.

4.3.1 Perception of respondents towards reliability

As discussed in the literature review the reliability dimension denotes the consistency and accuracy of service delivery to the customer; by providing effective communication to the customers; and by approaching the customers with cooperation as promised. (Padmavathy & Siva Kumar, 2017) In order to measure the effect of this dimension customer were forwarded with five variables regarding this dimension. The result is summarized in the following table 4.8.

Table 4.8: Descriptive Statistics of Reliability

Variables of Reliability	N	Mean	Std. Deviation	Rank Mean
This bank maintains consistent service.	357	4.18	0.85	1
This bank provides reliable services.	357	4.12	0.95	2
This bank effectively communicates to customers	357	4.03	0.99	3
The bank is co-operative with its customers in handling their request.	357	4.02	0.95	4
This bank assesses customer satisfaction regularly.	357	3.77	1.02	5

Source: Survey result 2020

Table 4.8 above contains individual variables, which are grouped together and named as reliability variables. As it is shown in the table "This bank maintains consistent service." has scored mean of 4.18 with standard deviation 0.85, "This bank provides reliable service" has scored mean of 4.12 with standard deviation 0.95, "This bank effectively communicates to customers." has scored mean of 4.03 with standard deviation 0.99, and "The bank is co-operative with its customers in handling their request" has scored mean of 4.02 with standard deviation 0.95. Since "This bank maintains consistent service" has the highest mean scored from the variables of reliability and it is possible to say that consistent service to customers plays a great role to make customer satisfaction. And "This bank assess customer satisfaction regularly" is the other factor that has influence on customer satisfaction and the lowest mean rating scale from the above variables has scored (Mean= 3.77, standard deviation 1.02). However, all variables result fall between the range of 3.41 – 4.2 and this means that majority of the respondents tend to agree with all the variables of reliability that affects the customer's satisfaction. In other words CRM dimensions reliability that has influence on customer satisfaction.

However, the results implies that still there need more tasks on the above mentioned aspects that United Bank S.C has to be reliable and to be satisfied their customers.

4.3.2. Perception of respondents towards process driven approach

The process-driven approach enables customers to evaluate the extent of effectiveness of the bank in fulfilling customer requests with speed and sharpness, as argued by Padmavathy and Sivakumar (2017). Customers evaluated this dimension with respect to four items using a five-point scale that reveals their level of agreement or disagreement with each statement. Table 4.9 indicates the mean score with standard deviation of each variable of process-driven approach.

Table 4.9: Descriptive Statistics of Process Driven Approach

Variables of Process Driven Approach	N	Mean	Std. Deviation	Rank Mean
This bank delivers services quickly.	357	4.01	1.03	1
This bank designed its service processes to satisfy the customer.	357	3.84	0.94	2
Conducting transactions correctly and rapidly is very common with this bank.	357	3.82	0.93	3
This bank provides value-added information along with its service.	357	3.81	0.90	4

Source: Survey result 2020

Table 4.9 above also contains individual variables, which are grouped together and named as process driven approach variables. As it is shown in the table above "This bank delivers services quickly has scored mean of 4.01 with standard deviation 1.03 "This bank designed its service processes to satisfy the customer" has scored mean of 3.84 with standard deviation 0.94, "Conducting transactions correctly and rapidly is very common with this bank" has scored mean of 3.82 with standard deviation 0.93, and "This bank provides value-added information along with its service" has scored mean of 3.81 with standard deviation 0.90, and the result of these variables fall between the range of 3.41 – 4.2 and this tells us majority of the respondents agree with the variables influence the customers' satisfaction.

4.3.3. Perception of respondents towards customer focus

Customer focus is the ability of an organization knowing how to price and sell the right products and services to the right customers at the right time. Customers evaluated this dimension with respect to four items using a five-point scale that reveals their level of agreement or disagreement with each statement. Table 4.10 indicates the mean score and standard deviation of each variable of customer focus.

Table 4.10: *Descriptive Statistics of Customer Focus*

Variables of Customer Focus	N	Mean	Std. Deviation	Rank Mean
The bank takes customer feedbacks seriously and replies to them	357	3.91	0.89	1
The Bank provides customized services and products to its customers.	357	3.80	0.95	2
The Bank strives to constantly surprise and delights its customers.	357	3.77	0.97	3
The bank makes an effort to find out what key customer needs.	357	3.72	0.88	4

Source: Survey result 2020

Table 4.10 illustrates the perception of the respondents towards customer focus using mean and standard deviation. As it can be seen from the table 'The bank takes customer feedbacks seriously and replies to them' has scored mean of 3.91 with standard deviation 0.89.Thus, this variable has scored the highest mean of all the variables of customer focus and it is pertinent to say that it plays a great role to make customers satisfactions.

Moreover, the table shows that "The Bank provides customized services and products to its customers" has scored mean of 3.80 with standard deviation 0.95. "The bank strives to constantly surprise and delights its customers" has scored mean of 3.77 with standard deviation 0.97,   and 'The bank makes an effort to find out what customer needs'' has scored mean of 3.72 with standard deviation 0.88. Thus ,the result of all variables of customer focus fall between the ranges of 3.41 - 4.2, this also tells us majority of the respondents agree on each variable of customer focus that affects the dependent variable that is customers' satisfaction.

4.3.4. Perception of respondents towards technology orientation

This dimension appraises the effectiveness of operational performance of the bank with the use of the latest technology such as ATM, internet, mobile banking and POS. As the aim is to ask customers perception regarding the effectiveness of the bank with the use of the latest banking technology customers were provided with four variables with five point likert scale used where the highest being strongly agree and the lowest signifying strongly disagree.

Table 4.11: *Descriptive Statistics of Technology Orientation*

Variables of Technology Orientation	N	Mean	Std. Deviation	Rank Mean
This bank uses latest technology (ATMs, mobile banking, and internet banking) to offer quality services.	357	4.29	0.80	1
. This bank makes effective use of ATMs, mobile internet banking and POS service to enhance customer service.	357	4.05	0.96	2
The bank information system is designed to give comprehensive data about all aspects of its customers, so that the bank can be responsive to them.	357	3.95	0.97	3
The bank has the right soft & hardware to serve their customers.	357	3.94	0.95	4

Source: Survey result 2020

As it can be seen from the above table 4.11 "This bank uses latest technology (ATMs, mobile banking, and internet banking) to offer quality services" has scored mean of 4.29 with standard deviation 0.80 and this falls between 4.21-5.00 and this means that majority of the respondents tend to strongly agree. This shows, using latest technology to offer quality services has scored the highest mean of all the variables of technology orientation and it is possible to say that CRM practice with this dimension is perceived to be the highest effect on customer satisfaction.

Moreover, the table shows that "This bank makes effective use of ATMs, mobile, internet banking and POS service to enhance customer service" has scored mean of 4.05 with standard deviation 0.96, "The bank information system are designed to give comprehensive data about all aspects of its customers, so that the bank can be responsive to them" has scored mean of 3.95 with standard deviation 0.97, and " The bank has the right soft & hardware to serve their customers" has scored mean of 3.94 with standard deviation 0.95, in addition to that, it is possible to say that the rest of all variables of technology orientation results are fall between the range of 3.41 – 4.2 and this means also, majority of the respondents agree as the variables of technology orientation can influence customers' satisfaction of the bank as the result of their mean & standard deviation value accordingly.

4.3.5. Perception of respondents towards customer satisfaction

Leaders of organizations wish to improve the levels of the customers' satisfaction by concentrating in designing goods and services of customers want. The measurement of customer satisfaction has become a yardstick to assess the performance of the organization on how it provides the goods or service. Therefore, for the organization to ascertain an overall view of customer perception, it needs to evaluate the satisfaction of the customer (Omenye, 2013). Customers evaluated the level of satisfaction with respect to four dimensions using a five-point scale that reveals their level of agreement or disagreement with each variable. Table 4.12 indicates the mean score and standard deviation of each variable of customer satisfaction.

Table 4.12: Descriptive Statistics of Customer Satisfaction

Variables of Customer Satisfaction	N	Mean	Std. Deviation	Rank Mean
I am satisfied with the services provided by the bank.	357	4.11	1.00	1
I am satisfied with the bank's customer handling procedure.	357	4.09	0.98	2
I am satisfied with the speed of the service delivery.	357	4.09	1.01	2
I am satisfied with the quality of services provided by this bank.	357	4.08	0.99	4

Source: Survey result 2020

As it can be seen from the above table 4.12 "I am satisfied with the services provided by the bank" has scored mean of 4.11 with standard deviation 1.00, this variable has scored the highest mean and it is possible to say that it plays a great role to make customers satisfaction.

Moreover, the table shows that "I am satisfied with the bank's customer handling procedure" has scored mean of 4.09 with standard deviation 0.98, "I am satisfied with the speed of the service delivery" has scored mean of 4.09 with standard deviation 1.01 and "I am satisfied with the quality of services provided by this bank" has scored mean of 4.08 with standard deviation 0.99, and This variable is the least mean scored of all variables. However, the results of each variable are fall within the range of 3.41 – 4.2. Since, most of the respondents agree on each variable and that implies majority of the respondents agree on the service, the customer handling procedures, the

speed and the quality of service provided by the bank has become customer satisfaction. However, the above results entail yet there are tasks that the United Bank has to do on customer satisfaction.

4.3.6. Summary of Perception of respondents towards CRM and Customer Satisfaction

Table 4.13: *Summary of Descriptive Statistics of CRM Dimensions & Customers' Satisfaction*

Variables	N	Mean	Std. Deviation
Reliability	357	4.02	0.75
Process-driven Approach	357	3.87	0.76
Customer Focus	357	3.80	0.77
Technology Orientation	357	4.05	0.73
Customer Satisfaction	357	4.09	0.88

Source: Survey result 2020

The above table clearly summarizes mean and standard deviation of customer relationship management dimensions and customer satisfaction perceived by the respondents. It illustrates the respondents agreement with the four dimensions of customer relationship management by giving the higher rate scale to technology orientation (mean=4.05, SD= 0.73), followed by reliability (mean= 4.02, SD=0.75), process driven approach (mean=3.87, SD= 0.76 and customer focus mean of 3.80 with standard deviation 0.77). The low standard deviation indicates that the mean is representative of the rate given by the majority of respondents. This implies that the CRM dimensions (reliability, process driven approach, customer focus and technology orientation) are the predictors of the dependent variable of customer satisfaction. Besides, the perception of the respondents towards customer satisfaction rating scale of (mean= 4.09, standard deviation 0.88). This result is fall in the rating scale 3.41- 4.2. This implies that majority of the respondents agreed to be satisfied customers of United Bank S.C. if the bank is high in reliability, process driven approach, customer focus and technology orientation and vice versa.

4.4   Pearson Correlation Analysis

To determine the existence and level of association, the researcher used bivariate correlation. Pearson's correlation coefficient falls between -1.0 and +1.0, indicates the strength and direction of association between the two variables. (Field, 2005) The Pearson´s correlation coefficient (r) was used to conduct the correlation analysis to find the level and direction of the relationships between the variables of CRM and customer satisfaction. The classification of the correlation coefficient (r) is as follows: $0.1 - 0.29$ is weak; $0.3 - 0.49$ is moderate; and > 0.5 is strong. (Field, 2005). The bivariate correlation of a two-tailed test confirm the presence of statistically significant difference at probability level $p<0.01$ i.e. assuming 99% confidence interval on statistical analysis. The table below presents the correlation analysis between the independent variable customer relationship management dimensions and the dependent variable customer satisfaction.

Table 4.14: Correlation between CRM dimensions and Customer Satisfaction

Correlations

		Reliability	Process Driven Approach	Customer Focus	Technology Orientation	Customer Satisfaction
Reliability	Pearson Correlation	1	.727**	.635**	.511**	.730**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	357	357	357	357	357
Process Driven	Pearson Correlation	.727**	1	.663**	.622**	.711**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	357	357	357	357	357
Customer Focus	Pearson Correlation	.635**	.663**	1	.597**	.666**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	357	357	357	357	357
Technology Orien	Pearson Correlation	.511**	.622**	.597**	1	.630**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	357	357	357	357	357
Customer Satisf	Pearson Correlation	.730**	.711**	.666**	.630**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	357	357	357	357	357

**. Correlation is significant at the 0.01 level (2-tailed).
   Source: Survey result 2020

The results in table 4.14 indicate that, there is positive and strong relationship between customer relationship management dimension and customer satisfaction listed as Reliability and customer

satisfaction (r = 0.730), Process Driven Approach and customer satisfaction (r = 0.711), Customer Focus and customer satisfaction (r =0.666), Technology Orientation and customer satisfaction (r = 0.630). To interpret the finding on table 4.14 above further indicates that the highest relationship is found between customer relationship management dimensions Reliability, Process Driven Approach, Customer Focus, and Technology Orientation with customer satisfaction.

4.5. Multiple Regression Analysis

Before running regression, the researcher should examine the existence of multi-co linearity, linearity and normality of data.

4.5.1. Multi-Co Linearity

The commonly used cut-off points mentioned for determining the existence of multicollinearity among independent variables are tolerance value and variance inflation factor (VIF) value. The rule is that when tolerance value is less than 0.2 and the VIF exceeds 10; it is a signal of multicollinearity, which could lead to misleading and/or inaccurate results. Multicollinearity occurs when there are high inter- correlations among some set of the predictor/independent variables. In other words, multicollinearity happens when two or more predictors contain much of the same information. Refer to collinearity Statistics shown below, the tolerance and VIF showed that there was no multicollinearity because VIF of all variables were less than 10 and tolerance of all variables also greater than 0.2.

Table 4.15: *Multicollinearity Statistics*

Coefficients^a

Model		Collinearity Statistics	
		Tolerance	**VIF**
1	**Reliability**	.430	2.327
	Process Driven Approach	.363	2.755
	Customer Focus	.466	2.148
	Technology Orientation	.552	1.810

 a. Dependent Variable: Customer Satisfaction
Source Own Survey ,2020

4.5.2 Linearity

Test for nonlinearity is necessary because of correlation, regression and others members of the general linear model (GLM) assumes linearity. The study checks for patterns in scatter plots of CRM against customer satisfaction if they have linear relation and the assumption have met or not. The scatter plot in figure 2 below indicated that the customer satisfaction and CRM have linear relationship. In regression as a rule of thumb, an indicator of possible nonlinearity is when the standard deviations of the residual exceed the standard deviations of the dependent. Therefore, as residual statistics in Table 4.16 showed that the standard deviation of the dependent is exceeding the standard deviation of the residual. Therefore, there is a liner relationship between CRM variables and customer satisfaction.

Figure 2: Linearity-scattor-plot
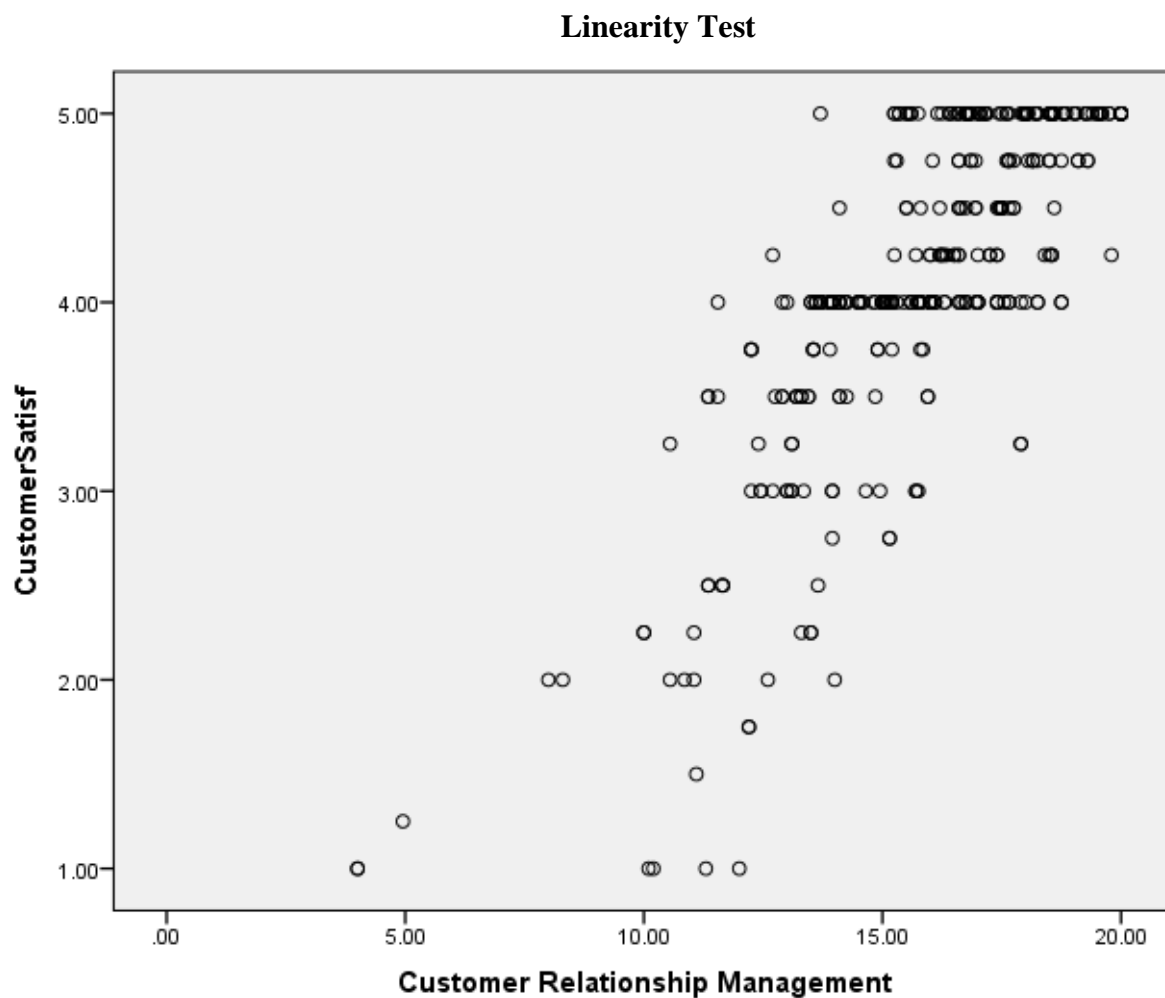
Source: Own Survey,2020

Table 4.16 *Residuals Statistics*

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	.7724	5.2518	4.0924	.72052	357
Residual	-1.99136	1.33941	.00000	.51829	357
Std. Predicted Value	-4.608	1.609	.000	1.000	357
Std. Residual	-3.821	2.570	.000	.994	357

a. Dependent Variable: CustomerSatisf

Source: Own Survey,2020

4.5.3 Testing for Normality

An assessment of the normality of data is a prerequisite for many statistical tests as normal data is an underlying assumption in parametric testing. There are two main methods of assessing normality - graphically and numerically. Statistical tests have the advantage of making objective judgments of normality. Skewness and Kurtosis descriptive statistics is one of the numerical tests used to check normality. The value of asymmetry and kurtosis between -2and +2 are considered as acceptable in order to prove normal distribution. Hence, as it is depicted in table 4.17 CRM's dimensions and customer satisfaction skewness and kurtosis statistics are within the range of -2 and +2 so that the assumption of normal distribution is met (George & Marllery, 2010). The above numerical test of normality is supplemented by the histogram on the next page and the histogram of standardized residual should show a roughly normal curve when the assumption of regression and most technique met that error terms are normally distributed. The histogram figure 3 on the next page showed us that the assumption of normal distribution is met.

Table 4.17: *Normality Test*

Descriptive Statistics

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Reliability	357	-.985	.129	1.433	.257
Process Driven Ap.	357	-.689	.129	.589	.257
Customer Focus	357	-.668	.129	.717	.257
Technology Orien.	357	-1.038	.129	1.583	.257
Customer Satisf.	357	-1.317	.129	1.896	.257
Valid N (listwise)	357				

Source: Own Survey,2020

Figure 3   Graph of Histogram
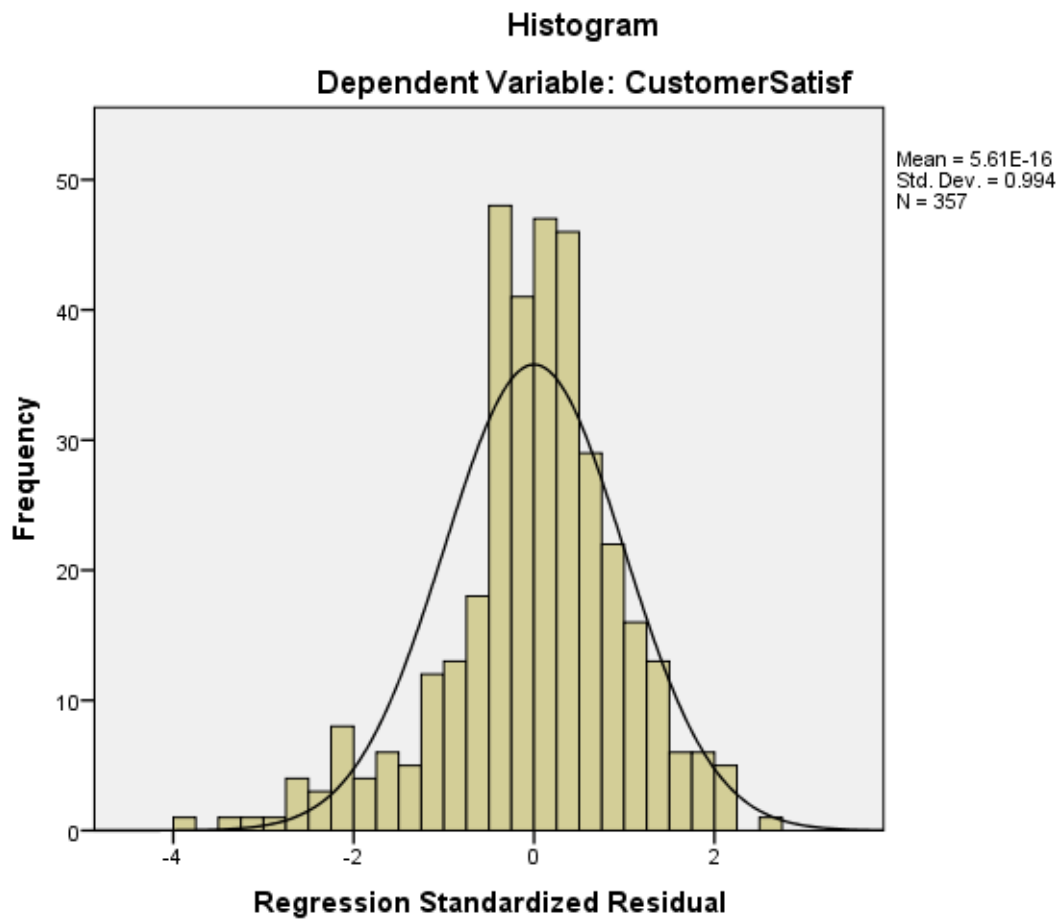
Source: Own Survey,2020

4.6 Multiple Regression of CRM Dimension on Customer Satisfaction

There are two basic types of regression analysis: simple regression and multiple regressions. Hence, in this study, multiple regression analysis is used to know by how much the independent variables i.e customer relationship management dimensions explain or influences the dependent variable which is customer satisfaction.

The model summary table reports the strength of relationship between the independent variable (customer relationship management dimensions) and the dependent variable (customer satisfaction). The proposed hypotheses are tested using multiple regression analysis.

Table 4.18: Multiple Regression Analysis Result of CRM and Customer Satisfaction

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.812a	.659	.655	.52123

a. Predictors: (Constant), Technology Orientation, Reliability,
Customer Focus, Process-Driven Approach
Source: Survey result (2020)

In the above table, R is multiple correlation coefficients between predictor and outcome, with a value of 0.812. "R" is a correlation between the observed values of y, the values of y predicted by multiple regression models. Therefore, large values of the multiple R represent a large correlation between the predicted and observed values of the outcome. Value of adjusted R2 = 0.659, it implies 65.9% of the variance in the dependent variable (customer satisfaction) can be explained/predicted by the independent variables. Means the random variation of the error term explains around 34.1% of the variation of the independent variable or the remaining 34.1% of the variance in customer satisfaction may be explained by other factors such as customer trust, commitment, CRM knowledge, and so on.

$$Y = \quad X\beta \quad + \quad e$$
$$(100\%) = \quad (65.9\%) \quad + \quad (34.1\%)$$

Table 4.19: ANOVA

ANOVAª

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	184.818	4	46.205	170.070	.000ᵇ
	Residual	95.631	352	.272		
	Total	280.450	356			

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Technology Orientation, Reliability, Customer Focus, Process-Driven Approach

Source: Survey result (2020)

From table 4.19, using ANOVA, it also shows a significant value of 170.070 for the F distribution with 4 and 352 df. The F-test can be taken as a measure of overall model significance of the estimated regression, indicates that the p-value is less than 0.05, which implies that a significant relationship exists between the selected variables in this model.

Table 4.20: Coefficients of CRM Dimensions

Coefficientsª

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.347	.176		-1.976	.049
	Reliability	.431	.056	.368	7.748	.000
	Proces- Driven. Ap.	.225	.060	.192	3.723	.000
	Customer Focus	.202	.053	.175	3.836	.000
	Technology Orient.	.262	.050	.218	5.202	.000

a. Dependent Variable: Customer Satisfaction

Source: Survey result (2020)

Multiple Regression Model Equation:

Y^{hat} = -0.347+0.431 Reliability+0.225 Process Driven approach+0.202 Customer Focus+ 0.262 Technology Orientations

From the above multiple regression equation one can see that all the dimension of CRM positively affects customer satisfaction. Unstandardized coefficient (βeta value) indicates the degree of

importance of each CRM dimensions towards customer satisfaction; accordingly, the dimensions can be ranked in the following manners on the basis of their contribution/importance.

1. Reliability $\beta = 0.431$
2. Technology Orientation $\beta = 0.262$
3. Process driven approach $\beta = 0.225$
4. Customer Focus $\beta = 0.202$

The Interpretations of the Significant Independent Variables:

➢ *If the effect of establishment of trust with the customer by efficient transformation of information, communication and cooperation to the customer (reliability dimension) are increase by 1%, levels of satisfaction of the customers increased by 43.1% and it is significant at 1% level.*

➢ *If addressing the latest technology service to the bank customers (Technology Orientation dimension) increase by1%, may increase the customer's satisfaction by 26.2% and it is significant at 1% level.*

➢ *If conducting errorless transactions quickly of service to the bank customers (process driven approach dimension) increase by 1%, may increase the customer's satisfaction by 22.5% and significant at 1% level.*

➢ *If the bank's CRM activities more effective by making the customer feel good by understand of customer needs, expectations, feedback, communications, and customer-focused matrices like greeting them on occasions and making them to visit the bank again (customer focus dimension) increased by 1%, level of satisfaction increased by 20.2% and this is also significant at 1% level.*

➢ *Constant (cons), it shows when all variables are fixed at zero, the average effect of all other unused variable is decreased the level of satisfaction of the customer by 0.347 and significant at 5% level.*

4.7 Hypothesis Testing

Here using this multiple regression coefficient results the proposed hypotheses for this study are tested as follows.

H1: Reliability has a positive and significant effect on customer satisfaction.

Results of multiple regression analysis on table 4.20 clearly indicates that reliability has significant influence on customer satisfaction ($p<0.01$). Besides, the value of beta ($\beta= .431$) shows that

reliability has a positive and significant effect on customer satisfaction in United Bank S.C. Addis Ababa Branches. **Hence, the above proposed hypothesis is accepted.**

H2: Process-driven approach has a positive and significant effect on customer satisfaction.

Table 4.20 above clearly depicts, process driven approach has significant influence on customer satisfaction ($p<0.01$). Besides, the value of beta ($\beta= .225$) shows that process driven approach has positive and significant effect on customer satisfaction in United Bank S.C. Addis Ababa Branches. **Hence, the above proposed hypothesis is accepted.**

H3: Customer focus has a positive and significant effect on customer satisfaction.

Results of multiple regression analysis on table 4.20 above clearly indicates that, customer focus has a significant influence on customer satisfaction ($p<0.01$). Besides, the value of beta ($\beta= .202$) shows that customer focus has a positive & significant effect on customer satisfaction in United Bank S.C. Addis Ababa Branches. **Hence, the above proposed hypothesis is accepted.**

H4: Technology orientation has a positive and significant effect on customer satisfaction.

Results of multiple regression analysis on table 4.20 above clearly indicates that, technology orientation has a significant influence on customer satisfaction ($p<0.01$). Besides, the value of beta ($\beta= .262$) shows that customer focus has a positive & significant effect on customer satisfaction in United Bank S.C. Addis Ababa Branches. **Hence, the above proposed hypothesis is accepted.**

In general, the multiple regression analysis on table 4.20 clearly demonstrates that independent variable CRM (reliability, process driven approach, and customer focus and technology orientation) has a positive and significant effect on the dependent variable of customer satisfaction.

Table 4.21: Summary of Hypothesis Testing

Hypothesis	Decision based on the finding	Reason Significant
H1: Reliability has a significant and positive effect on customer satisfaction	Accepted	0.00
H2: Process Driven has a significant and positive effect on customer satisfaction	Accepted	0.00
H3: Customer focus has a significant and positive effect on customer satisfaction	Accepted	0.00
H4: Technology orientation has a significant and positive effect on customer satisfaction	Accepted	0.00

Source: Survey result (2020)

CHAPTER FIVE
SUMMARY, CONCLUSION AND RECOMMENDATION

In this section summary of the major aspects of this study are addressed and in line with the major findings of this study, conclusion of the findings are presented and based on the conclusions made, workable recommendation for United Bank S.C and for further research are suggested.

5.1. Summary

The overall objective of this study gives an insight how customers perceive CRM implementation and its effect on customer satisfaction which in return helps the bank to identify gaps between customers' needs and the current customer relationship activity of the bank and dimensions which contributes to customer satisfaction. In this study quantitative research approach is implemented and due to the purpose a descriptive research design was used and a cross-sectional research survey also considered. The target population for this study were all customers of United Bank S.C in special branches of Addis Ababa, those who were service user of saving, current, loan, local transfer, forex, and ATM and their age 18 and above and had been used service starting from less than one year of the individual customer in the branches. The branches included in this study: Old-Airport, Bisrate-Gabeail, Medhanit Fabrica and Ayer-Tena were selected by using purposive design sampling.

In this study, both primary and secondary data were used as source of information. Based on the research objective, English and Amharic version questionnaires were prepared. Three hundred ninety four (394) customers were approached using non- probability sampling that is convenience sampling technique. From the 394 survey forms, 357 are completed and returned. This is a 91% response rate.

Regarding the reliability of the questionnaires table 4.1 illustrates all the dimensions are reliable and acceptable in good with Cronbach's Alpha result 0.947. With respect to the demographic information of the respondents, table 4.2 indicates majority of the respondents (54.6%) are males and (45.4%) are females, and on table 4.3 illustrates majority of the respondents' age between 31-40 years old (44.5%). Then, on table 4.4 depicts majority of the respondents (85.4%) are certificate & above certificate and the reaming 14.6% of the respondents achieved primary education.

Moreover, on table 4.5 demonstrates majority of the respondents (83.8%) are running their own business and 7.0% of the respondents are personal user and 9.2% are for business and personal purpose. Besides, on table 4.6 indicates majority of the respondents (34.7%) have 1-4 years' of relationship and (62.2%) of the respondents have 5 and above 5 years' of relationship with the bank. On table 4.7 shows, majority of the respondents are saving service users (23.8%), and almost 52.4% of the respondents use more than one service provided by the bank.

As the findings of this study indicated on Table 4.13, respondents agreed with the four dimensions of customer relationship management by giving the higher rate of scale to technology orientation mean of 4.05 with standard deviation 0.73, followed by reliability (mean= 4.02, SD=0.75), process driven approach (mean=3.87, SD= 0.76) and customer focus (mean=3.80, SD= 0.77). Besides, the respondents agree for dependent variable customer satisfaction with mean of 4.09 and standard deviation 0.88.

Moreover, the results of correlation analysis in Table 4.14 shows that all the independent variables (reliability, process driven approach, customer focus and technology orientation) are positively and significantly correlated with the dependent variable (customer satisfaction) at 99% confidence level (P<0.01). The highest correlation is signified by reliability (r= 0.730), followed by process driven approach by (r= 0.711), customer focus (r= 0. 666) and technology orientation (r= 0.630).

Furthermore, Table 4.15 depicts the results of multiple regressions of four underpinnings of customer relationship management. The research at hand relied on a 95% level of confidence therefore, P value less or equal to 5%, the result shows that the model tested is significant (p<0.05). The multiple R is 0.812 (it shows the correlation between dependent and independent variables), R square 0.659 and adjusted R square 0.655 indicates that 65.5% the variance in the dependent variable (customer satisfaction) can be explained/predicted from the independent variables. Means the random variation of the error term explains around 34.1% of the variation of the independent variable, or the remaining 34.1% of the variance in customer satisfaction may be explained by other factors such as customer trust, commitment, CRM knowledge, and so on.

To identify customer relationship management dimensions with their importance in influencing customer satisfaction, β value & their significance are important statistics to look at on table 4.17; The unstandardized beta value for reliability is β =0.431.This indicates that, the dimensions have relatively strong degree of importance on customer satisfaction and also technology orientation,

process driven approach and customer focus with βeta value of 0.262, 0.225 and 0.202 respectively. Based on the findings it can be concluded that the entire hypothesis are accepted.

5.2 Conclusion

The present research seeks to investigate CRM dimensions effect on customer satisfaction. During the investigation the researcher used both descriptive and inferential statistics and based on the findings the researcher made the research project to an end by outlining the following conclusions.

➢ Based on the results of the descriptive statistics it is pertinent to conclude that most of respondents agreed on the statement of being a satisfied customer of United Bank S.C which is evaluated from four dimensions (reliability, process driven, customer focus and technology orientation).

In addition to the descriptive statistics, inferential statistics were made using correlation and multiple regression analysis and the results are concluded as follows:

➢ Correlation analyses launch a positive and significant relationship between customer relationship management dimensions (reliability, process driven approach, customer focus and technology orientation) and customer satisfaction.

➢ Furthermore, the multiple regression analysis notifies more than sixty three percent variance of customer satisfaction is attributed to customer relationship management (reliability, process driven, customer focus and technology orientation).

➢ As far as the relative influence of an individual component of CRM on customer satisfaction the result of multiple regression coefficients (β) commences reliability is the most dominant relational dimension in determining the variation in customer satisfaction and next technology orientation, process driven approach and customer focus.

➢ Thus the entire proposed hypothesis was accepted.

5.3 Recommendations

Based on the conclusions drawn in the previous section, the following measures are recommended for United Bank S.C in order to reach the ultimate benefits from the implementation of CRM activities and enhance customer satisfaction.

➢ In order to enhance customer satisfaction the bank should make continuous effort on the effect of CRM dimensions specially reliability, process-driven approach and customer

focus, which have significant effect on customer satisfaction.

➢ As the findings of the study revealed the reliability has the highest influence on customer satisfaction. Hence United Bank S.C should be very conscious in improving more the current customer request handling pace. This will yield more customer satisfaction which may contribute to customer loyalty and retention as argued by some researchers.

➢ Technology orientation, process driven approach and customer focus dimensions also have strong effect next to process driven approach on customer satisfaction. In order to stay in the market, the bank marketers need to make improve delivering of the service as promised and provides customized services and products to their customers. Thus it's recommended that on these aspects, employees training will enhance more the customer satisfaction.

➢ High level of customer satisfaction indications to increased customer loyalty, intention to purchase, profit, market share, and return on investment. Hence the management of the bank should enhance the awareness of employees' especially frontline employees regarding CRM through frequent staff training.

➢ Lastly managers should be aware of the different effects of each dimension of CRM and plan appropriate strategies to generate and reinforce satisfaction.

5.4 Future research directions

Customer satisfaction is very important for the survival of financial institution in today's hard competitive environment, but this study mainly examined the effect of customer relationship management on customer satisfaction for United Bank S.C, and focused only branches located in Addis Ababa and also CRM is represented by four behavior dimensions. Therefore, it is recommendable to consider bank branches outside Addis Ababa and other dimensions of CRM like customer trust, commitment, conflict handling and communication for future studies.

REFERENCE

Abiy Z., Alemayehu W., Daniel T., Melese G., and Yilma S. (2009), *Introduction to Research Methods*. Preparatory Module for Addis Ababa University Graduate Programs.

Akroush, M., Dahiyat, S., Gharaibeh, H., Abu-Lail, B. (2011), *Customer Relationship Management Implementation.* International Journal of Commerce and Management. Vol. 21 (2). p. 158-191.

Ampoful, A. (2012). *The Effect of Customer Relationship Management (CRM) on the Pro& stability of Financial Institutions-A Case Study of Barclays Bank Limited,* Takoradi Branches (Doctoral dissertation). Institute of Distance Learning, KNUST.

Anuboli .P and Thiruvenkatraj .R (2013) A study on Customer relationship management,International research journal of business and management. Vol. 8

Armstrong, G. and Kotler, P. (2009), *Marketing*: An Introduction.5th ed. Prentice-Hall.

Asante-Gyabaah, G., Oppong, C. N., Idun-Baidoo, N. (2014). *The impact of customer care on product positioning: A case study of Ghana Commercial Bank Ltd – Kumasi, Ghana.* European Journal of Business and Management, 6, 133-142. Retrieved from https://www.iiste.org.

Belás, J., & Gabčová, L. (2014). *Reasons for satisfaction and dissatisfaction of bank customers.* Study from Slovakia and the Czech Republic. International Journal of Entrepreneurial Knowledge, 1(2), 4-13. doi:10.15759/ijek/2014/v2i1/53759.

Bergeron, B. (2002). Essentials of CRM: A guide to customer relationship management (Vol. 14). New York: John Wiley and Sons.

Bilan, Y. (2013). *Sustainable development of a company: Building of new level relationship with the consumers of XXI century*. Amfiteatru Economic, 15, 687- 701. Retrieved from http://www.amfiteatrueconomic.ase.ro.

Bohling, et al., (2006). *CRM implementation: effectiveness issues and insights*. Journal of Service Research, 9 (2). p. 184-94.

Boone, L., and Kurtz, D. (2013). *Contemporary marketing*. Cengage Learning

Brige, A. (2006). *Building relationship with customers by using technological solutions in commercial banks of Latvia*. Baltic Journal of Management, 1(1), 24-33.

Burt, S. & Sparks, L. (2003). *E-commerce and the retail process:* A review. Journal of Retailing and Consumer Services, 10, 275-86.

Chen, J.S., Yen, H.J.R., Li, E.Y. and Ching, R.K.H. (2009). *Measuring CRM effectiveness: Construct development, validation and application of a process-oriented mode*l, Total Quality Management & Business Excellence, Vol. 20, No. 3, pp.283–299.

Cohen .L, Lawrence .M, Keith .M (2011) Research Method in Education.7thedition.New York: Pearson Prentice Hall

Crosby, L.A. and Johnson, S.L. (2001). *High performance marketing in the CRM era*. Marketing Management. 10 (3). p. 10-11.

Crosby. (2002). *Business & Economics Decision Making & Problem solving.*

Dimitriadis, S. (2011). *Customers' relationship expectations and costs as segmentation variables: Preliminary evidence from banking*. Journal of Services Marketing, 25(4), 294-308.

Drugdová, B. (2012). *Comparison and analysis of the insurance market in Vyšegrad countries*. Series International Relations and Political Economy, 30, 323-337. Retrieved from http://www.palgrave.journals.com.

Duygu and Sevcan (2012) *Customer Relationship Management and customer loyalty: survey in the sector of Banking. International Journal of Business and Social Science Vol. 3*

Fraering, M., & Minor, M. S. (2013). *Beyond loyalty: Customer satisfaction, loyalty, and fortitude*. Journal of Services Marketing, 27, 334-344. Doi:10.1108/08876041311330807.

Field, A. (2005). *Discovering Statistics Using SPSS (2nd Ed.)*. London: Sage Publication.

Gartner Group (2003). *CRM Success is in Strategy and Implementation, Not Software,* Retrieved from http://www.gartner.com, March 3.

George,D. & Mallery ,M.(2010) SPSS for windows step by step-A simple Guide and reference,10thed Boston; Pearson

Giannakis, C., & Boutsouki, C. (2014). *Customer relationship management in the era of social web and social customer*: an investigation of customer engagement in the Greek retail banking sector. Procedia-Social and Behavioral Sciences, 148(2), 67-78. https://doi.org/10.1016/j.sbspro.2014.07.018

Heinonen, K. (2014). *Multiple perspectives on customer relationships.* International Journal of Bank Marketing, 32(6), 450-456.

Hundre, S., Kumar, P. J., & Kumar, G. P. (2013). *Customer retention - key to success for organization: A case study of banking industry*. Research Journal of Agricultural Sciences, 4, 702-705, doi:1404-13-0308-2013-186.

Iriqat, R. A., & Daqar, M. A. A. (2017). *The Impact of Customer Relationship Management on Long-term Customers' Loyalty in the Palestinian Banking Industry*. International Business Research, 10(11), 139.

Israel, Glenn D. (1992). *Sampling the Evidence of Extension Program Impact Program Evaluation & Organizational evelopment. IFAS*. University of Florida, PEOD. October

(http://www.eunfoundeuropa.eu/areas/rudistialrelations/dictionary/definitions/working conditions. htm) dd. Feb., 214

Jain, R., Jain, S. and Dhar, U. (2007) *CUREL: a scale for measuring customer relationship management effectiveness in service sector*, Journal of Services Research, Vol. 7, No. 1, pp.37–58.

Jallat, F. and Ancarani, F. (2008). *Yield management, dynamic pricing and CRM in Tele-communications*. Journal of Services Marketing, 22 (6). p. 465-78.

Jeong, Y., and Lee, Y. (2010). *A study on the customer satisfaction and customer loyalty of furniture purchaser in on-line shop*. Asian Journal on Quality, 11 (2): 146-156.

John .A, Hafiz .K, .Robert. R, and David .W(2007) Research methods for graduate business and social science student. California, Saga publication Inc.

Jugovic, T. Petrovic, D., & Kostic-Stankovic, M. (2015). *Customer relationship management as a source of competitiveness of companies in changing environment*, Marketing, 46 (4), 285-296, ISSN: 0354-3471.

Khan, I. (2012). *Impact of customer's satisfaction and customer's retention on customer loyalty*. International Journal of Scientific & Technology Research 1, 106-110. Retrieved from http://www.ijstr.org/.

Kim et al. (2003). *A model for evaluating the effectiveness of CRM using the balanced scorecard*. Journal of Interactive Marketing, 17(2), 5-19. http://dx.doi.org/10.1002/dir.10051.

Kim, M. Park, J. Dubinsky, A. and Chaiy, S. (2012), *Frequency of CRM implementation activities: a customer-centric view*. Journal of Services Marketing, 83-93.

Kothari, C. R. (2004). *Research Methodology: Methods and Techniques*. New Delhi: New Age

Krishnamoorthy, V., and Srinivasan, R. (2013). *Impact of Customer Relationship Management on Loyalty in Indian Banking Sector- An Empirical Study*. International Monthly Refereed Journal of Research In Management and Technology, 2, 151-161.

Kidane Assefa, (2012). *Relationship marketing in the Hotel Industry: The nexus between concepts and practices (A case of Ghion Hetel, Addis Ababa Branch, Ethiopia).* Unpublished MA Project. Addis Ababa University.

Long, C. S., & Khalafinezhad, R. (2013). *Customer satisfaction and loyalty: A literature review in the perspective of customer relationship management*. Management, 1(1), 06-13. Retrieved from http://www.jabfr.com.

Lymperopoulos, C., Chaniotakis, I.E., & Soureli, M. (2013). *The role of price satisfaction in managing customer relationships: The case of financial services*. Marketing Intelligence & Planning, 31(3), 216-228.

Malik, S. and Wood-Harper T.n.d. (2009). *Customer Relationship Management (CRM) in the Banking Sector of Pakistan*: Problems and Challenges. Theory & Practice.

Management Information System of Commercial Bank of Ethiopia, as of March, 2018

Marko Laketa, Dusica Sanader, Luka and Zuoimir Miscic (2015). *Customer Relation Mg't Concept & Importance for Banking Sector.* UTMS Journal of Economics 6(2):241-254.

Mayers (1990) *Classical & Modern Regression with application ed.2*

Mburu, P., Van Zyl, H., Cullen, M. (2013). *Determinants of customer satisfaction in the Kenyan banking industry.* European Journal of Business and Management, 5, 155-161. Retrieved from https://www.iiste.com .

Messay, S. (2012). *Bank service quality, customer satisfaction and loyalty in Ethiopian banking sector.* Journal of Business Administration and Management Sciences Research, 1(1), 1-9. Retrieved from http://www.apexjournal.org/jbamsr/.

Mithas, S., Krishnan, M.S. and Fornell, C. (2005). *Why do customer relationship management applications affect customer satisfaction*? Journal of Marketing, 69 (4) p. 201-9.

Mozaheb, A., Alamolhodaei, S. M. A., & Ardakani, M. F. (2015). *Effect of customer relationship management (CRM) on performance of small-medium sized enterprises (SMEs). Using structural equations model (SEM).* International Journal of Academic Research in Accounting, Finance and Management Sciences, 5, 42-52. doi:10.6007/ijarafms/v5-i2/1561.

Muro, M. B., Magutu, P. O., & Getembe, K. N. (2013). *The strategic benefits and challenges in the use of customer relationship management systems among commercial banks in Kenya.* European Scientific Journal, ESJ, 9(13), 34-49.

Murugiah, L., & Akgam, H. A. (2015). *Study of customer satisfaction in the banking sector in Libya.* Journal of Economics, Business and Management, 3, 674-677. doi: 10.7763/joebm.2015.V3.264.

Mutea, E. (2013). *Implementation of customer satisfaction strategies in Kenya Commercial Bank* (Doctoral thesis, University of Nairobi, Kenya). Retrieved from http://www.erepository.uonbi.ac.ke/handle/11295/59732

Ngambi, M.T., & Ndifor, P.S. (2015). *Customer relationship management and firm performance: Revisiting the case of the Camcull microfinance.* International 119 Journal of Information Technology and Business Management, 38(1), 12-21. Retrieved from http://www.jitbm.co.

Nyarku, Kwamena M. (2013).*Assessing Customer Relationship Management (CRM) Practices at National Investment Bank Ghana Limited.* www.managementjournal.info.International Journal of Advances in Management and Economics. [Accessed January 19, 2014.]

Omenye, J. (2013). *Relationship marketing strategies and customer loyalty: A case of the mobile telecommunication industry in Kenya* (Doctoral dissertation, University of Nairobi, Kenya). Retrieved from: http://www.repository.uonbi.ac.ke/handle/11295/60364.

Onut, S., Erdem, I. and Hosver, B. (2006). *Customer Relationship Management in Banking Sector and A Model Design for Banking Performance Enhancement*. Yildiz Technical University, Istanbul, Turkey. http://nesci.org/events/iccs/2002/NAp12_OnutCRMICCS2002-2Fixed.pdf. [Accessed January 14, 2014].

Padmavathy, C. et al (2012) *CRM Effectiveness: its Dimensions and Effect on Customer Outcomes in Retail Banking*, Unpublished Doctoral dissertation, National Institute of Technology, Trichy, India.

Padmavthy & V.J. Sivakumar (2017). *Adopting analytic hierarchy process to prioritize banks based on CRM effectiveness – the customer perspective.* International Journal Business Innovation & Research, Vol. 12 No. 1.

Peppard, J. (2000). *Customer Relationship Management (CRM) in Financial Services*. European Management Journal, 18 (3): 312-327

. Rahman, M. H., Redwanuzzaman, M., Masud-Ul-Hasan, M., and Rahman, M. A. (2014). *Factors Acting Customer Satisfaction on Grameenphone Users in Bangladesh*. Global Journal of Management and Business Research, 14 (3): 57-66.

Ranjit Kumar(2011)Research Methodology- step-by-step guide for beginners:London,SAGA publisher

Reinartz, W., Krafft, M. and Hoyer, W.D. (2004). *The customer relationship management process: its measurement and impact on performance*. Journal of Marketing Research, 41, p. 293-305.

Ryals, L. and Payne, A. (2001). *Customer relationship management in financial services: towards information-enabled relationship marketing*. Journal of Strategic Management, 9, p. 3-27.

Rezghi, A.R., Valmohammadi, C., & Yousefpoor, J. (2014). *The relationship between customer satisfaction and customer relationship management system: A case study of Ghavamin Bank.* Industrial and Commercial Training, 46(4), 220-227. Retrieved from https://doi.org/10.5539/ibr.v10n11p139.

Saad, N. M. (2012). *Comparative analysis of customer gratification on Islamic and conventional banks in Malaysia*. Asian Social Science, 8(1), 73-88.

Sanjuq, G. (2014). *The impact of service quality delivery on customer gratification in the banking sector in Riyadh, Saudi Arabia*. International Journal of Business Administration, 5(4), 77-89. Retrieved from https://doi.org/10.5430/ijba.v5n4p77

Shani, D. &Chalasani, S (1992) Exploiting Niches Using Relationship Marketing. Journal of Consumer Marketing. Vol. 9 (3)

Shaon, K., & Rahman, H. (2015). *A Theoretical Review of CRM Effects on Customer Satisfaction and Loyalty.* Prague Economic Papers, 4(1), 23-36.

Sin, et al., (2005). *CRM: conceptualization and scale development*. European Journal of Marketing, 39(11), 1264-1290. Doi; 101108/03090560510623253.

Stein, A. and Smith, M. (2009). *CRM systems and organizational learning: an exploration of the relationship between CRM effectiveness and the customer information orientation of the firm in industrial markets.* Industrial Marketing Management, 38, p. 198-206

Sun, K.A. & Kim, DY. (2013). *Does customer satisfaction increase firm performance? An application of American customer satisfaction Index (ACSI).* International Journal of Hospitality Management, 35, 68-77.

Sun, Z. (2009). *Customer Relationship Management a*nd Privacy. International Business Research, 2 (1): 112-116.

Tseng, S-H., & Wu, P-H. (2014), *the impact of customer knowledge and customer relationship management on service quality*. International Journal of Quality and Service Sciences, 6, 77-96. Doi:10.1108/IJQSS-08-2012-0014.

Yim, F.H.K. (2002). *CRM orientation: conceptualization and scale development*, Master's thesis, Chinese University of Hong Kong, Shatin.

Yim, F.H.K., Anderson, R.E. and Swaminathan, S. (2004), *Customer Relationship Management: Its dimensions and effect on customer outcomes*. Journal of Personal Selling and Sales.

Zakaria Ahmad (2014)*The Impact of Customer Relationship Management on Customer Satisfaction in the Banking Industry: A case of Jordan. European Journal of Business and Management Vol. 6 No 32*

Zineldin, M. (2005). *Quality and customer relationship management (CRM) as competitive strategy in the Swedish banking industry.* The TQM Magazine, 17(4), 329-344.

ZulianaZulkifli and IzahMohdTahir(2011)*A conceptual framework for Customer Relationship Management (CRM)practices among banks from the customers perspective. Elixir International Journal Vol.34*

WEBSITES

www.unitedbank.com.et /on April 2020

APPENDIX I

St. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDY
MASTERS OF BUSINESS ADMINISTRATION (MBA) IN GENERAL MANAGEMENT PROGRAM
QUESTIONNAIRE TO BE FILLED BY CUSTOMERS

Researcher: MESFIN ALEMU

Contact Address: 0913733500

E-mail: mesfinalemu74@gmail.com

Research Topic: The effect of Customer Relationship Management on Customer Satisfaction, the case study on United Bank S.C

Dear customer first of all I would like to thank you for your willingness to complete this questionnaire.

Dear Respondents:-

Above all, I would like to express my earnest appreciation for your generous time, honest and prompt responses. This questionnaire is designed to collect data about the effect of Customer Relationship Management on Customer Satisfaction in the case of United Bank S.C. In an attempt to conduct the research, I kindly request you to complete the attached questionnaire in an honest manner. All responses will be treated as confidential as the result of the survey will be available on request.

General Instructions

• There is no need of writing your name.

• In all cases where answer options are available please tick (√) in the appropriate box.

• For question that demands your opinion, please try to honestly describe as per the question on the space provided.

Thank you in advance

SECTION I: General and Demographic Information

Please indicate your reply by putting (✓) Mark

1. Sex   Male ☐   Female ☐

2. Age group

        8-30 ☐   31-40 ☐   41-50 ☐   More than 50 ☐

3. Education

    Primary and secondary school ☐   Certificate ☐   Diploma ☐

    Bachelor Degree ☐   Master's Degree and above ☐

4. Purpose of usage

    Personal ☐   Business ☐   Both ☐

    Other please specify _____

5. How long have you been a customer with the bank (in years)

    Less than 1 ☐   1-4 ☐   5-7 ☐

        8 – 10 ☐   More than 10 ☐

6. The Service/s you use from the bank (you can indicate more than one service)

    Saving ☐   Current account ☐   Loan ☐

    Money transfer ☐   Forex ☐   ATM ☐

Other please specify _____

SECTION II. Customer Relationship Management

Please read the statements below and show the extent to which you agree or disagree with each

Statement, relating to customer relationship management practice of your bank. Please indicate the

extent of your agreement or disagreement with each statement ticking (√) in the box

that represents your level of agreement or disagreement.

1 = strongly disagree   2 = Disagree   3 = Neutral   4 = Agree   5 = strongly agree

Description	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Reliability					
1.1 This bank maintains consistent service.					
1.2 This bank provides reliable services.					
1.3 This bank effectively communicates to customers.					
1.4 The bank is co-operative with its customers in handling their request.					

1.5 This bank assesses customer satisfaction regularly.					
2. Process-driven Approach					
2.1 This bank delivers services quickly					
2.2 This bank designed its service processes to satisfy the customer.					
2.3 Conducting transactions correctly and rapidly is very common with this bank .					
2.4 This bank provides value-added information along with its service.					
3. Customer Focus					
3.1 The Bank provides customized services and products to its key customers.					
3.2 The Bank strives to constantly surprise and delight its key customers.					
3.3 The Bank makes an effort to find out what key customer needs					
3.4 The Bank takes customer feedbacks seriously and replies to them					
4. Technology Orientation					
4.1 This bank uses latest technology (ATMs, mobile banking, and internet banking) to offer quality services.					
4.2 This bank makes effective use of ATMs, mobile internet banking and POS service to enhance customer service.					
4.3 The bank has the right soft & hardware to serve their customers					
4.4 The bank information system are designed to give comprehensive data about all aspects of its customers, so that the bank can be responsive to them.					
5. Customer Satisfaction					
5.1 I am satisfied with the services provided by the bank.					
5.2 I am satisfied with the bank's customer handling procedure.					
5.3 I am satisfied with the quality of services provided by this bank.					
5.4 I am satisfied with the speed of the service delivery.					

Thank you!

APPENDIX II

ቅድስት ማርያም ዩኒቨርስቲ
ድህረ ምረቃ ፕሮግራም
በደንበኞች የሚሞላ መጠይቅ
ውድ መጠይቁን የምትሞሉ ደንበኞች፡-

ይህንን መጠይቅ ጊዜያችሁን ወስዳችሁ ትክክለኛ እና ፈጣን ምላሽ ስለሰጣችሁኝ በቅድሚያ አመሠግናለው፡፡ ይህ መጠይቅ የተዘጋጀው የደንበኞች ግንኙነት ማኔጅመንት ሕብረተ ባንክ አክሲየን ማህበር እርካታ ላይ ያለውን ተፅዕኖ ለመዳሰስ የሚያሥችል መረጃ ለማሥባሰብ ነው፡፡ በመሆኑም ይህንን መጠይቅ እንዲሞሉ ትብብሮትን እጠይቃለው፡፡ የሚሰጡት መረጃ ምሥጥራዊነቱ የተጠበቀ በመሆኑ በቅድሚያ አረጋግጣለው፡፡ መጠይቁን በሚሞሉበት ጊዜ፡-

• ስም መፃፍ አያስፈልግም፡፡

• ምርጫ ላላቸው ጥያቄዎች በተጠቀሰው ሳጥን ውስጥ (✓) ያድርጉ፡፡
   ስለሚያደርጉልኝ መልካም ትብብር በቅድሚያ አመሠግናለው፡፡

ክፍል አንድ፡ አጠቃላይ መረጃ

1. ፆታ: ወንድ ☐ ሴት ☐

2. እባክዎትን እድሜዎትን ቢገልፁ
   18 - 30 ☐ 31 - 40 ☐ 41 ☐ ከ50 በላይ ☐ ☐

3. የትምህርት ደረጃ
   1ኛ እና 2ኛ ደረጃ ☐ ሰርተፊኬት ☐ ዲ☐ የመ☐ ዲግሪ ☐
   ማስተርስና ከዛ በላይ ☐

4. የሚጠቀሙበት ዓላማ
   ለግል ☐ ለንግድ ☐ ለሁለቱም ☐
   እባክዎ ሌላ ካለ ይግለፁ

   _____

5. የባንኩ ደንበኛ ከሆኑ ምን ያህል ጊዜ ሆነዎት (በዓመት)
   ከ 1 በታች ☐ 1 - 4 ☐ -7 ☐ 0 ☐ ከ 10 አመት ☐ ☐

6. የሚጠቀሙትን የባንክ አገልግሎት ቢጠቅሱ
   የቁጠባ ሂሳብ ☐ ተቀሳቃሽ ሂሳብ ☐ ብድር ☐ የገንዘብ ዝዉዉር ☐ ☐
   ኤቲኤም ☐ ፎርኤክስ ☐

ክፍል ሁለት :- የደንበኞች ግንኙነት ማኔጅመንት የተመለከቱ ጥያቄዎች

ከዚህ በታች የተዘረዘሩትን ጥያቄዎች በጥንቃቄ አንብበው በእያንዳንዱ ዓረፍተ ነገር መስማማታዎን ወይም አለመስማማታዎን ከጎኑ ባለው ሳጥን (✓) ምልክት በማድረግ ይግለፁ፡፡ መስማማታዎን አለመስማማታዎን ሲገልፁ እነዚህን ነጥቦች ግምት ውስጥ ያስገቡ፡፡

1 = በጣም አልስማማም 2 = አልስማማም 3 = መልስ የለም/አላውቅም

68

4 = እስማማለሁ   5 = በጣም እስማማለሁ

ዝርዝሮች	በጣም አልስማማም	አልስማማም	መልስ የለኝም/አላውቅም	እስማማለሁ	በጣም እስማማለሁ
1. አስተማማኝነት					
1.1. ይህ ባንክ ወጥነት ያለው አገልግሎት ይሰጣል፡፡					
1.2. ይህ ባንክ አስተማማኝ አገልግሎት ይሰጣል፡፡					
1.3. ይህ ባንክ በተሳካ ሁኔታ ከደንበኛው ጋር ይገናኛል፡፡					
1.4. የደንበኞችን ጥያቄዎች በመቀበል በትብብር አብሮ ይሰራል፡፡					
1.5. ይህ ባንክ በመደበኛነት የደንበኞችን እርካታ ይከታተላል፡፡					
2. ሂደት አካሄድ					
2.1. ይህ ባንክ ፈጣን አገልግሎቶችን ያቀርባል፡፡					
2.2. ይህ ባንክ ደንበኞችን ለማርካት የአገልግሎት ሂደቱን ዲዛይን አድርጓል፡፡					
2.3. ግብይትን በትክክል እና በፍጥነት ለማካሄድ ከዚህ ባንክ ጋር በጣም የተለመደ ነው፡፡					
2.4. ይህ ባንክ ከአገልግሎቱ በተጨማሪ ጠቃሚ መረጃ ይሰጣል፡፡					
3. የደንበኞች ትኩረት					
3.1. ባንኩ ቁልፍ ለሆኑ ደንበኞች ከፍላጎታቸው ጋር የሚጣጣም አገልግሎት ይሰጣል፡፡					
3.2. ባንኩ ቁልፍ ደንበኞቹን ያለማቋረጥ በአገልግሎት ለማስደሰት ጥረት ያደርጋል፡፡					
3.3. ባንኩ የቁልፍ ደንበኞችን ፍላጎት ምን እንደሆነ ለማወቅ አስፈላጊ ጥረት ያደርጋል፡፡					
3.4. ባንኩ የደንበኞቹን አስተያየት በመቀበል ተገቢውን ምላሽ ይሰጣል፡፡					
4. የቴክኖሎጂ አጠቃቀም					
4.1. ይህ ባንክ ጥራት ያለው አገልግሎትን ለመስጠት የቅርብ ጊዜ ቴክኖሎጂዎችን እንደ ኤቲኤም፣ ሞባይል ባንኪንግ፣ ቢይነ መረብ ይጠቀማል፡፡					
4.2. ባንኩ የደንበኞችን አገልግሎትን ከፍ ለማድረግ የኤቲኤም ሞባይል ባንኪንግ እና POS (ፖይንት አፍ ሴል) ውጤታማ አገልግሎት ይጠቀማል፡፡					
4.3. ባንኩ ደንበኞችን ለማስተናገድ ተገቢ የሆነ ሶፍትዌርና ሃርድዌር ቴክኖሎጂ አለው፡፡					
4.4. ባንኩ የሚጠቀመው ሲስተም የደንበኞችን የተሟላ (ሁሉ አቀፍ) መረጃዎችን የያዘና በአስፈላጊው ስዓትና ጊዜ መልስ ለመስጠት ያስችላል፡፡					
5. የደንበኞች እርካታ					
5.1. በባንኩ በተሰጠው አገልግሎት እረክቻለው፡፡					
5.2. በባንኩ ደንበኞች አያያዝና አሰራር እረክቻለሁ፡፡					
5.3. በባንኩ በሚቀርበው አገልግሎት ጥራት እረክቻለው፡፡					
5.4. በባንኩ አገልግሎት አሰጣጥና ፍጥነት እረክቻለሁ፡፡					