



**ST. MARY'S UNIVERSITY**

**SCHOOL OF GRADUATE STUDIES**

**EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES ON  
CUSTOMERS' SATISFACTION: THE CASE OF UNITED BANK, BOMB-TERA BRANCH,  
ADDIS KETEMA SUB-CITY, ADDIS ABABA, ETHIOPIA.**

**BY**

**ASTER CHERNET**

**JUANNUARY, 2023  
ADDIS ABABA, ETHIOPIA**

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ADDIS ABABA, ETHIOPIA**

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**MBAPROGRAM (IN GENERAL MANAGEMENT)**

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## DECLARATION

I, the undersigned, declare that this thesis is my original work, prepared under the guidance of the thesis advisor Mesfin Tesfaye(PhD). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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## LETTER OF CERTIFICATION

This is to certify that Aster Chernet has carried out the research work entitle: - effect of customer relationship management practices on customers' satisfaction: The Case of United Bank, Bomb-Tera Branch under my guidance and supervision. Accordingly, I assure that her work is appropriate and standard enough for the submission in partial fulfillment of the requirement for the award of Masters of Business Administration.

Confirmed by: - MesfinTesfaye(PhD)    Signature ---------- Date: 28 December 2022

Research Advisor

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## **Abstract**

*The main purpose of this study was the effect of customer relationship management practices on customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia. The study was adopted mixed research approach and particularly explanatory and descriptive research design was applied. For this purpose, 301 bank customers for surveying and 5 bank management bodies (1 Branch Manager, 1 Assistance Manager, 1 Supervisor, 1 Credit division Manager and 1 International Trade division Manager) for interviews were drawn by using simple random sampling technique and through purposive sampling technique respectively. Self-administrative and somewhat guided questionnaire and interview guide were used to gather data. The data that were collected were analyzed by using SPSS-Version 20. Descriptive and inferential statistics were used for the data analysis. The descriptive statistics such as frequency distribution, percent, mean and standard deviation were used for describing the demographic characteristics of respondents and the whole perception of respondents on customer relationship management practices and customer satisfaction. The inferential statistics like Pearson correlation and multiple regressions were used to show the relationship between CRM practices and customers' satisfaction and to determine the effect of CRM practices on the bank customers' satisfaction. The findings of the study indicated that there were a positive, weak to strong and significant relationship between all the five CRM practices and the success of customers' satisfaction at United Bank, Bomb-Tera branch. The regression results indicated that 65.0 % ( $R^2 = 0.650$ ) of the variations in United Bank, Bomb-Tera branch customers' satisfaction are determined by the five CRM practices considered in this study and all the coefficients are statistically significant at 0.05 levels. Likewise, based on the regression results, empathy is the most influencing factor followed by bonding and responsiveness. Finally, the study recommended that the bank should implement CRM practices properly; which can enable the bank to attract and retain valuable customers.*

### **Key words:**

Customer satisfaction, Trust, Empathy, Reciprocity, Bonding, Responsiveness.

## **Acronyms**

ANOVA -----Analysis of Variance

CRM-----Customer Relationship Management

SD -----Standard Deviation

SPSS-----Statistical Package for Social Science

VIF-----Variance Inflation Factor



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## **CHAPTER ONE**

### **INTRODUCTION**

#### **1.1 Background of the Study**

Customer Relationship Management (here after CRM) is an issue of strategic business and process rather than a technical one. When we see the current situation especially in Addis Ababa region, competitive rate is increase among different banks. So to be best competent every bank must develop good customer relation management practices. 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 (Selamawit, 2018).

The objectives of CRM are to enhance profitability, income and customer satisfaction. To attain customer relationship management (CRM), many organizations use set of tools, technologies, and procedures to support the relationship with the customer to enhance sales. CRM has attracted the expanded attention of practitioners and scholars. The reason is that currently organizations need to use modern techniques such as environment more and more companies are adopting customer-centric strategies, programs, tools, and technology for efficient and effective customer relationship management (Alemayehu, 2018).

Customer relationship management is the process of managing interactions with existing as well as past and potential customers. It is one of many different approaches that allow a company to manage and analysis its own interactions with its past, current and potential customers. It uses data analysis about customers' history with a company to improve business relationships with customers, specifically focusing on customer retention and ultimately driving sales growth.

One important aspect of the CRM approach is the systems of CRM compile data from a range of different communication channels, including a company's website, telephone, e-mail, live chat, marketing materials and more recently, social media. Through the customer relationship management approach and the systems used to facilitate it, businesses learn more about their target audiences and how to best provide for their needs (Lasser 2000).

Serving and maintaining good relations with the king (customer) is one of the most important challenges for any organizations. Customers used to be simple people, and they were satisfied with whatever product or service they were given. With the competition and technological improvements customers have become fully aware of their rights over period of time and increased

offers are soon expected to become one. Marketing is no longer just about goods being produced, marketed and delivered. It is often more concerned with establishing and maintaining long term relationships with customers that are mutually rewarding. This growing market environment is characterized by increasing competition from economic liberation, a very well-informed, high consumer choice and demanding customers who cares about purchasing quality and value (Kotler, 2002).

According to Mohamed Abdirazak,2020, there is a connection between customer relationship management and customer satisfaction. Customer Relationship Management and Customer satisfaction have a close relationship with each other, as customer relationship management is used by companies to maximize customer satisfaction. The CRM aspect is closely linked to customer satisfaction.

Customer relationship management plays an essential function in driving customer satisfaction. Satisfied customers are profitable to the firm not only because they are likely to make repeat purchase but because they promote the firm through words of mouth. Therefore, customers relationship management improves, the firm's market share by bringing in more customers (Urehman and Jam, 2010). However, proper implementation of customer relationship managements a must for customer satisfaction. For customer relationship management to be implemented successfully, the policies of the firm's strategy structure ought to be flexible and explicit. (Khaligh et al 2012).

Customers should be well understood for their tastes, attitudes, preferences and decision making factors. This helps the firm in identifying their target customer and coin out measures to provide them with the quality of services they desire thereby leading to satisfaction. That is why this study tries to asses the impact of customer relationship management on customer's satisfaction. Within this background, customer relationship management has positive relation with customer satisfaction. Thus assessing customer relationship management can be guaranty for the company to develop and set for customer satisfaction and side by side to make the targeted profit (Lasser 2000).This result was recognized in Commercial Bank of Ethiopia(Gebre, 2010).

## 1.2 Statement of the Problem

Customer Relationship Management is a management approach that enables organizations to identify, attract and increase retention of profitable customers through improved relationship management (Hobby, 1999 as cited in Meron Bogale, 2017). However, successful customer relationship management focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business processes (Pritesh et al. 2010).

Ogarah-Hanuman et al. (2011) have noted that many banks have used CRM tools to acquire more customers and to improve relationships with them. While, Banks are realizing that the magical formulae for attaining success in such a competitive environment is to focus on maintaining relationship with customers (Ramkelawon, 2010). Long-term customers are more likely to become a referral source and more comfortable with the service (Ramkelawon, 2010).

The longer a relationship the better a bank can understand customer needs and it is a greater opportunity to retain with the service of the bank. A research by Reichheld and Sasser in the Harvard business review cited by Sehgal, 2009, confirmed that 5% increase in customer retention can increase profitability by 35% in banking business. Gilaninia et al. (2011) also proved that an old customer satisfied with the banking services is effective same as ten new clients in advertising and profitability of the bank.

Now a days, in Ethiopia the banking industry increases from time to time; as a consequence users have many choices to prefer and as a result of this they are focusing on the quality of service. In Ethiopia, many customers voice concerns about inefficiency and lack of quality in the banking sector. To be competitive in the prosperous market, CRM practice is the fashionable solution (Gebre, 2010). In addition, up to the knowledge of the researcher, in the previous no empirical research was undertaken specifically at United Bank Bomb Tera Branch, with full coverage of current conditions. Moreover, most of the previous studies on customer relationship management have employed descriptive analysis and simple statistical methodology. As a result, there is a lack of research that would help CRM practices to know to what extent each CRM variables contribute to customer satisfaction; this helps the Bank to develop its own competencies and growth strategies . Therefore, the researcher wants to assess the current CRM practices; examine the relationship of CRM elements and customers satisfaction and also determine to what extent each CRM elements impact on customer's satisfaction; these enhance the Bank to improve its customers



handling mechanisms. Based on the findings, the Bank should take action and fulfill the gap and enhance the customers' satisfaction. These existing problems and empirical evidences caused this research with the purpose of examining the effect of CRM elements on customer satisfaction between 301 sample respondents and 5 key informant interviewees. Thus, this study began from the understanding of the need to effectively administer the effect of CRM elements on customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia.

### **1.3 Research Questions**

To achieve the intended objectives as well as the research problem stated above, the following questions are designed.

- To what extent does trust affect customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia?
- To what extent does empathy affect customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia?
- To what extent does reciprocity affect customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia?
- To what extent does bonding affect customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia?
- To what extent does responsiveness affect customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia?

### **1.4 Objective of the Study**

#### **1.4.1 General Objective**

The general objective of the study was to examine the effect of Customer Relationship Management practices on customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia.

#### **1.4.2. Specific Objectives**

The specific objectives of the study are:

- To determine the extent trust contribute to customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia.
- To examine the extent empathy contribute to customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia.

- To determine the extent reciprocity contribute to customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia.
- To examine the extent bonding contribute to customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia.
- To study the extent responsiveness contribute to customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia.

### **1.5 Significant of the Study**

The purpose of the study was to examine the effect of Customer Relationship Management elements on customer satisfaction and the findings produce empirical results that contribute for example:

- To the management and employees of the bank to have information about the perception of the customers regarding the Customer Relationship Management practices.
- To the management and employees of the bank to take appropriate action in order to improve the Customer Relationship Management practices.
- To the Bank's customers to get quality service, if the Bank identifies its weaknesses and strengths
- To other banks who want to study their performance related to their Customer Relationship Management to some extent.
- Lastly but not least, the study will have contribution for further knowledge/reference on the area and to conducting research.

### **1.6 Delimitation of the Study**

The study was conducted at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City, Addis Ababa, Ethiopia. The reason behind selecting this organization is that, it was convenient for the researcher's working area to gather data related to the study. Obviously, there are a number of business development strategies which affect the performance or profitability of the organizations. This study was delimited on the elements of business development strategy or business management tool, particularly in the area of Customer Relationship Management practices. Methodologically, based on purpose of the study, this study used explanatory research design and mixed research approach. As well, based on time dimension, this study used cross-sectional survey; hence, data were collected from the sample respondents at the same time and at one point in time and the respondents involve in this study were 301 active bank customers.

## 1.6 Limitation of the study

The major limitation of this study was it covered only one institution and the findings cannot be generalized to other organizations. Even if there are many elements /dimensions about the practice and effect of customer relationship management, the study focused only on five dimensions of CRM (Empathy, trust, reciprocity, responsiveness and bonding)

## 1.7 Organization of the paper

The study was presented in five chapters: Chapter one highlights: background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study and organization of the paper. Chapter two presents the review of related literatures. Chapter three discusses the research methodology which contains: research design and approach, population of the study, sample size and sampling techniques, data sources, data collection tools, data collection procedures, data analysis method and ethical consideration. Chapter four focuses on the results and discussions of results and the last chapter involves summary of the findings, conclusions and recommendations.

## 1.8 Definition of terms

To make the concept of the study clear and free from any ambiguity, defining some words and phrases is mandatory. Some of the terms and phrases are defined as below:

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

**Employee Behavior:** is defined as the way in which employees respond to the specific circumstance or situation in the work place.

**Physical Environment:** is the environment in which the service is delivered and where the firm and the customer interact and any tangible commodity that facilitates the performance of the service.

**Interaction Management:** is the most basic form of communication between the company and the customer since every single interaction is an opportunity for the firm to delight the customer and retain them.

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

## **CHAPTER TWO**

### **LITERATURE REVIEW**

In this chapter, the researcher reviewed different sources of literature related to the Customer Relationship Management and customer satisfaction that help the researcher to understand and identify the problem being studied more appropriately. The review includes basic issues like: concepts and meaning of CRM, benefits of Customer Relationship Management, the major challenges that Banks face in implementing Customer Relationship Management, types of customer relationship management, Businesses and customer relationship management, important elements of customer relationship management, empirical review, banking and CRM, customer satisfaction, customer loyalty, customer experiences and conceptual framework model.

#### **2.1 Theoretical Review**

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

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

Today, banks have realized the importance of CRM and its ability to retain existing customers and thereby maximization of customer lifetime value (Tamilarasan, 2011). Thus, Rouholamini&Venkatesh (2011) says the relationship between banking and CRM practices is such that nowadays it is almost impossible to think of the former without the latter. This indicates that they are inseparable. Customer Relationship Management is a system used to take in more about customers' needs and practices to develop stronger relationships with them. Over all great customer relationships are at the heart of achievement of the business. The idea of CRM has been a focal part concept which has attracted all aspects of business. CRM has pertinent and requesting applications in service marketing.

Customer Relationship Management (CRM) is a business strategy that intends to understand, foresee and deal with the needs of an organization's customers and in addition potential customers.

It is a trip of tactical process, association and specialized change whereby a company tries to better deal with its own particular undertaking around customer practices. To adjust income profits with most extreme customer satisfaction it involves obtaining and conveying knowledge about one customers and utilizing this information over the different touch points. CRM is a strategy that can fabricate long-haul associations with the customers and increment benefits through effective management frameworks and the utilization of customer centered techniques. Customer relationship management is a customer arranged promoting exertion which is in charge of gather and oversees customer subtle elements keeping in mind the end goal to serve the customers in the present and future.

CRM is a key promoting process whose object is to foresee, comprehend and deal with the request of customers. Foundation, improvement, supports and enhancement of long haul commonly important connections is the customer relationship management. It is an arrangement of business practices to perceive, confirm, secure, create and keep up feasible gainfulness and client unwaveringness through giving fitting item and management, in due time (Galbreath and Rogers, 1999).

### **2.1.2.The Benefits of Customer Relationship Management**

In banking industry banks can get benefits either through technology or through marketing perspectives. The benefits of CRM practices and their motives stem from the establishment of a client-oriented bank management that, in turn, leads to the achievement of market competitive advantages (Mylonakis, 2009).

Blery (2006) mentioned some of the other benefits from the implementation of CRM are: it reduced costs (one supplier with a long-term relationship), decreased complexity (a common platform for all the bank decreased the need for integration, offered one contact point and decreased the need for technical support) and improved operations (increased employees' capabilities, decreased the problems of maintenance and support because of the unique platform). The research will focus in marketing perspective. Therefore, the benefit of CRM in marketing approach can describe here under. Agarwal (2009) described that a relationship-based marketing approach has the following benefits:

- Overtime, retail bank customers tend to increase their holding of the other products from across the range of financial products / services available
- Long-term customers are more likely to become a referral source.

- The longer a relationship continues; the better a bank can understand the customer and his/her needs & preferences, and so greater the opportunity to tailor products and services and cross-sell the product / service range.
- Customers in long-term relationships are more comfortable with the service, the organization, methods and procedures. This helps reduce operating cost and costs arising out of customer error.

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

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

### **2.1.3. The Major Challenges That Banks Face In Implementing CRM**

The banking industry is facing an ever-increasing level of competition around the world as the dynamics of the business change (Pokharel). Therefore, any bank that wishes to either grow in size

of its banking operation or improve its profitability must consider the challenges affecting its customer relationship (Kumar & Rajesh, 2009 cited in Das, 2012). Because knowing CRM challenge can help in finding the true solutions. CRM is a sound business strategy to identify the bank's most profitable customers and prospects, and devotes time and attention to expanding account relationship with those customers through individualized marketing, reprising, discretionary decision making, and customize service through the various sales channels that the bank uses (Das, 2012). Despite many benefits, CRM is exposed to various problems as discussed in the following lines (Chary and Ramesh, 2012).

1. Building and maintaining a customer database require a large investment in computer hardware, database software, analytical programmer's communication links and skilled personnel.
2. It is difficult to collect the right data, especially to capture all the occasions of company interactions with the individual customers.
3. The difficulty of getting everyone in the company to be customer-oriented and to use the available information. Employees find it far easier to carry on with the traditional transaction marketing than to practice CRM.
4. The other problem is that not all customers want a relationship with the company and they may resent knowing that the company has collected that much personal information about them.
5. Marketers must be concerned about customer attitudes towards privacy and security

#### **2.1.4.Types of Customer Relationship Management**

##### **2.1.4.1 Operational Customer Relationship Management**

Operational CRM streamlines the business process that includes Sales automation, Marketing automation and Service automation. Main purpose of this type of CRM is to generate leads, convert them into contacts, capture all required details and provide service throughout customer lifecycle.

- **Sales Automation**:-Sales automation helps an organization to automate sales process. Main purpose of sales automation is to set standard within organization to acquire new customers and deal with existing customers. It organizes information in such a way that the business can meet customers' needs and increase sales more efficiently and effectively. It includes various CRM sales modules like lead management, contact management, Quote-to-Order management, sales forecasting.
- **Marketing Automation**:-Main purpose of marketing automation is to find out the best way to offer products and approach potential customers. Major module in marketing automation is campaign management. It enables business to decide effective channel/s (like emails, phone calls, face to face meeting, ads on social media) to reach up to potentials customers.
- **Service Automation**:-Service automation enables business to retain customers by providing best quality of service and building strong relationship. It includes issue management to fix customers' problems, customer call management to handle incoming/outgoing calls, service label management to monitor quality of service based on key performance indicators.

#### **2.1.4.2 Analytical Customer Relationship Management**

Analytical CRM helps top management, marketing, sales and support personnel to determine the better way to serve customers. Data analysis is the main function of this type of CRM application. It analyzes customer data, coming from various touch points, to get better insights about current status of an organization. It helps top management to take better decision, marketing executives to understand the campaign effectiveness, sales executives to increase sales and support personnel to improve quality of support and build strong customer relationship.

**Features of Analytical CRM:-**Gather customer's information, coming from different channels and analyze data in a structured way Help organization to set business methodology in Sales, Marketing and Support to improve customer relationship and loyalty Improve the CRM system effectiveness and analyze key performance indicators, set by business

#### **2.1.4.3. Collaborative Customer Relationship Management**

Collaborative CRM, sometimes called as Strategic CRM, enables an organization to share customers' information among various business units like sales team, marketing team, technical and support team. For example, feedback from a support team could be useful for marketing team to approach targeted customers with specific products or services. In real world, each business unit works as an independent group and rarely shares customers' data with other teams that often causes business losses.

Collaborative CRM helps to unite all groups to aim only one goal-use all information to improve the quality of customer service to gain loyalty and acquire new customers to increase sales. Different types of CRM applications have different features and advantages. So before implementing CRM system, it is very much important for a business to decide future goal and strategy. If you want to choose the best CRM for your business, read our article on 'How to choose the best CRM software for your business.

#### **2.1.5. Businesses and Customer Relationship Management**

The functionalism of every business concerns always concentrates on customer or potential buyer. Its maximization objective will always depend on loyalty towards their products or service. The enhancement of customer value to the organization relies upon acquiring, retaining, and partnering with selected target customers, positive attitude towards provider of product or service make a hopeful impact on building strong bond between the seller and the customer. The bond helps create a place in consumer mind about the product or service, and



positioning in the consumer mind significantly depends on the satisfactory feeling of a potential buyer.

The match between perceived expectations and actual expectations is the key determinant which is closely associated with customer satisfaction. The profitable long term relationship with final users of the product or service in an integrated strategic approach creates customer value to the firm. The customer centric business strategy enables situational adjustments in sales function of an organization, CRM is growing in importance due to challenging business environment faced by organizations throughout the world today. It is increasing in prominence and the best option for improving business in uncertain times (Christopher et al., 2014).

The CRM is a strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments (Adrian Payne 2005). In this context, the present study addresses the customer relationship management. Building permanent customer relationships is the way to create superior customer value and Satisfaction (Kotler and Armstrong, 2008).

#### **2.1.6. Important Elements of Customer Relationship Management**

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

##### **2.1.6.1. Trust**

Trust is defined as a belief or conviction about the other party's intentions within the relationship (Taleghani et. al., 2011). Thus, trust plays a major role in separating purely economic actions from those that have a social nature such as with professional services (Crutchfield, 2001). Good relationships and trust are built over time, with give and take on both sides, and not too much pressure (Rigby et. al, 2003). We conceptualize trust as existing when one party has confidence in an existing partner's reliability and integrity (Morgan and Hunt 1994). Trust can lead to commitment, which can in turn lead to long-term cooperation between the two sides involved in a relationship (Hunt and Morgan, 1994). Therefore according to these

authors, trust permits firms to lessen or avoid dependence on expensive formal controlling mechanisms to maintain their partnerships.

#### **2.1.6.2. Reciprocity**

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

#### **2.1.6.3. Empathy**

Velnampy and Sivesan (2012) stated that empathy can be viewed as the ability to share, understand and feel another person's feelings in a relational situation. Thus, it is the dimension of a business relationship that enables two parties to see a situation from the other's perspective. Empathy is the ability to see a situation from another person's perspective (Wang, 2007 cited in Taleghani et. al., 2011). Taleghaniet. al., (2011) added to the above fact that empathy is defined as seeking to understand somebody else desires and goals. Other writers also described to empathy (including access, communication, understanding the customer) – as caring and individualized attention that the firm provides to its customer's (Kheng et. al., 2010). Therefore, Empathy is the care and importance the service provider gives to an individual customer and the degree to which specific customer needs and preferences can be understood and articulated (Taiwo et.al. 2011).

#### **2.1.6.4. Bonding**

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

#### **2.1.6.5. Responsiveness**

Responsiveness is Willingness to help customers and provide prompt service (Ananth et.al. 2010; Kheng et. al., 2010). Responsiveness is the willingness to support customers and provide them immediate services right on demands. However, Taiwoet. al. (2011) described that

responsiveness is the degree to which customers perceive service providers' readiness to assist them promptly.

## **2.2. Empirical Review**

Barbara, (2011) conducted a study on the improving customer relationship management practices in the banking industry; the case of Barclays Bank, Gana Limited, Banatama Branch. And the results of the study generally indicated that customers are inspired by some of the CRM strategies being implemented by the bank. However, some of the strategies are not implemented well and if it is properly done, it will improve the relationship the bank has with its customers. There is the need to evaluate and monitor the current strategies being implemented by the bank in order to reap its full benefits. It will also be necessary to involve customers when introducing these strategies so that the needed impact can be realized.

Iriqat and Daqar (2017) conducted study on The Role of Customer Relationship Management on enhancing the Customers' Satisfaction in the Banks in Palestine. Based on the result of the study, this paper indicated two predictors: CRM system integration and Service quality explained. In addition, the study finds that there is a positive significant relationship between customer relationship management dimensions and customers satisfaction. Finally, this study recommended keeping the effective communication between CRM and the bank's customer.

### **2.2.1. Banking and Customer Relationship Management Practices**

According to Oogarah-Hanuman et.al (2011), customer relationship management has been as important to the banking industry at the start of the 21<sup>st</sup> century as it has been to any other industry. Chothani et al. (2010) described that private banking sectors are traditionally viewed themselves as exceedingly 'customer centric' offering what they believe to be highly personalized services to the high net worth Customers. It is supported by Muhammad and al-Haq (2012) that, private sector Banks seem to have satisfied its customers with good services and they have been successful in retaining their customers by providing better facilities than public sector banks though still private banks need to go a long way to become customer's first preference.

### **2.2.2. Customer Satisfaction**

Agarwal (2009) point out that CRM is a simple philosophy that places the customer at the heart of a business organization's processes, activities and culture to improve his satisfaction of service and, in turn, maximize the profits for the organization. Thus, customer satisfaction forms the basis for the enhancement of mutually beneficial relationship between customers and banks (Rouholamini&Venkatesh, 2011). They also added that customer satisfaction can be

attributed to factors like satisfaction with the frontline employees, the core service or the organization as a whole.

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

A customer always wants something and expects that the bank should come up to the level to fulfill those needs (Mishra et al., 2011). Individual clients need, can be satisfied by customizing the banks product, service and communication. It is supported by Berndt et al. (2005) customization is carried out by the organization in order to ensure that customer needs are met, to address the specific needs and profile the customer, and organization also makes use of personalization as part of this process. This would not only ensure better customer relations but also loyalty among them, which is very critical and important in today's competitive world (Agarwal, 2009).

Customer satisfaction and loyalty are inseparable to each other. Oogarah- Hanuman et.al (2011) supported that, customer satisfaction and loyalty are some key elements of business success and profitability thus the more satisfied the customer, the more loyal the customer and the more durable the relationship. Lastly, it is understood that customer satisfaction is very important for the aim of CRM practice of the banking industry.

### **2.2.3. Customer Retention**

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

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

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

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

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

#### **2.2.4. Customer Loyalty**

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

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

that they are faithful to the business because of their return again & again to do business with the organization.

#### **2.2.5. Customer Experiences**

The only real sustainable business growth strategy is through a mutualistic symbiotic relationship with customers, which allows the business to understand the customers' needs more clearly and to create and deliver superior value (Roberts-Lombard, 2011). In service industry especially private banks, the secret towards successfully winning, retaining and growing the profitability of private banking customers is to understand what their wants and needs are, so that the organization can be built around serving those needs (Chothani et al., 2010). In addition to this, Boulding et.al (2005) has also added that an underlying premise of CRM is that customers have different needs, and thus the firm should treat them differently. Therefore, to mention some, customers are needed advice and expertise which is directly related to their needs, consistent quality service, value added advice and others.

#### **2.3. Conceptual Framework**

Long (2013), publicized that there are five major elements/dimensions of Customer Relationship Management-CRM that are responsible for organization productivity; thus, the study will be conducted on the practices of customer relationship management with in these five dimensions considered them as an independent variables and bank customers' satisfaction as a dependent variable as shown below in conceptual frame work model.

Independent variables

Dependent variable

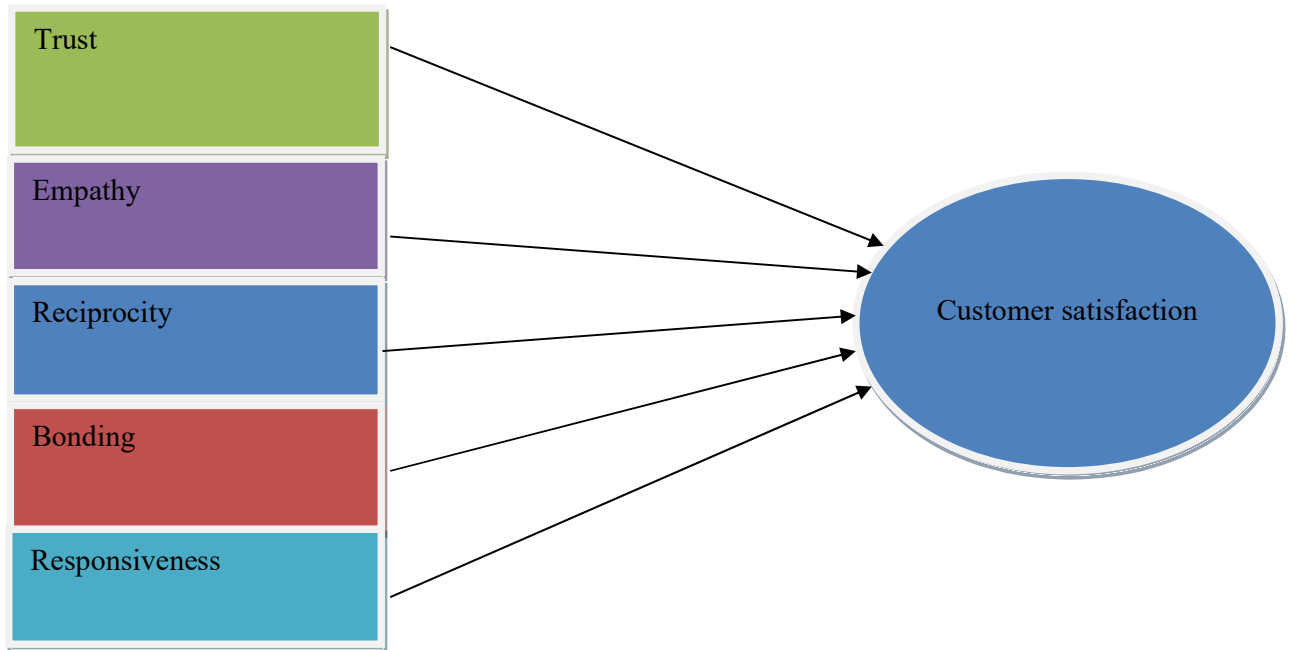


Figure 2.1 Conceptual Frame Work Model

Source: Long (2013).

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

In this chapter, the type of research design and approach, population of the study, sample size and sampling techniques, sources of data, data collection tools, data collection procedures, data analysis method and ethical consideration that were applied on the study are explained.

#### **3.1 Research Approach**

This research was employed mixed research methods. The term “mixed methods” refers to an emerging research methodology that advances the systematic integration, or mixing of quantitative and qualitative research approach; because using mixed research method could offset the brassiness of any single quantitative data (Creswell, 2009). Quantitative methods emphasize measurements and statistical, mathematical or numerical analysis of data collected through polls, questionnaires, surveys. The purpose in performing quantitative research studies is to establish the relationship between one aspect (an independent variable) and another (a dependent variable) within a population.

#### **3.2 Research Design**

This research adopted explanatory and descriptive research design. Descriptive research design is a method of analysis that describes the characteristics of the population or phenomena under study. It is an important research style which is very useful to conduct research aimed at identifying features, patterns, trends, association and categories.

Explanatory research is in fact a kind of research design focused on describing the aspects of a research. since it enhances the research to study how the customer relationship management elements are practiced, to show the relationship of the CRM elements and customer satisfaction and to determine to what extent the five CRM elements contribute to customer satisfaction at United Bank, Bomb-Tera Branch, Addis Ketema Sub-City Administration, Addis Ababa. Thus, the selected method was appropriate for this study.

#### **3.3. Population of the Study**

Population can be defined as the whole group of people, events or things of interest that the researcher needs to study (Garson, 2012). So as to perform this study, the first step was to get the total number of population. United Bank S.C, Bomb Tera Branch is selected for the purpose of this study. Because the selected branch performs almost all operation of the bank (like - Credit facility, International Trade Service, Forex, Domestic Service and other), number of customers are from different categories and many, and the branch is old aged.



Though, the bank customers are unknown in numbers (this is because people who have no account can get bank service) currently, there are 7921 bank accounted found in United Bank, Bomb-Tera Branch, Addis Ketema Sub-City Administration as May 2022. But only 1216 customers are active; (when we say active customer due to many reasons customers shift from one location to another, for that reason they may use other United Bank nearby branch), so the target population was applied in 1216 individuals.

### 3.4 Sample Size and Sampling Techniques

#### 3.4.1 Sample Size

Garson (2012) defined sample size as a sub set of the population drawn to represent the entire population. This is because of the fact that studying a subset of the population is manageable size relative to study the entire population due to time, cost and accessibility. Thus, the sample size was determined so as to represent the whole population. In this study, the sample size was extracted

$$n = N/N (e)^2 + 1$$

through the use of Yamane's (1967) statistical formula and illustrate as:

Where;

n = sample size

N = population of the study

e = % level of significance or margin of tolerable error.

The researcher considered 5% level of significance or margin of tolerable error and the confidential level is 95%. A 95% confidence is conventionally accepted level for most business research, most commonly expressed by denoting the significance level as  $p \leq 0.05$ . By computing the sample size of the population using the above formula, the sample size for those who receives questionnaires

$$n = 1216/1216(.05)^2 + 1 = 301.$$

#### 3.4.2 Sampling Technique

The study participants who were received questionnaire were selected using simple random sampling technique. As well, 5 management bodies of the bank were selected by the researcher using purposive sampling technique to conduct an interview. The respondents were selected based on their active relationship with the bank and their attendance to using the bank services that accessible by United Bank, Bomb-Tera Branch. This criterion may help the selected respondents answer the survey questionnaire appropriately.

### **3.5 Sources of Data**

The study was conducted based on the collection of primary data. Primary data were collected through the use of well-structured, self-administered and somewhat guided questionnaire that contains relevant questions regarding customer relationship management and customer satisfaction at United Bank, Bomb-Tera Branch. The questionnaire used to allow the response of the

respondents in a standard and direct way, unbiased approach and objective oriented. In the meantime, face to face interview was also undertaken with management bodies to get their perceptions about the customer relationship management practices and customer satisfaction at United Bank, Bomb-Tera branch, Addis Ketema Sub-City Administration, Addis Ababa, Ethiopia.

### **3.6 Data Collection Tools**

#### **3.6.1 Questionnaire**

Data were collected through self-administered and somewhat guided questionnaires that were prepared based on literature review to address the research questions. The reason why self-administered questionnaire used that, it helps as a swift and relatively low cost strategy for obtaining information and easier to answer for the respondents. As well, the reason why guided questionnaires used that, it helps the respondents to make clear and answer the questions easily. The questionnaires were distributed after the expected participants selected and inform about the purpose of the research. The questionnaire was involved three parts: section one of the questionnaire contained instruction and respondents' personal information; section two of the questionnaire included variables which would be measured using Likert scale with five response categories (strongly disagree, disagree, neutral, agree, and strongly agree). The last section of the questionnaire was open ended question which was reserved for respondents to write their feelings on the space provided.

#### **3.6.2 Interview Guide**

In addition to collecting the data through questionnaires, qualitative data collection technique, involving one-to-one interview with 5 management bodies of the bank who were selected based on purposive sampling was conducted; hence to supplement and strengthen the information obtained from questionnaires. Before the interview, brief explanation was offered based on the purpose of the interview to the interviewees and confidentiality of the provided information. As the time of interview, the researcher used some useful techniques of interview which include:

- Using good opening remark:- The researcher should briefly give an introduction and state the purpose of the interview describing
- Establishing Rapport:- The researcher must be sensitive to the respondent's status, level of education and understanding
- Being neutral: - The researcher should remain completely neutral during the interview; i.e. Respondents should be told that there is no right or wrong answer and their responses are the only correct ones.
- Good closing: - This is giving explicit recognition for their work: Thank them for their help, appreciate their work in spite of their being busy and that their work will contribute a great deal to the success of the research.

### **3.7. Data Collection Procedures**

To get full support in overseeing and collecting the data, first contact was made with the bank manager. Following this, respondents who were filled out the questionnaire were identified. Then, the respondents were informed about the purpose of the study and how to complete the questionnaire. In addition, during the administration of the questionnaire, clarification for some questions were explained to the respondents so as to avoid doubts and confusions. Then the questionnaires were distributed (drop-off method) to the respondents. The filled out questionnaires were collected (pick-up method) and systematically organized; the same is true for the interview responses. Finally, the collected data were edited through data cleaning, coding & data verification and will be analyzed quantitatively and qualitatively.

### **3.8. Data Analysis Method**

Githinji Angela (2014), described data analysis as the process of editing and reducing amassed data to a convenient size, developing summaries, looking for patterns and using statistical methods. In order to ensure completeness and logical consistency of responses, data editing was carried out each day by the researcher. Identified mistakes and data gaps were corrected as soon as possible. Once editing the data, the data were analyzed using quantitative techniques. The data which were collected by the researcher were analyzed with the help of the Statistical Package for Social Sciences (SPSS) version 20 and then the researcher was produced descriptive statistics such as frequency distribution, percent, mean and standard deviation.

The analysis of the study was also used inferential statistics like Pearson's correlation and multiple regressions. The correlation analysis was employed to found out the strength of a relationship between two variables; customer relationship management and customers satisfaction. Likewise, the regression analysis was used to establish the effect of customer

relationship management elements on customers' satisfaction. The data which were collected through interview and open ended questionnaire were analyzed qualitatively and logically interpreted by the researcher in a way to solve the research problem.

### **3.9. Reliability and Validity Analysis**

According to common knowledge of research principles, a research instrument is valid, if it measures what it is intended to measure and accurately achieves the purpose for which it was designed. In this study, validity was taken into consideration. Because, this study used adopted questionnaire based on the literature review and past studies on relevant themes, which dealt with customer relationship management practices at banks. The items and constructs were adopted from literature review with minor modification to fit the study. Another validity test to be used in this study; the questionnaire was modified with necessary recommendations of the thesis advisor.

On the other hand, reliability relates to the consistency of collected information. Reliability is a measure of internal consistency and it is measured using Cronbach's alpha correlation which ranges between 0 and 1 (Kothari, 2004). The higher the value of the alpha coefficient the more reliable the data collection instruments and all coefficients above 0.7 are considered acceptable. Only constructs with a cut off of 0.7 and greater are considered for further analysis in the study. The results of the analysis indicated that the research constructs had all attained internal consistency as indicated by the Cronbach Alpha scores of above 0.7 as indicated below. Hence, they were utilized in the main research.

As shown in table 3.1 below, the coefficient of reliability for the data collection instrument for all 34 items is 0.951. As well, the reliability score for the individual items of the customer relationship management practices and customers satisfaction ranges between 0.747 and 0.892. Therefore, based on the test results as shown below in table 3.1, individual items of the instrument scored acceptable Cronbach's alpha and each items of the instrument found reliable.

Table3.1 Coefficient of reliability for each item

No	Individual variables	Items in number	Alpha value
1	Trust	7	0.842
2	Reciprocity	4	0.817
3	Empathy	7	0.798
4	Bonding	4	0.747
5	Responsiveness	6	0.892
6	Customer satisfaction	6	0.822
	Total variables	34	0.951

Source: Own survey, (2022)

### **3.10 Ethical consideration**

This research demands the analysis and review of scholarly literature, such as books, theses, dissertations and journal articles which are duly acknowledged. Participants will be told that being participated in this study will not have any harm and used only for the academic purpose only. Accordingly, respondents will be entitled to the right of privacy and dignity of treatment.

## **CHAPTER FOUR**

### **RESULTS AND DISCUSSION**

This chapter focuses on the analysis of the results of the study. The chapter has two sections. At the first section of the chapter, the demographic profile of the respondents is presented. In the second section, the main part of the study, the analysis and interpretation of data those were collected through questionnaire are presented. Presentation of findings in each section is according to the order of the basic research questions of the thesis. Descriptive and inferential analyses of the study were presented respectively. The data for this study were collected using a self-administered questionnaire to identified sample respondents. Of the total of 301 questionnaires distributed, 247 were collected that accounts 82.06% response rate and the rest 54 questionnaire were incomplete and un returnable.

#### **4.1 Descriptive Statistics**

Descriptive statistics were computed in the form of frequency distribution, percentage, mean and standard deviation for all variables and responses of all respondents. Computed frequency distribution and percent is used to determine the proportion of respondents choosing the various responses. Likewise, computed mean is used to measure the central tendency on each dimension in the questionnaire; or which is a measure of the levels of agreeableness and disagreeableness or perceptions of the respondents on various dimensions in the questionnaires. And the value of standard deviation indicates that how much variation a value deviates from the mean.

##### **4.1.1 Demographic Profile of the Respondents**

The first part of the questionnaire consists of four items about demographic data of the respondents such as: sex of respondents, age group of respondents, academic qualification of respondents and customers' waiting years at the bank; this helped the researcher to understand the characteristics of respondents with in different categories and the following table summarized the demographic data of the respondents.

**Table 4.1 Demographic profile of the respondents**

No	Items	N=247	Frequency	Percent %
1	Sex of the respondents	Male	141	57.1
		Female	106	42.9
		<b>Total</b>	<b>247</b>	<b>100.0</b>
2	Age of the respondents	18-25	26	10.5
		26-33	69	27.9
		34-41	87	35.2
		42-49	44	17.8
		50 and above	21	8.5
		<b>Total</b>	<b>247</b>	<b>100.0</b>
3	Academic qualification of the respondents	Unschool ed	13	5.3
		Primary	43	17.4
		High school	50	20.2
		Diploma	65	26.3
		Degree or above	76	30.8
		<b>Total</b>	<b>247</b>	<b>100.0</b>
4	Customers' waiting years at the Bank	1-5 years	32	13.0
		6-10 years	109	44.1
		11-15 years	78	31.6
		16 and above years	28	11.3
			<b>Total</b>	<b>247</b>

Source: Researcher's survey,(2022)

As shown in Table 4.1, more than half 141(57.1 %) of the respondents were male and the remaining 106 (42.9 %) of the respondents were female. Even though, the representation of female respondents was found to be less as compared to male respondents, this gender mix was rational to realize about the effect of the five customer relationship management practices on customers' satisfaction at United Bank, Bomb-Tera Branch.

Regarding the age group of respondents, the first group 87 (35.2 %) of respondents were within the age category of 34-41 years of age. The second group had 69 (27.9%) within the age category of 26-33 years. The third were 44 (17.8%) within the age category of 42-49 years. The fourth group were 26 (10.5%) with-in the age category of 18-25 years and the last group were

21 (8.5 %) within the age category of 50 and above years, respectively. In sum, the majority 156 (63.1 %) of the respondents were within the age category of 34-41 years; which implies that the majority of the respondents were young and at the dynamic age level, to implement the customer relationship management practices strategically.

With regard to academic qualification of the respondents, the first group 76 (30.8 %) of the respondents were first degree or above holders. The second group 65 (26.3 %) of the respondents were diploma holders. The third group 50 (20.2 %) of the respondents were high school completed. The fourth group 43 (17.4 %) of the respondents were primary school completed and the last group 13 (5.3 %) of the respondents were unschooled. This shows that, the customers of the bank were all people who have money and the bank should practice the five CRM practices according to their needs.

Regarding the waiting years of the respondents at the bank, the first group of respondents 109 (44.1%) had a waiting years of 6 to 10 years. 78 (31.6 %) of respondents were customers in the bank between 11-15 years; likewise, 32 (13.0 %) of respondents were customers in the bank between 16-20 years. The last group 28 (11.3 %) of the respondents were customers in the bank between 16 and above years. In total, the majority of the respondents were customers in the bank between 6-15 years. This result implies that, the selected respondents answered the survey questionnaire appropriately based on their experiences attended.

#### 4.1.2 Mean and Standard Deviation of Each Items

In this study, the researcher utilized mean and standard deviation to evaluate the perception of respondents in each responses regarding to the five customer relationship management practices and customer satisfaction. Respondents have generally recognized positive perception regarding the variables when the mean value is above the cutoff point (3) and the level of agreeableness of respondents is negative regarding to the variables when the mean value is below the cutoff point (3). As the same time the level of agreeableness of respondents is neutral regarding to the variables when the mean value is (3).

**Table 4.2 Descriptive Statistics Results of Trust.**

<b>Dimension</b>	<b>Statements</b>	<b>Mean</b>	<b>SD</b>
<b>Trust</b>	You feel safe in all of your transactions with the bank.	3.28	1.27
	The bank always does what it promised to do.	3.74	1.08
	Customers are confident on the financial status	3.35	1.23
	Customers are confident that the bank will take care of them in case they incur financial loss.	3.23	1.38



	The bank is trustworthy on calculating charges.	3.51	1.21
	The bank is trustworthy during cash payment process	3.96	0.95
	The bank provides consistent quality services at different time.	3.76	0.95
	<b>Grand mean of trust</b>	<b>3.55</b>	<b>0.83</b>

Source: Researcher's survey, (2022)

As it perceived from the above table 4.2, respondents have generally recognized positive perception regarding to the variable trust which indicating that the levels of agreeableness of the respondents is above the cutoff point (3). Regarding the standard deviation, the findings of the study as it is displayed in the above table revealed that there is some variation among respondents. The statement that 'The bank is trustworthy during cash payment process' had the highest mean of 3.96 and standard deviation of 0.95 while the question with the lowest mean of 3.23 and standard deviation of 1.38 was that 'customers are confident that the bank will take care of them in case they incur financial loss. Generally, the practice trust that examined through seven items had registered weighted mean value of 3.55 and a standard deviation of 0.83.

It is common that as trust declines, customers are unwilling to conduct business transaction. Particular to the banking industry, trust leads to construct long-term relationship with their customers. Though there are customers who have doubt considering trustworthiness of the bank, majority of them, however, perceived that United Bank, Bomb-Tera branch is trustful; and the variable trust is a best measure of the existence of relationship between the bank and their customers. This result is in line with (Solomon, 2014) who found that in banking industry trustful and quality banking services are the basis of sound CRM and customers of the selected banks have feel safe in conducting transactions with their banks.

**Table 4.3 Descriptive Statistics Results of Reciprocity**

<b>Reciprocity</b>	The bank helps me to solve difficulties, so I am responsible to repay their kindness.	3.81	0.87
	The bank keeps its promises.	3.87	1.04
	The bank and you work for mutual benefit.	3.81	0.96
	The bank and you are interdependent.	3.73	1.09
	<b>Grand mean of reciprocity</b>	<b>3.80</b>	<b>0.80</b>

Source: Researcher's survey, (2022)

As publicized from the above table 4.3, the mean and standard deviation value of the respondents' as examined by four above-mentioned statements that could describe the practice of reciprocity. The statement that 'the bank keeps its promises' had the highest mean of 3.87 and standard deviation of 1.04 and the question of 'the bank and you are interdependent' which had the least mean of 3.73 and standard deviation of 1.09. Generally, the variable reciprocity that examined through four items had registered an average mean value of 3.80 and a standard deviation of 0.80. This value illustrates that the agreement level of the respondents that their bank is working for mutual benefits and the bank is keeping its promises as well as the bank helps the customers to solve the problems they face. This result is in line with (Agarwal, 2009) who found that successful CRM focuses on understanding the needs and desires of the customers and is achieved by placing these needs at the heart of the business by integrating them with the organization's strategy, people, technology and business process. In this regard, the banks and customers were found to be working for their mutual benefits.

**Table 4.4 Descriptive Statistics Results of Empathy**

<b>Empathy</b>		Mean	SD
	Employees of the bank understand my feelings.	3.77	0.85
	The bank gives individual attention to its customers.	3.84	0.95
	The bank shows a genuine interest in solving problems	3.91	1.03
	Employees of the bank respond to customers' requests.	3.88	1.08
	The working hrs. of the bank are flexible and convenient	3.79	0.92
	The bank has guidelines signs.	3.80	0.84
	<b>Grand mean of Empathy</b>	<b>3.85</b>	<b>0.63</b>

As exhibited from the above table 4.4, the mean and standard deviation value of the respondents' as examined by six above mentioned statements that could describe the variable empathy. The statement that states 'the bank shows a genuine interest in solving problems' had registered the highest mean value of 3.91 and SD is 1.03. Whereas the statement that describe 'employees of the bank understand my feelings' was score the lowest mean value 3.77 and SD is 0.85 as compared to others statements. Generally, the variable empathy that examined through seven items had registered weighted mean value of 3.85 and a standard deviation of 0.63. From this value the researcher concluded that the agreement level of the respondents that the practice of empathy is truly practiced at the bank. This result is in line with (Agrawal, 2009) and (Mehuba, 2020) who found that empathy is one of the CRM practice and CRM goals is to create and maintain long lasting relationships between the bank and its customers and one

measurement for CRM is empathy. Empathy is a key component for harmonious and productive relationships in the work place. Thus, empathy can be viewed as the ability to share and understand and feel another person in a relational situation.

**Table 4.5 Descriptive Statistics Results of Bonding**

<b>Bonding</b>	The bank keeps in touch constantly with its customers	3.91	0.89
	The bank tries very hard to establish a long term relationship with its customers.	3.76	0.99
	The bank works in close cooperation with its customers.	3.72	0.93
	Employees of the bank know you very well.	3.92	0.91
	<b>Grand mean of bonding</b>	<b>3.83</b>	<b>0.70</b>

Source: Researcher's survey, (2022)

As shown the above table 4.5, there were four questions directed toward measuring the variable bonding. The respondents have been asked questions each of which was evaluated based on the level of agreement the respondents had. The statement that states 'employees of the bank know their customers very well' had registered the highest mean value of 3.92 and SD is 0.91. Whereas the statement that describe 'the bank works in close cooperation with its customers' was score the lowest mean value 3.72 and SD is 0.93 as compared to others statements. Generally, the variable bonding that examined through four items had registered weighted mean value of 3.83 and a standard deviation of 0.70. from this value the researcher can decide that the agreement level of the respondents that the practice of bonding is truly practiced next to empathy at the bank. This result is in line with (Chary and Ramesh, 2012) who found that close relationship with customers will require a strong coordination between banks and its marketing departments to provide a long-term retention of selected customers.

**Table 4.6 Descriptive Statistics Results of Responsiveness**

<b>Responsiveness</b>	The bank provides prompt service to its customers.	3.84	1.01
	Employees of the bank are willing to help customers.	3.86	1.04
	Employees of the bank devote time to reply questions.	3.72	1.05
	The bank arranges special care to special customers	3.74	1.01
	The behavior of the employees inspires confidence	3.69	1.03
	Employees give genuine and detailed information	3.75	1.03
	<b>Grand mean of responsiveness</b>	<b>3.64</b>	<b>0.74</b>

Source: Researcher's survey, (2022)

There were six questions directed toward measuring the variable responsiveness. The respondents have been asked questions each of which was evaluated based on the level of agreement the respondents had. To begin with highest mean score employees of the bank are willing to help customers with mean score of 3.86 and SD is 1.04. What is more, the lowest mean score 3.69 and SD is 1.03 is for the statement ‘the behavior of the employees inspires confidence’. Furthermore, the all over value of responsiveness scored the highest mean value i.e. 3.64 and SD is 0.74. This value proves that the agreement level of the respondents that the bank is truly responsible for their customers to minimize customers dissatisfaction.

**Table 4.7 Descriptive Statistics Results of Customer Satisfaction**

<b>Customer Satisfaction</b>	The bank welcomes complaints from customers.	3.93	0.97
	The bank takes customer feedback seriously	3.85	0.96
	The bank insists on error free records.	3.79	0.99
	I am confident of giving positive word of mouth	3.65	1.04
	I intend using other products and services of the bank	3.86	1.00
	I am very pleased with what the bank does for me	3.97	0.91
	<b>Grand mean of customer satisfaction</b>	<b>3.78</b>	<b>0.68</b>

Source: Researcher’s survey, (2022)

There were six questions directed toward measuring the customers’ satisfaction at United Bank, Bomb-Tera branch. The respondents have been asked questions each of which was evaluated based on the level of agreement the respondents had. To begin with highest mean score employees become more committed toward their work with mean score of 3.97 and SD is 0.91. What is more, the lowest mean score 3.65 and SD is 1.04 is for the statement ‘I am confident of giving positive word of mouth to others for the bank’. Furthermore, the variable customer satisfaction that examined through six items had registered weighted mean value of 3.78 and a standard deviation of 0.68. To summarize, the purpose of customer retention is to keep a high proportion of valuable customers through reducing customer dissatisfaction. As suggested on the literature review part of this study, normally, the costs of cultivating the existing customer base are far less than the costs of attracting new customers. From the descriptive statistics results of this study, there exists a relationship between CRM and Customer satisfaction. The results clearly revealed that the five CRM dimensions are very close. This shows us that CRM has significant influence on customer satisfaction to retain them and enhancing the bank profit in general.

## **4.2 Results of Inferential Statistics**

### **4.2.1 Correlation Analysis**

Correlation was used to find out the relationship between the independent variables (the five CRM practices) and the dependent variable (customer satisfaction) as conceptualized in the framework. To determine the relationship between the independent variables and the dependent variable, the study adopted Pearson's correlation analysis which is conducted at 95% confidence interval and 5% confidence level 2-tailed. The table below indicates the correlation matrix analysis between the five CRM practices and customers' satisfaction of United Bank, Bomb-Tera branch. The strength of correlation would be interpreted as suggestion by Evans (1996) as follows:

0.00 - 0.19 very weak, 0.2 - 0.39 weak, 0.4 - 0.59 Moderate, 0.6 - 0.79 strong and 0.8 -1.0 very strong.

**Table 4.8 Pearson’s Correlation Matrix Analysis**

**Correlations**

		Trust	Reciprocity	Empathy	Bonding	Responsiveness	CS
Trust	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	247					
Reciprocity	Pearson Correlation	.595**	1				
	Sig. (2-tailed)	.000					
	N	247	247				
Empathy	Pearson Correlation	.545**	.795**	1			
	Sig. (2-tailed)	.000	.000				
	N	247	247	247			
Bonding	Pearson Correlation	.509**	.674**	.778**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	247	247	247	247		
Responsive ness	Pearson Correlation	.155*	.183**	.334**	.297**	1	
	Sig. (2-tailed)	.015	.004	.000	.000		
	N	247	247	247	247	247	
CS	Pearson Correlation	.504**	.657**	.776**	.700**	.388**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	247	247	247	247	247	247

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

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

Source- SPSS output of own survey (2022).

As described in Table 4.8, the bivariate correlations show the relative magnitude and direction of a linear relationship among the constructs. The results of the correlation analysis revealed a

positive correlation between the five CRM practices considered in the study with the customers' satisfaction of the bank. Customers' satisfaction of the bank has positive, significant and weak to strong relationship with empathy having coefficient of 0.776, with p-value equals to 0.000 followed by bonding having coefficient of 0.700, with p-value equals to 0.000.

Likewise, customers' satisfaction has a positive, significant and strong relationship with reciprocity having coefficient of 0.657, with p-value equals to 0.000 and moderate relationship with trust having coefficient of 0.504, with p-value equals to 0.000 as well, weak relationship with responsiveness having coefficient of 0.388, with p-value equals to 0.000 even at 0.01 significant level. This result implies that customer relationship management practices are important for customer retention that is essential for the success of the United Bank, Bomb-Tera branch in general.

#### **4.2.2 Regression Analysis**

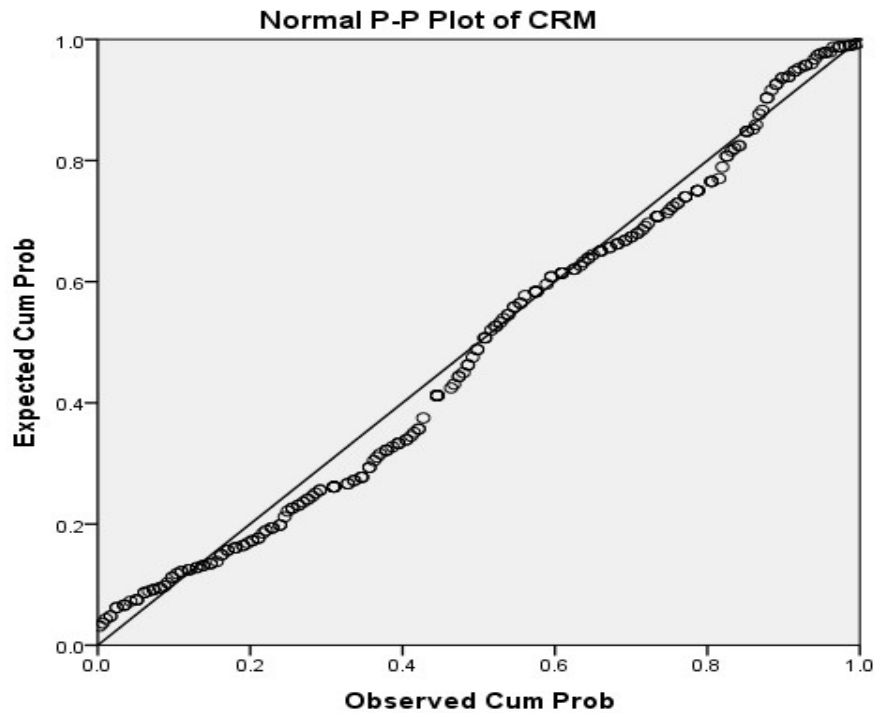
This section found out how the variation of the dependent variable, customers' satisfaction, is explained by a portion variation of the independent variation the five CRM practices considered in this study. In addition, multiple regression analysis was used to examine the effect of the independent variables (the five CRM practices) on the dependent variable customers' satisfaction. To achieve this, we find the coefficient of determination and test its significance and to determine the regression line and test its slope.

The coefficient of determination  $R^2$  shows how much of the variation of the dependent variable customers' satisfaction, can be explained by a portion variation of the independent variables (the five CRM practices). Table 4.11 indicates the coefficient of determination  $R^2$  for the regression between the five CRM practices and customers' satisfaction. But the researcher has conducted basic assumption tests before running the regression analysis. These are linearity test, multi-col-linearity tests and normality test which have shown below:

##### **Assumption 1: Linearity Assumption Test**

The linearity of the relationship between the dependent and independent variable represent the degree to which the change in the dependent variable is associated with the independent variable (Hair et al., 1998). In a simple sense, linear models predict values falling in a straight line by having a constant unit change (slope) of the dependent variable for a constant unit change of the independent variable (Hair et al., 1998). The linearity assumption can easily be checked using scatter plots or residual plots: plots of the residuals vs. either the predicted values of the dependent variable or against (one of) the independent variable(s) (Hoekstra et al.,

2014). The scatter plots of standardized residuals versus the fitted values for the regression models were visually inspected from the figure below.



Source: Researcher's survey, (2022)

### **Assumption 2: Multi col linearity Assumption Test**

Multi col linearity refers to the situation in which the independent/predictor variables are highly correlated. In this study multi col linearity was checked with tolerance and Variance Inflation Factor (VIF) statistics. Andy (2006) suggests that a tolerance value less than 0.1 almost certainly describes a serious col linearity problem. Burns and Burns (2008) also stated that a VIF value greater than 10 is also a concern. Similarly, Field (2009), underlines that, values for tolerance below 0.1 indicate serious problems, although several statisticians suggest that values for tolerance below 0.2 are worthy of concern. In this study, all of the independent variables found to have a tolerance of more than 0.1 and a VIF value of less than 10.



**Table 4.9 Multi col linearity Test Results**

Model		Coefficient <sup>a</sup>	
		Col linearity Statistics	
		Tolerance	VIF
1	Trust	0.622	1.607
	Reciprocity	0.321	3.118
	Empathy	0.246	4.060
	Bonding	0.377	2.650
	Responsiveness	0.864	1.158

a. Dependent variable: Customer Satisfaction

Source-SPSS output of own survey (2022).

**Assumption 3: Normality Distribution Test**

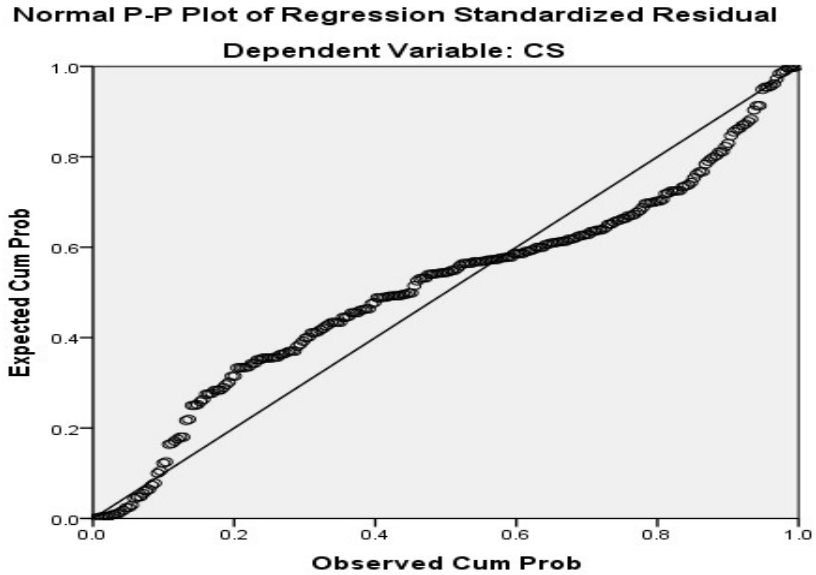
Regression analyses need the independent variables to be normally distributed. Skewness and Kurtosis are statistical tools which can enable to check if the data is normally distributed or not. For this study, the skewness and kurtosis test results are within the acceptable range (-1.0 to +1.0) and it can be concluded that the data for all variable are normally distributed (Smith and Wells, 2006). Likewise, normality analysis can be tested with the graph of histogram and or normal probability P-P plot as shown below and the result of the two graphs results indicated that the data for all variables are normally distributed.

**Table 4.10 Normality test results**

**Descriptive Statistics**

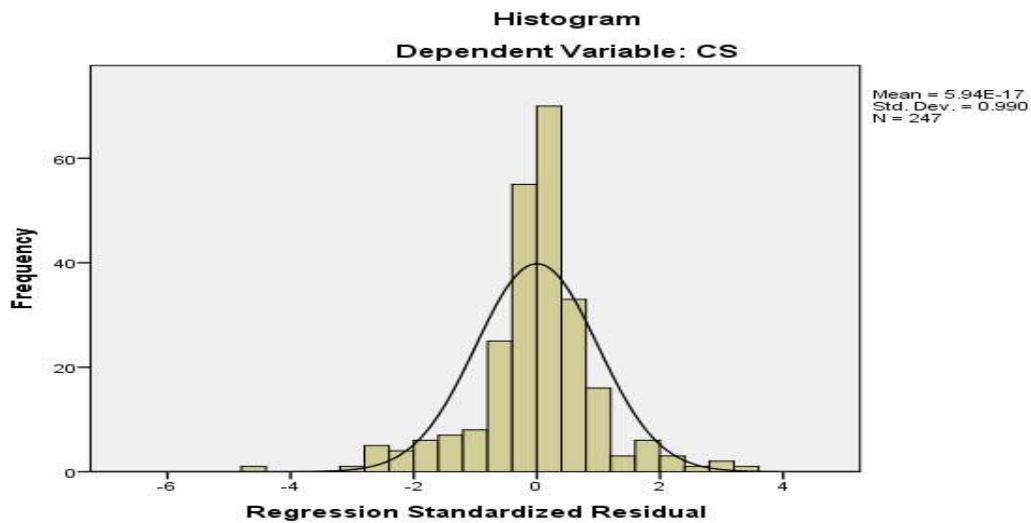
	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Trust	247	-0.130	.155	-0.656	.309
Reciprocity	247	-0.783	.155	0.472	.309
Empathy	247	-0.173	.155	-0.267	.309
Bonding	247	-0.415	.155	-0.111	.309
Responsiveness	247	-0.431	.155	0.637	.309
CS	247	-0.609	.155	0.642	.309
Valid N (listwise)	247				

Source: SPSS output of own survey (2022).



Source: Researcher's Survey, 2022

Now scroll all the way down to the normal P-P plot. When see a diagonal line and a bunch of little circles. Ideally, the plot becomes look like the figures above. If the data is not normal, the little circles will not follow the normality line. Due to this reason the researcher data become normal. Similarly, normality test can be checked with histogram plot as shown below:



Source: Researcher's Survey, 2022

As the histogram plot result shows that, a distribution or data set is symmetric if it looks the same to the left and right of the center point. So, it can be concluded that the data is for all variable are normally distributed.

**Table 4.11 Analysis model summary of R and R<sup>2</sup>**

**Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error
1	.806 <sup>a</sup>	.650	.642	.40440

a. Predictors: (Constant), Responsiveness, Trust, Bonding, Reciprocity, Empathy  
Source- SPSS output of own survey (2022).

From the above model summary in Table 4.11, it can be seen that R is 0.806 shows that there is a positive relationship between the five CRM practices and customers' satisfaction and R<sup>2</sup> is 0.650 indicates that about 65.0% of the variance of customers' satisfaction (dependent variable) can be explained by the five CRM practices (independent variables), the remaining 35.0% of the variance is explained by other variables which are not included in this study. Therefore, further research can be conducted to establish the factors contributing to the remaining 35.0%.

**Table 4.12(ANOVA) CRM as Predictor to Customer Satisfaction**

**ANOVA<sup>a</sup>**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	73.089	5	14.618	89.384	.000 <sup>b</sup>
	Residual	39.413	241	.164		
	Total	112.502	246			

a. Dependent Variable: CS

b. Predictors: (Constant), Responsiveness, Trust, Bonding, Reciprocity, Empathy  
Source-SPSS output of own survey (2022).

From the ANOVA Table 4.12, the F-test result and the P-Value tests whether the overall regression model is good predictor and the probability of this result is occurred by chance or not. In this regard, the F-test result is 89.384 with a significance of less than 0.01. This means, the probability of those results occurs by chance is < 0.01. And it can be concluded as the overall regression model is significant (5, 241) =89.384, P<0.01, R<sup>2</sup> = 0.650 (that is the regression model is a good to fit the data). Therefore, significant amount of customers' satisfaction is influenced by the five CRM practices that identified in this study. In other words, independent variables (the five CRM practices) significantly predict the dependent variable (customers' satisfaction).

**Table 4.13 (Coefficient) CRM as predictor to Customer Satisfaction**

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.159	.181		.877	.381
Trust	.064	.039	.079	1.628	.005
Reciprocity	.065	.057	.076	1.136	.007
Empathy	.498	.082	.466	6.066	.000
Bonding	.195	.060	.202	3.258	.001
Responsiveness	.134	.038	.146	3.558	.000

a. Dependent Variable: CS

Source- SPSS output of own survey (2022).

From the above coefficient table 4.13, the positive B coefficient values indicated that there is a positive effect of the five CRM practices on customers' satisfaction. And this result is significant as p-value is equal to  $0.000 < 0.05$ , which means changes in the predictor value is related to changes in the response variable. The regression equation below has established that taking all factors into account constant at zero, the result for customers' satisfaction will be 0.159 units. Similarly, the findings presented also shows that taking all other independent variables at zero, a unit increase in trust will lead to a 0.064 increase in customers' satisfaction while a unit increase in reciprocity will result in a 0.065 increase in customers' satisfaction and a unit increase in empathy will lead to a 0.498 increase in customers' satisfaction.

Likewise, the findings presented also shows that taking all other independent variables at zero, a unit increase in bonding will lead to a 0.195 increase in customers' satisfaction while a unit increase in responsiveness will result in a 0.134 increase in customers' satisfaction. To summarize, all coefficients are statistically significant even at 0.01 confidence level. The regression results showed that empathy is the most influencing factor with a coefficient of 0.498 followed by bonding with a coefficient of 0.195 and responsiveness with a coefficients of 0.134. To summarize, the equation of the regression line is defined as follows:

$$CS = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_k X_k + e_t$$

$$CS = 0.159 + 0.064X_1 + 0.065X_2 + 0.498X_3 + 0.195X_4 + 0.134X_5 + 0.456$$

Where;

CS represents customers' satisfaction

X<sub>1</sub> represents trust

X<sub>2</sub> represents reciprocity

X<sub>3</sub> represents empathy

X<sub>4</sub> represents bonding

X<sub>5</sub> represents responsiveness

e represents summation of tolerable error

### **4.2.3. Discussion results of the interview data**

Interviews were also conducted with management bodies of the bank considered in this study. The interviews consisted of five semi-structured questions. In this regard, an interviewee from the bank managements responded that their CRM practice is efficient and the bank provides customer focused domestic and international banking services. The management bodies added to this point that they have suggestion box and read and interpret their customers comment. In addition, according to the interviewee, they differ from their competitors since they provide individual customer focused services. The third question was regarding CRM strategies of the banks under consideration. The management bodies of the bank came up with almost similar responses. Among these strategies; introducing new technology, structure revision and customer focused services are emphasized by the respondents. Besides these, the bank develops expansion strategy so as to enrich its customers.

The fourth interview question was regarding the CRM dimensions such as trustworthiness, reciprocity, empathy, bonding and responsiveness of the selected management bodies. With regard to trust, all interviewees of the selected management replied that they are trustworthy in keeping customer record safely as well as confidentiality. Regarding to emphatic relationship with their customers, management bodies of the bank responded that employees and management bodies of the bank work extra time to satisfy their customers. Considering bonding, all interviewees agreed that they are working to establish long term relationship with their customers and doing various efforts, since nothing is absolute in the world, towards customer retention. In addition, responsiveness was one area of interview question for the study. As showing sincerity and willingness to help customers are some of the key issues in responsiveness. The fifth interview question was about the awareness of employees on the concept as well as practices of CRM. In this regard, interviewees of the managements replied that they create awareness among their employees through continuous training. They said also

that their employees are in a good ethics of conduct towards understanding customer's individual character, needs and preferences.

From the above discussion we can conclude that the effect of CRM is quite substantial on customer satisfaction. The five elements of CRM (Empathy, Trust, Reciprocity, Responsiveness and Bonding) are very crucial for bank to establish long term relationship with their customers. Based on these elements, the bank further decide how they approach new customers, and on the other hand, how they retain their existing customers that are valuable to the bank. Customer Relationship Management makes this possible by facilitating relationship between the bank and its customers. From the qualitative analysis we can conclude that all the five CRM practices considered in the study are practiced in different degree and influence customers' satisfaction of the United Bank S.C, Bomb Tera Branch to a great extent. The descriptive result clearly revealed that the five CRM dimensions are very close; that shows us that CRM has significant influence on Customers' Satisfaction.

**CHAPTER FIVE**  
**SUMMARY, CONCLUSIONS**  
**AND RECOMMENDATIONS**

**5.1 Summary of the Findings**

The general objective of this study was to examine the effect of the five CRM practices on customers' satisfaction at United Bank, Bomb-Tera branch. The study was conducted based on the collection of primary data. Primary data was collected through the use of well-structured and self-administered questionnaire as well as somewhat guided questionnaire that contain relevant questions which were developed to study the relationship between the five CRM practices and the success of customers' satisfaction at the bank.

This survey research was conducted using 301 sample respondents that were selected from an estimate of 1216 active customers' of United Bank, Bomb-Tera branch; but only 247 respondents appropriately filled and return the questionnaire that accounts 82.06% response rate. The collected data were analyzed using descriptive and inferential analysis as presented in chapter four. Descriptive analysis is characterized by frequency, percentage, mean and standard deviation. As well, Pearson's correlation and multiple regression analysis were used in drawing inferences about the relationship between the five CRM practices and the satisfactions of the bank customers.

- The practice trust that examined through seven items had registered weighted mean value of 3.55 and a standard deviation of 0.83. Though there are customers who have doubt considering trustworthiness of the bank, majority of them, however, perceived that United Bank, Bomb-Tera branch is trustful; and the variable trust is a best measure of the existence of relationship between the bank and their customers.
- Likewise, the variable reciprocity that examined through four items had registered an average mean value of 3.80 and a standard deviation of 0.80. This value illustrates that the agreement level of the respondents that their bank is working for mutual benefits and the bank is keeping its promises as well as the bank helps the customers to solve the problems those face.
- As well, the variable empathy that examined through seven items had registered weighted mean value of 3.85 and a standard deviation of 0.63. This value proves that the agreement level of the respondents that the practice of empathy is truly practiced at the bank.
- Similarly, the variable bonding that examined through four items had registered weighted mean value of 3.83 and a standard deviation of 0.70. This value proves that the agreement

level of the respondents that the practice of bonding is truly practiced next to empathy at the bank.

- Equally, the all over value of responsiveness scored the highest mean value i.e. 3.64 and SD is 0.74. This value proves that the agreement level of the respondents that the bank is truly responsible for their customers to minimize customers dissatisfaction.
- Correspondingly, the variable customer satisfaction that examined through six items had registered weighted mean value of 3.78 and a standard deviation of 0.68. To summarize, the purpose of customer retention is to keep a high proportion of valuable customers through reducing customer dissatisfaction.
- The results of the correlation analysis indicate a positive, weak to strong correlation between all the five CRM practices (independent variables) and customers' satisfaction (dependent variable) of United Bank, Bomb-Tera branch and which is significant at 0.05 level of confidence. The customers' satisfaction have positive and strong relationship with reciprocity coefficient of 0.657, positive and weak relationship with responsiveness having coefficient of 0.388, positive and strong relationship with empathy having coefficient of 0.776, positive and moderate relationship with trust having coefficient of 0.504 and positive and strong relationship with bonding having coefficient of 0.700.
- The regression analysis showed that the five CRM practices considered as independent variables that were studied, explain 65.0 % of the factors influencing the customers' satisfaction of the United Bank, Bomb-Tera branch. Significant amount of the five CRM element practices (independent variables) will affect customer's satisfaction (dependent variable). In other words, independent variables (the five CRM practices) significantly predict the dependent variable (customer's satisfaction). The model is statistically significance even at a level of 0.01 with F-value of 89.384. All the coefficients are statistically significant at 0.05% level of confidence. And the regression results showed that empathy is the most influencing factor with a coefficient of 0.498 followed by bonding with a coefficient of 0.195 and responsiveness with a coefficient of 0.134.



## 5.2 Conclusions

Accordingly, based on descriptive (frequency distribution, percent, mean & standard deviation) and inferential (Pearson's correlation and multiple regressions) statistics results and summary of major findings, the following conclusions were drawn. Based on the descriptive statistics, it is pertinent to conclude that all the five CRM practices considered in the study are practiced in different degree and influence customers' satisfaction of the United Bank, Bomb-Tera branch to a great extent.

Consequently, it can be concluded that the purpose of customer satisfaction as well as customers' retention is to keep a high proportion of valuable customers through reducing customer dissatisfaction. As suggested on the literature review part of this study, normally, the costs of cultivating the existing customer base are far less than the costs of attracting new customers. From the descriptive statistics results of this study, there exists a relationship between CRM practices and customer satisfaction. The results clearly revealed that the five CRM dimensions are very close; that shows us that CRM has significant influence on customers' satisfaction.

The study aimed to determine the relationship between the five CRM practices and the success of customers' satisfaction at United Bank, Bomb-Tera branch. This is demonstrated by the Pearson correlation coefficients that showed a positive, weak to strong and significant relationship between all the five CRM practices and the success of customers' satisfaction at United Bank, Bomb-Tera branch.

The study conducted a regression analysis that has fulfilled the assumptions. The model is found statistically significant even at 0.01 confidence level. The regression results indicated that 65.0% ( $R^2 = 0.650$ ) of the variations in United Bank, Bomb-Tera branch customers' satisfaction are determined by the five CRM practices considered in this study. All the coefficients are statistically significant at 0.05 levels. Based on the regression results, empathy is the most influencing factor followed by bonding and responsiveness.

### **5.3 Recommendations**

Based on the conclusions drawn from the findings, the following realistic and applicable recommendations are put forward.

- The management bodies of the bank should paid attention in continuous supervision and monitoring the quality of services.
- The bank management should have dialogues with its customers in order to identify where the demand of customers lies and offer customized services to them.
- The bank should implement CRM practices properly; which can enable the bank attract and retain customers.
- The bank obtains information about its customers from its suggestion boxes. However, it will be better to adapt other mechanisms such as interview, questionnaires or generally conducting research periodically.
- This study concluded that the presence of relationship between the five CRM practices and customers' satisfaction. However, still many other variables might have role in terms of affecting customers' satisfaction of the bank. It is important for other researchers to conduct research in this particular area in the future by including additional variables to generate more convincing results that may increase the performance of the bank.

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**QUESTIONNAIRE**

This questionnaire is prepared by Aster Chernet, who is Master of Business Administration (MBA) in general management student at St. Mary's University. The purpose of this questionnaire is to gather data in order to study the effect of Customer Relationship Management elements on Bank customer satisfaction; which is purely for academic purpose. I kindly request your cooperation by filling the questionnaire. Because, your genuine and on time response is essential for the success of my study. Your response will be kept highly confidential and used only for this research. Thus, you are requested to respond each item carefully.

No need of writing your name.

If you have any question or comment please contact me by the following addresses:

- ✓ Mobile: 0913851040
- ✓ Email- astualex16@g-mail.com.

Thank you, in advance, for your cooperation!

**Part-I**

Personal information/demographic data

Please read each question carefully and tick(x) in the box  matching to the response.

1. Sex: Male  Female
2. Age group: 18-25  26-33  34-41  42-49  50 and above
3. Academic qualification: unschooled  primary school  secondary school  diploma   
Degree or above
4. Waiting years at the bank: 1-5 years   
6-10 years   
11-15 years   
16 and above



**Part-II**

Put an “X” mark to indicate your level of agreement to the following statements by using a scale of 1-5 where, strongly disagree is (SDA=1) disagree is (DA=2) neutral is (N=3) agree is (A=4) and strongly agree is (SA=5).

No	Items	Level of agreement				
		SDA=1	DA=2	N=3	A=4	SA=5
<b>A</b>	<b>Trust</b>					
1	You feel safe in all of your transactions with the bank.					
2	The bank always does what it promised to do.					
3	Customers are confident on the financial status of the bank.					
4	Customers are confident that the bank will take care of them in case they incur financial loss.					
5	The bank is trustworthy on calculating charges.					
6	The bank is trustworthy during cash payment process					
7	The bank provides consistent quality services at different time.					
<b>B</b>	<b>Reciprocity</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>
1	The bank helps me to solve difficulties, so I am responsible to repay their kindness.					
2	The bank keeps its promises.					
3	The bank and you work for mutual benefit.					
4	The bank and you are interdependent.					
<b>C</b>	<b>Empathy</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>
1	Employees of the bank understand my feelings.					
2	The bank gives individual attention to its customers.					
3	The bank shows a genuine interest in solving					

	your problem.					
4	Employees of the bank are never too busy to respond to customers' requests.					
5	The working hours of the bank are flexible and convenient to the customers					
6	The bank has guidelines signs indicating as to which counters are offering which services.					
<b>D</b>	<b>Bonding</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>
1	The bank keeps in touch constantly with its customers					
2	The bank tries very hard to establish a long term relationship with its customers.					
3	The bank works in close cooperation with its customers.					
4	Employees of the bank know you very well.					
<b>E</b>	<b>Responsiveness</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>
1	The bank provides prompt service to its customers.					
2	Employees of the bank are willing to help customers.					
3	Employees of the bank devote time to reply to any of your questions.					
4	The bank arranges special care to special customers					
5	The behavior of the employees inspires confidence in customers.					
6	Employees give genuine and detailed information regarding to any transaction of					
<b>F</b>	<b>Customer satisfaction</b>	<b>SDA=1</b>	<b>DA=2</b>	<b>N=3</b>	<b>A=4</b>	<b>SA=5</b>
1	The bank welcomes complaints from customers.					
2	The bank takes customer feedback seriously and replies to you.					

3	The bank insists on error free records.					
4	I am confident of giving positive word of mouth testimonies to others about this bank.					
5	I intend using other products and services of the bank					
6	I am very pleased with what the bank does for me					

Please list down any means you think Customer Relationship Management in this bank can be improved; any recommendation related to customer relationship management practices.

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**Interview guide**

Thank you very much for volunteering for this interview. This is research conducted as part of my MBA study at St. Mary's University. Your participation is very important to the research; hence you are kindly requested to respond to this interview to achieve the grand objective of the study. Your response will be kept highly confidential and used only for this research on academic purpose. I thank you very much in advance for participating in this survey and provide your thought full feedback.

1. Can you describe the Customer Relationship Management (CRM) practices of your bank?
2. How does your bank attain feedback about customers regarding to your services?
3. What are the CRM strategies that your bank applies to make customers satisfied?
4. How do you assess the trustworthiness, reciprocity, empathy, bonding, and responsiveness of your bank customers?
5. How do you describe the awareness of employees on the concept as well as practice of CRM?

**Thank you**