



**EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES
ON CUSTOMER SATISFACTION: IN THE CASE OF DASHEN BANK
S.C, WOLKITE TOWN**

MBA THESIS

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APRIL, 2024

WOLKITE, ETHIOPIA

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TOWN**

**A THESIS SUBMITTED TO THE DEPARTMENT OF MANAGEMENT, SCHOOL OF
GRADUATE STUDIES WOLKITE UNIVERSITY IN PARTIAL FFULFILMENT OF
THE REQUIREMENTS FOR THE DEGREE OF MASTERS OF BUSSINESS
ADMINISTRATION.**

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ADVISORS' APPROVAL SHEET

This is to certify that the thesis entitled “*The Effect of Customer Relationship Management Practices on Customer Satisfaction: In the Case of Dashen Bank S.C, Wolkite Town*” submitted in partial fulfillment of the requirements for the degree of masters of art in marketing management, the Graduate Program of the Department/School of Business and Economics, and has been carried out by *Akililu Zewedu* under my/our supervision. Therefore, I recommend that the student has fulfilled the requirements and hence hereby can submit the thesis to the department.

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We, the undersigned, members of the Board of Examiners of the final open defense by Akililu Zewedu have read and evaluated his thesis entitled “*The Effect of Customer Relationship Management Practices on Customer Satisfaction: In the Case of Dashen Bank S.C, Wolkite Town*”, and examined the candidate. This is, therefore, to certify that the thesis has been accepted in partial fulfillment of the requirements for the degree of masters of Business Administration.

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Final approval and acceptance of the thesis is contingent upon the submission of the final copy of the thesis to the School of Graduate Studies (SGS) through the School Graduate Committee (DGC/SGC) of the candidate’s department.

DECLARATION

I, Akililu Zewedu, hereby declare that this masters of art thesis entitled “*The Effect of Customer Relationship Management Practices on Customer Satisfaction: In the Case of Dashen Bank S.C, Wolkite Town*” is my original work and has not been presented for a degree in any other university, and all sources of material used for this thesis have been duly acknowledged.

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ABSTRACT

Banking industry in Ethiopia has become highly competitive, bankers are putting enhanced efforts to acquire and retain customers by incorporating innovative customer relationship management (CRM) techniques. Due to rapid technology penetration, customers have rapid entrance and options to multiple financial products/services. This study aimed to investigate the effect of customer relationship management on customer satisfaction in Dashen Bank S.C, Wolkite town. In order to achieve this main objective, the study employed a combination of both descriptive and explanatory research design. A quantitative research approach was implemented, and the analysis was based on a sample of 377 customers out of 395 distributed structured questionnaires, giving a valid response rate of 95.4 percent. The collected data were analyzed using quantitative data analysis techniques including descriptive and inferential analysis. The findings show that the bank apply the CRM dimensions and found that these are positively associated with customer satisfaction. In order to analyze the effect and contribution of each customer relationship management dimensions on customer satisfaction multiple linear regression analysis was used. The regression analysis results of this study show that key customer focus, knowledge management, CRM organizations and technology-based CRM had statistical positive significant effect on customer satisfaction at less than 5% significant level. Based on this, the study recommended the bank managers to implement customer relationship management dimensions effectively in order to address issues related to customer dissatisfaction with the bank services and to attract new customers by increasing the satisfaction of current customer of the bank.

Keywords: Customer Relationship Management, Customer Satisfaction, Dashen Bank, Wolkite town

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LIST OF ACRONYMS

| | |
|------|--|
| CRM | Customer Relationship Management |
| CRMO | CRM based organization |
| CRMT | CRM based technology |
| CSM | Customer Service Manager |
| CSO | Customer Service Officer |
| IT | Information Technology |
| KCF | Key customer focus |
| KM | Knowledge management |
| MM | Marketing Manager |
| MP | Marketing Performance |
| RM | Relationship Marketing |
| SPSS | Statistical Package for Social Science |

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the current business world, the competition among companies has become very tough, companies need to differentiate themselves from other companies to have competitive advantages over their competitors (Vijayakumar, 2018). To be the top river in the competitive market, companies need to maintain positive relationship with their customer. Business organizations found that customer satisfaction is the main key to business success and they are trying to build a good relationship with their customer to achieve the goal of customer satisfaction efficiently and effectively than their rivals (Jamizada, 2020). Customer satisfaction is important due to its direct impact on customer retention and long-term competitiveness of the organization (Suchánek and Králová, 2019; Zhou et al., 2019).

Customer satisfaction measure whether the expectations of the customers about a service have been met and exceeded (Sood, 2017). Moreover, Farooq and Salam (2018) explained that customer satisfaction refers to how a service's perceived performance matches or surpasses customer expectations. Customer Relationship Management (CRM) is a concept for managing a company's interactions with customers, clients and sales prospects which can accomplish organizational goal such as customer satisfaction (Ramachandran, 2022).

A good CRM program helps the company to create, expand and maintain a good relationship with the customers which helps the company to enhance the customer satisfaction level and convert this opportunity to revenue (Mwirigi, 2018). According to Ahmad (2014) CRM involves using technology to organize, automate, and synchronize business processes. The main objective of CRM is to enhance profitability, revenue and customer satisfaction by organizing around customer segments, behaviors and values that satisfies customer. Hence, organizations use set of tools, techniques, technologies, methods and procedures to apply CRM to enhance customer satisfaction which leads to generate more revenue to their businesses (Prasanna, 2023).

The CRM Practice is seen to be very important especially in the banking sector. Most of the banks felt the need of customer retention and customer satisfaction as one of the most important objectives in their organization's mission and vision. It helps the banks in value creation to all

the stakeholders who are involved in the banking sector. This practice is about the creation of sustainable competitive edge for being the best in the understanding the need, value, importance of the customers and delivering the service as per the expectations of the customers. This also leads to customers' retention and generating new customers. CRM is considered as the management process from the perspective of Banking Industry where it deals with the acquiring, retaining and generating of new customers (Nayak & Kumar, 2020).

Since the competition among commercial banks in Ethiopia is getting stronger, the adoption of customer relationship management is one of the major activities that must be performed in order to understand the present as well as future needs of their customers. Ethiopian financial sector includes both government owned banks and shared companies owned privately by individuals (Ayda, 2017). Dashen Bank S.C, is the second private commercial bank, next to Awash Bank, established in the year 1995 with eleven shareholders and authorized and paid-up capital of Birr 50 million and 14.9 million respectively having a share value of Birr 1,000.00, according to the first financial report of the bank reported for eighteen months ended June 30, 1997. Because of the growing competition, Dashen Bank S.C, like some other private banks, is finding it challenging to maintain the growth momentum gained over the years. Slowdowns have been observed in resource mobilization despite the unprecedented branch network expansion (Biniam, 2018). To overcome the mounting challenges and ensure sustainable growth and profitability, there is a need to guard the market share by adopting customer-centric strategies that guarantees customer satisfaction. For financial institutions, it's really important to put the customers at the center of the business and create value to them to satisfy them. Happy customers are like free advertisement to a firm and it will help the firm to attract new customers to their product or services. The customers should feel that the company knows and cares about their needs and wants to deliver the product and services they need the most according to their interests (Jamizada, 2020).

Different studies revealed that customer satisfaction is influenced by different factors. Herman et al., (2020) found that CRM is a very important tool of an organization that helps to enhance the customer's satisfaction by managing it for the long term between corporations and customers. Similarly Bukhari et al. (2019) revealed that customer relationships influence customer satisfaction. They also noted that consumer satisfaction has a unique relationship that arises from

the interaction of a series of discrete services or transactions. Therefore, this study is designed to assess the customer relationships management practice on customer satisfaction in the case of Dashen Bank S.C, Wolkite town.

1.2 Statement of the Problem

The banking sector plays a crucial role in the economic development of a country. Customers play prominent role in the success of any bank and its growth. Employing good customer relationship management (CRM) practices expand the services for maintaining sustainable position in present day banking activities. (Lalitha et al., 2022). Similarly as financial market place becomes more dynamic and competitive in Ethiopia; banks also need to focus on retaining existing clients (Cherinet, 2015). Therefore employees must be more customer-focused and service-oriented in order to convince their customers. However, retaining the existing customers and satisfying with the services is the most challenging task for any banks.

A greater focus on CRM is the only way by which banking industry can protect its market share and boost growth (Durga and Renuga 2022). A good CRM achieves good relationship with customers and allows critical branch expansion all over the nation. Customers who are satisfied are less likely to switch over to other rival banks (Prasanna, 2023). Private commercial banks in Ethiopia including Dashen Bank S.C have realized the significance of CRM and introduced innovative measures in order to acquire and retain the existing customers by increasing their customer satisfaction (Biniam, 2018).

According to Ramachandran (2020) CRM has become a multi-faceted and complex phenomenon that is ridden by various factors. However, most of businesses need to know and look at the particular measures and dimensions of the CRM that have a significant impact on customer satisfaction and loyalty, which would enhance the business performance, especially with the increase in competition as well as lack of differentiation in providing a service. Therefore, undertaking studies about the practice and effectiveness of CRM on customer satisfaction in Ethiopia banking industry is quite necessary.

However, our review of the previous literature suggests that there is a lack of studies that investigated the relationship between CRM performance and Customer satisfaction in the banking industry. Most of this previous literature regarding with CRM focused from developed

countries and other African countries context and little has been made in the context of Ethiopia. It indicated that the subject matter of CRM needs further investigation. Furthermore, the study made in Ethiopia, focused in banking sector such as, Ayda (2019), Biniam (2018), Tesfaye (2018), Yared (2017), Aboset (2017), and Asmamaw (2016) focused on assessment of customer relationship management and its effect on customer loyalty and Customer Retention. Furthermore, most of them conceptualize develop CRM dimensions such as, trust, commitment, empathy, & responsiveness on customer satisfaction and retention. But, they failed to incorporate the CRM dimensions like key customer focus, knowledge management, CRM organization and technology-based CRM as determinants of customer satisfaction. According to Dereje et al., (2020) the previous literatures on CRM dimensions and customer satisfaction revealed that there is inconsistency of finding results. Therefore, the current study fill this knowledge and contextual gap by examining the effect of CRM on Customer satisfaction in Dashen Bank S.C, Wolkite town.

Also, as per the data gathered from researcher preliminary survey indicated that there are complaints from customers about network interruption, access like call center, Convenient parking space and capturing and updating customer information and use the information to satisfy customer needs. This preliminary survey identified that still has significant gap in the customer satisfaction. Moreover, to the best knowledge of the researcher there is no research conducted on the effect of customer relationship marketing on customer satisfaction in Dashen Bank S.C, particularly in Wolkite town from customer's perspectives. In mind to these facts the researcher motivated to investigate the effect of customer relationship management (Key Customer Focus, Knowledge Management, CRM organization and Technology-based CRM) on customer satisfaction in Dashen Bank S.C, Wolkite town.

1.3 Research Questions

1. What is the determinant of the extent of CRM practice implementation in Dashen Bank S.C, Wolkite town in the study areas?
2. What is the effect of key customer focus on customer satisfaction and the effect of knowledge management on customer satisfaction?
3. How to explore the effect of CRM organizations on customer satisfaction?
4. Who investigate the effect of technology-based CRM on customer satisfaction

1.4 Who investigate the effect of technology-based CRM on customer satisfaction Objectives of the Study

1.4.1 General objective

The general objective of this study is to investigate the effect of customer relationship management on customer satisfaction in Dashen Bank S.C, Wolkite town

1.4.2 Specific Objectives

This study seeks to achieve the following specific objectives:

- ✓ To determine the extent of CRM practice implementation in Dashen Bank S.C, Wolkite town
- ✓ To examine the effect of key customer focus on customer satisfaction
- ✓ To examine the effect of knowledge management on customer satisfaction
- ✓ To explore the effect of CRM organizations on customer satisfaction
- ✓ To investigate the effect of technology-based CRM on customer satisfaction

1.5 Research Hypotheses

The researcher developed the following null hypotheses for the study

Ho1: key customer focus has no statistically significant positive effect on customers' satisfaction

Ho2: Knowledge management has no statistically significant positive effect on customers' satisfaction

Ho3: CRM organizations has no statistically significant positive effect on customers' satisfaction

Ho4: Technology-based CRM has no statistically significant positive effect on customers' satisfaction

1.6 Significance of the study

The study focused on the effect of customer relationship management on customer satisfaction in Dashen Bank S.C, Wolkite town. Thus; the findings of this study may contribute to different

parties. First and foremost the findings are expected to provide concrete information to the management bodies of Dashen Bank S.C about the effect of each predictors on customer satisfaction and the research outcome is expected to benefit the management of the company to direct their attention as it highlights company's current position in CRM and level of customer satisfaction.

The information that obtained will be useful to the government and other governmental organizations that may want to advance the knowledge and literature on intellectual capital. Additionally, the study will be useful to academicians as it provided information that can be used as a basis for further research and it will serve as a reference for researchers who are interested to conduct a research on the topic.

1.7 Scope and Limitation of the study

The study was conducted at Dashen Bank S.C, Wolkite town which was selected purposively, because of minimization of financial resource and time.

The study focused on four dimensions of customer relationship marketing (CRM) namely; Key Customer Focus, Knowledge Management, CRM organization and Technology-based CRM and customer satisfaction as dependent variable.

Methodologically, the study used both descriptive and explanatory research design. This study also employed both quantitative and qualitative approaches. Finally, this study used both primary and secondary data sources.

The study limited to Dashen Bank S.C and thus may not fully represent the different cultures in different industries. This study not cover all CRM dimensions. Furthermore, this study was based on cross sectional data, which may not show the time lag effects of the variables under study.

1.8 Definition of Key Terms

- **Bank Account Holder:** A customer of a commercial bank who holds an account with a commercial bank.
- **Customer knowledge management:** can be defined as the system of attaining, allocating, and increasing the customer knowledge among employees for making profit to the organization and customers
- **Customer Relationship Management:** is a concept for managing a company's interactions with customers, clients and sales prospects which can accomplish organizational goal such as customer satisfaction
- **Customer satisfaction:** is considered as the feelings of pleasure or disappointment caused by the products or services received and their perception towards the products and services received
- **CRM Organization:** The key considerations in order to successfully organize the entire company around CRM are as follows: organizational structure, organization-wide commitment of resources, and human resources management
- **Key customers:** are customers who are more important for organization strategically and who have a greater profitability
- **Technology Based CRM:** Technology enabled CRM implementation such as call centers, customer service desks, websites and emails.

1.9 Organization of the Paper

This paper organized into five chapters. Chapter one discusses the introductory part which comprises background of the study, statement of the problem, objectives of the study, significance of the study, scope and limitation of the study and organization of the paper. Chapter two presents a review of available literature related to the study and chapter three presents research methodology which include description of the study area, research design, the research approach, types and sources of data, target population, sample size and sampling techniques, data collection instruments, reliability and validity of data gathering instruments, method of data analysis and ethical consideration. Chapter four present results and discussion. Finally, chapter five presents, conclusions, recommendations and future research direction

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Theoretical Literature Review

2.1.1 Concept of Customer Relationship Management

Customer Relationship Management (CRM) “is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by IT” (Buttle, 2004). Customer relationship management (CRM) is a concept for managing a company’s interactions with customers, clients, and sales prospects. It involves using technology to organize, automate, and synchronize business processes. The objectives of CRM are to enhance profitability, income, and customer satisfaction. To attain CRM, many organizations use set of tools, technologies, and procedures to support the relationship with the customer to enhance sales. Therefore, CRM is an issue of strategic business and process rather than a technical one (Dowling, 2002).

In marketing literature some correlated definitions are provided on CRM, some of which are considered to have a similar relationship with marketing (Berry, 1983). There are different views on CRM some of which are presented in the research: Kin Seed considers CRM as strategic usage of information, process, technologies and people for managing client relationship during life cycle of client. Kou et al, (2007) considers CRM as a unified strategy of client in an organization for more effective management of clients by providing materials and certain services and maximizing value of life period of client

CRM also defined as a process of achieving and keeping a constant relation with clients through suitable conduct with each one of clients based on their interest, instead of performing marketing programs. CRM is a notion which makes an organization capable in providing certain services for every client and as a result creating a friendly relationship with clients. CRM may create a

one-to-one experience which is noticed. Therefore, it makes new marketing opportunities based on past and clients` preference (Pepper et al, 1999).

CRM is basically about identifying and understanding customer needs, influencing customer behavior, satisfying and retaining them through an ongoing communications process. Thus, it is more than simply attracting and satisfying customers but also been able to use customer information to forecast their needs and build a long-term relationship with them. It also helps organizations to know the customers well enough to decide on the type of package to offer them. CRM enables organizations to provide excellent real-time customer service through the effective use of individual account information (Kotler & Keller, 2006).

2.1.2 Dimensions of Customer Relationship Management

CRM may be used to express different perspectives at different hierarchical arrangement of management. For instance, at the tactical level of management customer relationship management may be related to data-base marketing or electronic marketing; at the strategic level, customer relationship management may be understood as customer retention or partnering with customers (Peppers and Rogers, 1999). Sayed (2011), CRM is a multidimensional construct consisting of four broad behavioral components; those are: “key customer focus, CRM organization, knowledge management, and technology-based CRM”. Also, he investigated the four CRM behavioral dimensions on market performance of financial institutions in maintaining current customers, attracting new customers, increasing market share, enhancing the standard of sales growth and adding the net profit standard to sales. Kotler & Armstrong (2004), the greater customer relationship capability is achieved when the four dimensions of CRM work in coordination.

2.1.2.1 Key Customer Focus

Key customer focus involves an overall customer-centric focus and continuously delivering superior and added value through customized offers to the key customers (Shelth et al., 2000). According to Kotler and Armstrong (2004), in today`s business environment the ultimate goal of any key customer focus is to achieve a deep customer relationship that makes an organization a necessary partner to its most profitable customers.

Key customers are customers who are more important for organization strategically and who have a greater profitability (Ryals and Knox, 2001). Key elements of this dimension consist of customer-centric marketing, key customer lifetime value identification, personalization and interactive co-creation marketing. Customer orientation refers to the employee's predisposition to meet the customers' needs. It has a positive impact on employees' performance and customers' satisfaction. Moreover, customer-oriented behaviors can maintain a good relationship between the service provider and the customers; leading to improvement in the organization's performance (Brown et al., 2002). The essence of customer orientation is to increase long-term satisfaction and to create customer loyalty (Jain & Singh, 2002).

2.1.2.2 CRM Organization

The key considerations in order to successfully organize the entire company around CRM are as follows: organizational structure, organization-wide commitment of resources, and human resources management (Agarwal et al., 2004). Swaminathan (2004), the organizational arrangement and structure needs to be flexible and, if necessary, reassembled to generate customer centric values and develop coordination of customer-focused, cross-functional teams in order to attract potential pool of customers.

For a better CRM implementation and total quality assurance of those strategies, there is a need to employ total participation from all levels of the organization. The organizational structure is supposed to be redesigned to include proper and effective lines of communication (Liu, 2007). Researchers also argue that CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer - oriented approach, unless the project is completely integrated by them (Sin et al., 2005). The key considerations in order to successfully organize the whole company around CRM are as follows: organizational structure, organization-wide commitment of resources, and human resources management. Therefore, we can say that CRM organization has to be an essential means through which firms effect fundamental changes in the way they organize their actual business processes for employees and customers (Sin et al 2005).

2.1.2.3 Customer Knowledge Management

In today's competitive world, knowledge is well thought- out as one of the competitive factors in global economy. It is compulsory to think and consider for a business firm in order to attract

customer as another important factor in order to come in today's dynamic market successfully (Salomoun et al, 2005). Customer knowledge management can be defined as the system of attaining, allocating, and increasing the customer knowledge among employees for making profit to the organization and customers. CRM applications help firms to gather and use customer knowledge through CRM applications in order to facilitate customer employees to record relevant information about each customer transaction (Ryals et al., 2001). The value of knowledge management is improved by its level of accessibility in order to address customer's current and anticipated needs by providing an offer and services as per their needs and expectations.

2.1.2.4 Technology-Based CRM

According to Abbott et al., (2001), to measure the CRM performance successfully, relevant and reliable customer data is necessary. Therefore, to accurately gather customer data technology has a vital role in CRM in addition to firm intelligence (Boyle, 2004). Indeed, the development and improvement of information technology provide the ability to gather, investigate, and share customer information which will lead to a customer satisfaction, customer loyalty and retaining customers (Bulter, 2000). The CRM demands for "information-wide strategies" which exploit computer technologies in maintaining relationships (Harding et al., 2004). Many customer focus activities would be impossible without the use of an appropriate technology (Sin et al., 2005). Zikmund et al, (2004) explained that knowledge management is considered as one of CRM oriented activities which cannot be optimized without influencing the latest technology.

CRM involves gathering a lot of data about the customer. The data is, then, used to facilitate customer service and transactions in order to meet customers' needs. This results in more satisfied customers, a more profitable business and more resources available to the support staff. Technology based CRM enables organizations to plan and implement successful marketing actions for retaining customers long-last and making them more profitable, because of the customer database and other information-storing systems (Roberts et al., 2005). Additionally, Chang et al., (2010) confirm that CRM technology improves marketing capabilities by providing valuable information about customers, which, in turn, will help both managers and employees to achieve specific marketing goals much more effectively.

2.1.3 Concepts of Customer satisfaction

There exists varying definitions of customer satisfaction from different researchers. According to Kodri et al., (2016) customers are all people who demand companies to meet certain quality standards and therefore will influence the company's performance. Satisfaction can be interpreted as an effort to fulfill something or make something adequate (Tjiptono, 2014).

According to Srinivasan et al.(2002) the concept of customer satisfaction originated from Japanese company's customer satisfaction strategy for the first time, it is proposed based on the following two different meaning: based on the personal view, customer satisfaction is an emotional reflection of customers from the consumption of a product or service experience, this satisfaction is not only reflected in a service on a product, but also reflected the expression of satisfaction on a system or regulations; from the enterprise perspective, customer satisfaction is a set of customer-oriented indicators, which provides all consumer experience evaluation of the actual and expected in the course of product or service condition provided by an enterprise or an organization.

Customer satisfaction is considered as the feelings of pleasure or disappointment caused by the products or services received and their perception towards the products and services received; and also the comparison of what they expect and what they actually get through the products and services (Kotler, 2000).

Khan et al. (2017) define customer contentment as the client's evaluative reaction in relation to a service or product performance based on their anticipations towards the service. Moreover, Farooq and Salam (2018) explained that customer satisfaction refers to how a service's perceived performance matches or surpasses customer expectations. Ideally, the inability of service to meet customer expectations leads to dissatisfaction. Customer satisfaction is defined as the consumer's response to the evaluation of the perceived discrepancy between prior expectations and the actual performance of the product or service as perceived after its consumption. These definitions by various authors depict satisfaction as a general post service evaluation by a customer.

According to Schiffman and Kanuk (2004) customer satisfaction is the individual's perception of the performance of the products or services in relation to his or her expectations. Basing on the above definitions, customer satisfaction is a response that pertains to a particular focus and occurs at a certain time. If the purchased goods or services by the customer are measured at the

same level of his/her expectations, the customer will be satisfied. If the level of the purchased goods or services is higher than the level of expectations, he/she will be very happy. If this level is lower than the expectations, the customer will be dissatisfied (Molaei, Ansari and Teimuori, 2013).

Customer satisfaction is essential to any business proposition and the same can be said for telecom products. Customer satisfaction is extremely important in the service-based business especially in tourism sector (Hayat and Supinitis, 2016) because it has consequences on future prospects. A number of studies on traditional service companies has showed that customer satisfaction influence consumer loyalty to a great extend (Gummerus et al., 2004).

Customer satisfaction is the key to the company's success; such an important role has forced every company to seek strategies to attract them, so that they become buyers of their products. According to Kotler and Keller (2016), customer satisfaction is the level of one's feelings after comparing the performance or results that he perceives compared to his expectations. That means satisfaction is a feeling of pleasure or disappointment resulting from comparing product performance against their expectations is if performance fails to meet expectations, then the customer becomes dissatisfied and if the performance in line with expectations, then the customer becomes satisfied. If performance exceeds expectations, the customer was very satisfied. In determining customer satisfaction there are five factors that must be considered by the company, including:

Product quality, i.e., customers will feel satisfied if their results show that the products they use are of high quality. Quality of service or service, namely customers will feel satisfied if they get good service or as expected.

Emotion, namely the customer will feel proud and gain confidence that other people will be amazed by him when using a product with a certain brand which tends to have a higher level of satisfaction. The satisfaction obtained is not because of the quality of the product but social or self-esteem that makes customers feel satisfied with certain brands.

Price, namely products that have the same quality but set a relatively low price will provide higher value to customers.

Cost, namely customers who do not need to incur additional costs or does not need to waste time to get a product or service tend to be satisfied with the product or service.

Customer satisfaction plays an essential role in service. Simultaneously with the development of the service sector, researchers have taken greater steps to define and understand customer satisfaction (Ngoma and Ntale, 2019).

2.1.3.1 Measurements of Customer satisfaction

According to Smith (2007) customer satisfaction measures how well a company's products or services meet or exceed customer expectations. These expectations often reflect many aspects of the company's business activities including the actual product, service, company, and how the company operates in the global environment. Customer satisfaction measures are an overall psychological evaluation that is based on the customer's lifetime of product and service experience. Furthermore, the author suggests five themes that are likely to be relevant to all organizations in measuring customer satisfaction. These are delivery of the service (how problems were handled, reliability, outcome), timeliness (waiting times, number of times contacted), information (accuracy, enough information, kept informed), professionalism (competent staff, fair treatment) and staff attitude (friendly, polite, sympathetic).

2.1.4. CRM and Customer Satisfaction

In today's business environment is characterized by increasing competition, more forward fighting is going to win every day. No matter what the type of business is, business organization can't continue to exist in competitive environment without customer satisfaction. It can be said that customer satisfaction is a major goal of business organizations, since it affects customer retention and companies' profitability. According to Mithas et al. (2005), it has been found that CRM are likely to have an effect on customer satisfaction. This, in turn, has great implications on the economic performance of the organization (Bolton et al., 2004).

The effect of CRM on customer satisfaction is due to at least three reasons. First, CRM enables firms to customize their offerings for each customer in order to suit their individual tastes by accumulating information across customer interactions and by processing this information to discover hidden patterns. Because CRM helps firms customize their offerings, this will enhance the perceived quality of products and services from a customer's point of view. Therefore, CRM

applications indirectly impact customer satisfaction through their effect on perceived quality. Second, CRM also enables firms to promote the reliability of consumption experiences through facilitating the timely accurate processing of customer orders and requests. An improved ability to customize and a reduced variability of the consumption experience enhance perceived quality, which positively influences customer satisfaction. Finally, CRM also helps firms manage customer relationships more effectively across the stages of relationship initiation, maintenance, and termination (Reinartz et al., 2004).

2.1.5 Customer Relationship Management in Banking Sector

When it first introduced in early 1990s, customer relationship management systems (CRM) were promoted as the answer for expanding relationships and building loyalty and customer-centric strategy, this led many banks to invest heavily in CRM. Since CRM plays a critical role in creating customer loyalty, it has been applied in areas such as banking; retails, insurance and telecommunication. In their efforts to increase efficiencies and reduce costs, leading banks have encouraged to spend resources on IT infrastructure and expanding the functionality of ATMs. An effective or successful implementation of the CRM system can contribute to the organization in terms of improved sales, market share profitability, customer satisfaction and reduced customer turnover, service cost and time (Rajnish et al., 2003).

Xu , et al.(2002) stated that customer Relationship Management (CRM) came into the power when banking institutions were getting more and more competitive. The focus of CRM helped banks to understand the Customer's current needs, what they have done in the past, and what they plan to do in the future to meet their own goals. Banks in recent years have adopted the principles of Marketing Orientation and focused on relationship development. The technical revolution has had its impact on the banking industry to adopt CRM as a strategic tool.

Mahaswar and sweta (2015) have said that the beginning of the millennium saw the introduction of new technology into the banking industry which has helped to remove the hurdles in the progress of banking sector. Due to the tough competition in the banking industry, it is very necessary for financial institutions to build and maintain a strong relationship with the customers in order to achieve the ultimate goal of customer Satisfaction. For this reason customer relationship management (CRM) has become more important in the service industry; especially in the banking industry. Innovation in the area of information technology which gives to banks

customers great benefits and the concept of anywhere and anytime banking has puts banks in tough competition. The modern day customer is not only quality conscious but also very particular about time and services offered. Any gap in their perception and reality will prompt them to change their brand preferences. This has induced the banks to focus on relationship marketing and CRM has become paramount important for banks.

Duygu and Sevcan(2012) states that in recent years, in such fields as banking, where there is a strong competition, customer satisfaction has gained a good deal of importance. It may be very easy to let another bank capture a displeased customer. To raise the customer satisfaction to the highest level and retain their customers, the banks are to attach importance to customer relationship management.

2.2 Empirical Literature Review

Ramachandran (2022) conducted a study on effectiveness of customer relationship management on customer satisfaction and loyalty in the banking competitive. This research used A structured questionnaire and proportional sampling method for sampling and finally completed 197 questionnaires because lack of accountability of some respondents and incompleteness of some questionnaires in Erode city. The results specify that the effectiveness of CRM has a positive impact on customer satisfaction and loyalty.

Ajma and Rehman (2019) studied research on the implementation of customer relationship management and customer satisfaction in banking sector of quetta, Balochistan. The study used a quantitative research approach to obtain primary data from 302 customers. The findings show that the selected banks apply the CRM components and found that these are positively associated with customer satisfaction. Respecting the results of the bank survey, the level of CRM implementation and the relevance of its elements be unlikely from one to another bank. Findings confirm that in Quetta banking sector there is a tough competition going on as every bank (public, private) is trying its best to capture more and more customers. Banks have to bring change in their strategies to build and strengthen relationship with their customers because it is one of the major competitive advantages.

Ayda (2019) conducted a study for the purpose of examining the effect of customer relationship marketing on customer loyalty mediated by customer satisfaction in the pharmaceutical sector of

Addis Ababa. The study employed an explanatory research design. Descriptive, correlation, and multiple regression analysis were used to examine the relationship between trust, commitment, customer satisfaction, and customer loyalty. To analyze the mediating effect of customer satisfaction, the bootstrapping method was used. The regression findings showed that trust, commitment, and customer satisfaction had significant effect on customer loyalty, and the bootstrapping method shows that customer satisfaction partially mediates the relationship between relationship marketing and customer loyalty in the study area.

The study conducted by (Dereje et al., 2020) revealed that there is strong, positive and significant relationship between customer relationship management dimensions (key customer focus, CRM organization, customer knowledge management and CRM based technology) and profit performance.

Al-Ghamdi and Badawi (2019) found that customer trust can play a substantial role in improving customer satisfaction. The authors found that organizations that implement CRM are able to understand the preferences and needs and preferences of their customers in a better way, which can improve customer trust and lead to higher levels of customer satisfaction. Additionally, the authors found that customer trust can play a significant role in improving customer loyalty, as customers who trust the organization are more likely to remain loyal over time.

Amegavie et al., (2019) conducted a study for the purpose of examining the effect of customer relationship marketing on Organizational Performance within the Telecommunication Industry of Ghana. The study employed an explanatory research design. Descriptive, correlation, and multiple regression analysis were used to examine the relationship. The regression findings showed that CRM if well implemented has a positive effect on the performance of an organization in the study area.

Mesfin and Garedew (2018) conducted a report on market quality effects of customer relationship management in the Banking Sector: a comparative analysis of selected private banks in Ethiopia, the study used descriptive survey and mixed approach research. To achieve the objective of this study, primary data was collected from managers and employees of Awash International bank (AIB), Bank of Abyssinia (BOA) and Wegagen bank, based on the grading information system from top and medium 12 branches in Addis Ababa. Structured questionnaires

were distributed to the samples of 178 employees, out of which 87% completed responses were returned from the employees. Interviews were also conducted with management bodies of the banks. $P < 0.05$, the findings confirm that all the independent variables have positive and significant relationship with CRM and market performance.

Iriqat and Daqar,(2017) conducted study on The Role of Customer Relationship Management on Enhancing the Customers' Satisfaction in the Banks in Palestine. The aim of this paper was to investigate the role of customer relationship management on customers' satisfaction in the banks in Palestine. The primary data was collected from Palestinian Banking Employees. 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 customers.

Krishna et al., (2014) assessed the effect of CRM on customer satisfaction with deposits, advances and related banking service in Theni District of Tamil Nadu in India using a sample of 429 customers drawn from 143 bank branches. The dimensions of CRM measured were trust, competence, commitment and customer experience and relationship quality. The results revealed a positive and significant relationship between CRM and customer satisfaction. In terms of customer profile variables, age and educational qualifications were significantly associated with CRM dimensions. This study ignored the moderating role of demographic characteristics such as age, gender and income. The current study addressed this gap.

Dewan and Mahajan (2014) examined the moderating effect of demographic and situational factors on customer satisfaction in three branches of State Bank of India. The demographics factors considered were gender, occupation, age, education, marital status and income. The situational factors included number of years served by bank and frequency of visits made to the branch. The study established a significant difference in the satisfaction levels of different customers based on frequency of bank visits, occupation, gender and marital status. The study focused on direct relationship between variables. The current study assessed the moderating effect of demographic factors (age, gender, income) on the relationship between CRM and satisfaction in the Kenyan context.

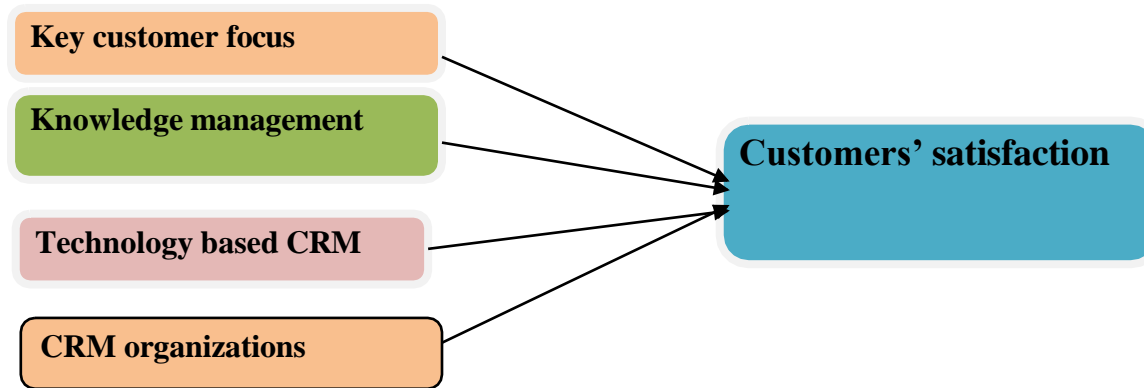
Roy and Ganguli (2011) examined the effect of generic technology based service quality dimensions on customer satisfaction among customers from different banks in the USA. The dimensions of technology based service quality used in the study were security information quality, convenience, ease of use, reliability and customer services. The study found that technology ease of use, its reliability and customer service have a positive and significant effect on customer satisfaction. The study further indicated that technology convenience and customer satisfaction have positive and significant effect on loyalty to the bank. However, the effect of technology based CRM on customer satisfaction in the context of a developing country was not established. The current study determined the effect of technology based CRM on satisfaction of commercial banks account holders.

The above studies varied in treating CRM. While some studies treated its humanistic dimension, some treated its technological dimension and some treated its strategic dimension. The above studies varied in measuring the earnings of CRM. Some studies measured them through the customer loyalty, organizational performance and Customer Retention. Other studies measured them through the return rate on investment. Others measured it through increasing sales and profits. However, our review of the previous literature suggests that there is a lack of studies that investigated the relationship between CRM performance and Customer satisfaction in the banking industry. Furthermore, most of this previous literature regarding with CRM focused from developed countries and other African countries context and little has been made in the context of Ethiopia. It indicated that the subject matter of CRM needs further investigation. Therefore, the current study fill this knowledge and contextual gap by examining the effect of CRM on Customer satisfaction in Dashen Bank S.C, Wolkite town.

2.3 Conceptual Framework of the study

Based on the aforementioned theoretical and empirical reviews, the conceptual framework is extracted as illustrated on the figure 2.1 below. Customer relationship management dimensions enhance the customer satisfaction of different industries. In this regard, customer relationship management dimensions (key customer focus, knowledge management, technology-based CRM and CRM organizations) were taken as independent variables and customer satisfaction as dependent variable.

Figure: 2.1 Conceptual framework of the study



Source: Adopted from Hunt et al., (2006); Aldaihani & Ali (2019) and modified by the researcher (2023)

CHAPTER THREE

RESEARCH METHODOLOGY

This study was conducted in Dashen Bank, Wolkite town. Wolkite town is located 155 km from Addis Abeba, Ethiopia. Dashen Bank S.C, is the second private commercial bank, next to Awash Bank, established in the year 1995 with eleven shareholders and authorized and paid-up capital of Birr 50 million and 14.9 million respectively having a share value of Birr 1,000.00, according to the first financial report of the bank reported for eighteen months ended June 30, 1997 (Biniam, 2018). According to the data obtained from customer service department until December/2023, there are a total of 34200 customers who have been served in the service center in Dashen Bank, Wolkite town. Furthermore, there are 16 employees in this branch.

3.2 Research Design

According to Cooper and Schindler (2001) a research design provides the framework to be used as a guide in collecting and analyzing data. Kothari (2004) noted that descriptive research describes and interprets what the information is as it is. It looks at individuals, groups, institutions, methods and material in order to describe, compare, contrast, classify analyze and interpret the entity and events that constitute varies field of inquiry. It aims to describe the estate of affairs as it exists. Whereas explanatory research aiming at establishing the cause-and-effect relationship between variable. As Orodho (2009) states that descriptive research design is important in carrying out preliminary studies as it permits researchers in collecting information, summarizing and interpreting with the view of clarifying the information. Neuman (2014) stated that explanatory research helps to explain, understand and predict the cause-and-effect relationship between the variables. This study employed a combination of both descriptive and explanatory research design. Since the nature of this research is a cause-and-effect relationship, explanatory research design is the most appropriate design to investigate briefly the effect of customer relationship management on customer satisfaction in Dashen Bank, Wolkite town. In addition to this, in order to describe background information of respondents and practice of customer relationship management dimensions and level of customer satisfaction in the study area the study employed descriptive research design.

3.3 Research Approach

Researcher used both quantitative and qualitative approaches in the study. Quantitative research is based on measurement of quantity or amount it is applicable to that can be expressed in terms of quantity, whereas qualitative method produces narrative or textual descriptions of the

Phenomena under study. Therefore, throughout this study the researcher used quantitative method to compute and interpret numerical information and qualitative methods to narrate and explain the information obtained from qualitative data. This is because employing the mixed approach helps to cover or confirm findings from different data sources (Catherine, 2002). According to Gibson, (2017) the use of both qualitative and quantitative approach is deemed to eliminate the weakness of one approach by being complimented by another approach. Hence, the researcher motive for using mixed approach was that both quantitative and qualitative research which provide an in-depth look at context, processes, interactions and precise measurement of attitudes and outcomes and also a better understanding of the research problem, than just utilizing one approach alone.

3.4 Data Sources

In order to present a broad range of information, both primary and secondary data were used. Primary data was obtained through structured questionnaires and personal interview and secondary data was sourced from journals, and reports of the company which is related to study variables.

3.5. Population, Sample size and Sampling Techniques

3.5.1 Target population of the study

Target population consists of all members of a real or hypothetical set of people, events or objects from which a researcher wishes to generalize the results of their research while accessible population consists of all the individuals who realistically could be included in the sample (Kothari and Garg, 2018). The target populations of this study are all customers of the Dashen Bank, Wolkite town. According to the data obtained from customer service department until December/2023, there are a total of 34200 customers who have been served in the service center. Hence the population of this study is 34200 customers of Dashen Bank, Wolkite town.

3.5.2 Sample size determination

According to Sekaran and Bougie (2016) the sample consists of a group of people selected from the population as representatives of the population. The sample size is determined by a three based criterion, this being level of precision, the level of confidence, and finally the degree of variability in the attributes being measured (Cooper & Schindler, 2014). Since, the population of

this research is too large, known and finite, the sample size was determined based on the following simplified formula proposed by Yamane (1967). Based on the formula identified, the sample size was 395 as shown below.

$$n = \frac{N}{1 + Ne^2}$$

Where: n= the size of the sample

N= the size of the population

e = is the error term, which is 5% (i.e. at 95% confidence level)

$$n = 34200 / (1 + 34200 (0.05)^2)$$

$$= 34200 / (1 + 38880(0.0025))$$

$$= 34200 / 86.5$$

$$n = 395$$

3.5.3 Sampling technique

According to Kothari (2004), two general approaches to sampling are used in social science research, i.e., probability sampling and non-probability sampling. This study used a non-probability sampling technique, since the target population of the study was selected customers of Dashen Bank S.C, Wolkite branch and managers of the company. The researchers used a non-probability sampling technique because it is actually impossible to carry on a probability sampling because there was no point in time during which all customers are available due to different reasons and it was not possible to contact everyone who may be sampled.

Moreover, Through the use of purposive sampling, three managers (customer service department manager, marketing department manager and company manager or vice manager) were selected for interview in order to supplement the data obtained from customers.

3.6 Data Collection Tools

Under this study data gathering instruments like questionnaire and interview were used.

3.6.1 Questionnaire

The data was collected by using the survey questionnaires developed from previous literature for the purpose of collecting primary data. The questionnaire contains multiple choices, single responses and Likert scale. Self-administered questionnaires were presented to respondents. In

this study questionnaires were developed to study different variables of customer relationship management and market performance. In this study the questionnaire are close ended questions because they help the researcher to know the respondent's perception, and help the respondents to choose one option from the given scales that best aligns with their views. Data was systematically categorized in order to easily understand and express their feelings 5- point Linkert scale namely (1) Strongly Disagree, (2) Disagree, (3) Neutral, (4) Agree and (5) Strongly Agree used to understand respondents' degree of agreement with each statement.

3.6.2 Interview

In this study semi-structured interview was used to collect data from Bank managers.

3.7 Validity and Reliability of Data Gathering Tools

3.7.1 Validity

Validity is the rate to which data collection methods accurately measure what they are intended to quantify (Saunders et al., 2007). Accordingly, the researcher assured content validity of instruments. In order to use valid and reliable instrument of data collection, the questionnaire will be compiled from different reputed sources by making minor modification to adapt it to the situation under investigation. Also, the validity of the study was insured by the researcher by considering the quality of data whereas the questionnaires were approved by the advisor before handed out to the respective respondents.

3.7.2 Reliability

A construct combination reliability coefficient (Cronbach alpha) used to determine reliability. The aim of this test will define whether the tools consistently measure what they are intended to measure. A Cronbach alpha of 0.6 and above, for all the constructs, consider being adequate for the study. Another study argued that a reliability analysis would be directed to evaluate the internal contents of the items by using Cronbach's alpha. A variable is consistently and internally reliable when the alpha is 0.70 and above (Babin and Anderson, 2010). Therefore, to measure reliability and consistency of the data collection instrument the researcher used Cronbach's alpha (α) which is the most widely used measure of internal consistency coefficient and considered the alpha value of 0.70 and above for internal consistency of items. Hence, pilot test was done by using 10% of sample size (40 customers).

Table 3.1: Reliability Test

| Study Variable | Number of items | Cronbach's Coefficient Alpha |
|-----------------------|-----------------|------------------------------|
| Key customer focus | 6 | 0.927 |
| Knowledge management | 6 | 0.938 |
| CRM organizations | 6 | 0.898 |
| Technology based CRM | 6 | 0.928 |
| Customer satisfaction | 6 | 0.877 |

Source: (Own Pilot test, 2024)

All of the Cronbach's alpha values of study variables in Table 3.1 are greater than the generally agreed-on lower limit of 0.70, showing that all of the constructs are reliable.

3.8 Method of Data Analysis

Data analysis usually involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Gibson, 2017). The data collected from respondents analyzed using quantitative data analysis techniques including descriptive and inferential analysis. Descriptive statistical analysis such as mean, standard deviation, frequency and percentage was used to analyze the data that was collected from sample respondents in the survey in relation to their attitudes, knowledge, and opinions toward customer relationship management dimensions and customer satisfaction.

In order to examine the relationship between dependent and independent variables Pearson correlation analysis was used. In order to analyze the effect and contribution of each customer relationship management dimensions on customer satisfaction multiple linear regression analysis was used. The descriptive and inferential analysis was conducted with the help of Statistical package for the social science (SPSS) V-26.

This study builds multiple regression equation on dependent variable (customer satisfaction) and independent variables (key customer focus, knowledge management, technology-based CRM and CRM organizations) as follows:

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \varepsilon$$

Where:



Y = customer satisfaction

β_0 = constant

$\beta_1, \beta_2, \beta_3$ and β_4 = coefficients of the predictors of customer satisfaction

X_1 = key customer focus,

X_2 = knowledge management,

X_3 = CRM organizations and

X_4 = technology-based CRM, ε = error term

In addition, the data gathered from key informant interview was analyzed in narrative form.

3.9 Ethical Consideration

Ethical issues concerning research subjects are mainly privacy, anonymity, voluntary and informed consent (Kumar, 2005). The participants were participated voluntarily and adhered to as no personal information, such as names. In the study the researcher maintain objectivity, and professional standards through scientific process and no falsification, alteration or misrepresentation of data for biased or other purposes. Finally, all reference materials used for this study was properly acknowledged with proper citation.

CHAPTRE FOUR

RESULT AND DISCUSSION

This chapter presents the major findings of the study obtained from the survey data and secondary data in order to realize the ultimate objective of the study. The primary data was collected through questionnaire from the current customers of Dashen Bank S.C at Wolkite town. Both descriptive statistics and inferential analysis were used to analyze the primary data. Under descriptive statistics means, standard deviations, and percentages are used to describe demographic facts obtained from the respondents and their perception towards the extent of customer relationship management practice in Dashen Bank. Multiple regression analysis was employed to test the significances and measure the effect of each customer relationship management practice on customer satisfaction in Dashen Bank. Lastly, the response rate, demographic background of respondents, results of descriptive and inferential analysis is presented as follow.

For this study a total of 395 questionnaires were distributed to customers of Dashen Bank in Wolkite town. Out of the 395 questionnaires 377 were returned, which is about 95.4% of the total distributed. The return rates of above 80% is excellent (Cooper and Schindler, 2014). Hence the response rate was excellent and the analysis was made based on the responses obtained from 377 questionnaires.

4.1. Demographic Profile of Respondents

Descriptive analysis was used to examine the demographic characteristics of respondents consist of gender, age, education level, years of customer in the bank and type of bank service used as follows.

Table 4.1: Demographic characteristics of respondents

| Item | Dimension | Frequency | Percent |
|-------------------------------------|---------------------|-----------|---------|
| Gender | Male | 210 | 55.6 |
| | Female | 167 | 44.4 |
| | Total | 377 | 100.0 |
| | Primary | 34 | 9.0 |
| | Secondary | 47 | 12.5 |
| | Certificate/Diploma | 81 | 21.5 |
| | First degree | 156 | 41.4 |
| | Master's degree | 56 | 14.9 |
| Educational level | PhD | 3 | 0.8 |
| | Total | 377 | 100.0 |
| Years you are customer to the Bank | 1-3 | 187 | 49.6 |
| | 4-6 | 123 | 32.6 |
| | 7-9 | 67 | 17.8 |
| | 10-12 | 0 | 0 |
| | More than 12 years | 0 | 0 |
| | Total | 377 | 100.0 |
| The Bank service that you are using | Personal | 194 | 51.5 |
| | Business | 40 | 10.6 |
| | Both | 143 | 37.9 |
| | Total | 377 | 100.0 |

Source: (Own survey, 2024)

As shown in Table 4.1, Out of 377 respondents' 55.6% of them were male and the rest 44.4% of them were female customers.

Regarding to Educational level 41.4% of respondents were first degree holders, followed by 21.5% which holds Certificate/Diploma and 14.9% of respondents hold Master's degree. The rest 12.5%, 9% and 0.8% respondents were secondary school, primary school and PhD holders respectively.

Concerning to years of customer in the bank, the result revealed that 49.6% of the respondents have been customer of the bank between 1-3 years, followed by 32.6% of the respondents have been customer of the bank between 4-6 years and 17.8% of the respondents have been customer of the bank between 7-9 years.

In terms of type of bank service that customers are using the bank service 51.5% of the respondents used the bank service for personal bank service, 10.6% of the respondents were using the bank service for business purpose and 37.9% of the respondents used the banks' service both for personal and business purpose.

Table 4.2: Age of respondents

| Variable | Observation | Mean | Std. Dev. | Min | Max |
|--------------------|-------------|-------|-----------|-----|-----|
| Age of respondents | 377 | 36.27 | 7.96 | 20 | 60 |

Source, (Own survey data, 2024)

Table 4.2 shows that, the average age of respondents is around 36 years and it ranges from 20 to 60 years. This shows that most respondents are adults.

4.2 Descriptive analysis of Variables

Illustration of the descriptive statistics for each main constructs and its dimensions using frequency, percentages, mean and standard deviation is given on this part. CRM is represented by four behavioral dimensions (Key customer focus, Knowledge management, CRM Organization and Technology-based CRM). A total of 30 statements were presented to bank customers through the structured questionnaire to measure their degree of agreement or disagreement over bank's CRM practice and customer satisfaction.

The data collected through a Likert type questionnaire was analyzed using mean score and standard deviations. Best (1977) noted that on five-point Likert scale responses range from 1 strongly disagree, 2 disagree, 3 neutral, 4 agree, and 5 strongly agree. Also, the author interpreted the mean score value from [1-1.8] is the lowest, from [1.81 -2.61] is low, from [2.62-3.41] is moderate, from [3.42-4.21] is good/high, and from [4.22-5] is considered very good/very high. The analysis of the variables of the study are presented as follows;

4.2.1 Key Customer Focus

Descriptive statistics was conducted on six items of key customer's focus which measures how the bank customers were perceived the way the bank focus on key customer using a five-point Likert scale that reveals their level of agreement or disagreement with each statement. The result is presented as follow in Table 4.3

Table 4.3: Descriptive statistics of key customer focus practice of the bank

| Items | Agreement level % | | | | | N | Mean | Std. Dev. |
|--|-------------------|------|------|------|------|-----|------|-----------|
| | SD | DA | N | A | SA | | | |
| The bank provides customized product and service to key customers. | 0 | 7.4 | 29.2 | 37.7 | 25.7 | 377 | 3.82 | 0.90 |
| The bank work with individual key customers to customize its offering through ongoing dialogue | 0 | 14.1 | 24.9 | 39.3 | 21.8 | 377 | 3.68 | 0.96 |
| The bank makes an effort to find out what key Customer needs. | 0 | 13 | 25.7 | 38.2 | 23.1 | 377 | 3.71 | 0.96 |
| The bank takes customer feedback seriously and replies to them. | 0 | 7.2 | 25.7 | 40.8 | 26.3 | 377 | 3.86 | 0.88 |
| The bank strives to constantly surprise and delight its key customers. | 0 | 7.2 | 39 | 32.4 | 21.5 | 377 | 3.68 | 0.88 |
| The bank strengthens the emotional bonds with its key customers by wishing them on important occasions | 0 | 7.4 | 35.5 | 37.4 | 19.9 | 377 | 3.70 | 0.87 |
| Total percentage and Aggregate Mean | 0 | 9.38 | 30 | 37.6 | 23 | | 3.74 | 0.9 |

Source: (Own survey data, 2024)

From Table 4.3, the aggregate mean of all items of key customer’s focus practice of the bank indicate 3.74 with standard deviation 0.9, which lies between the mean range of [3.42-4.21] and it falls in the good/high mean section. This implies that 37.6% of the respondents agreed and 23% of them strongly agreed with these items, while only 9.38 % of the respondents disagreed with items of key customer’s focus. The remaining 30% were neutral. As the mean of the result shows, the majority agreed that the bank focus on key customer. This finding showed that respondents have good perception on each of the items of key customer’s focus.

4.2.2 Knowledge Management

Knowledge has been considered as a critical organizational resource, this resource allows banks to strengthen its link with the customers, and achieve sustainable competitive advantage. In this regard this study attempt to assess how the bank customers were perceived the way the bank focus on knowledge management using a five-point Likert scale that reveals their level of

agreement or disagreement with each statement. The result is presented as follow in Table 4.4

Table 4.4: Descriptive Statistics of Knowledge Management Practice of The Bank

| Items | Agreement level | | | | | N | Mean | Std. Dev. |
|--|-----------------|------|------|------|------|-----|------|-----------|
| | SD | DA | N | A | SA | | | |
| The bank’s employees in all departments have adequate knowledge of all banking services. | 0.5 | 11.4 | 22.3 | 45.1 | 20.7 | 377 | 3.74 | 0.93 |
| The bank takes customer feedback seriously and replies to them. | 0.5 | 11.7 | 17.5 | 58.1 | 12.2 | 377 | 3.70 | 0.83 |
| The bank’s employees are willing to help customers in a responsive manner. | 2.1 | 12.7 | 24.4 | 46.9 | 13.8 | 377 | 3.60 | 0.95 |
| The bank’s employees and executives have the knowledge to answer customer’s questions. | 0.8 | 21.8 | 21 | 46.4 | 10.1 | 377 | 3.43 | 0.96 |
| The bank fully understands the needs of key customers via knowledge learning. | 7.7 | 23.3 | 28.4 | 34.5 | 6.1 | 377 | 3.08 | 1.06 |

| | | | | | | | | |
|---|------|-------|-------|-------|-------|-----|------|------|
| Employees of the bank have enough experience and information about customers. | 5.3 | 30.2 | 14.6 | 34.5 | 15.4 | 377 | 3.24 | 1.19 |
| Total percentage and Aggregate Mean | 2.81 | 18.51 | 21.36 | 44.25 | 13.05 | | 3.46 | 0.98 |

Source: (Own survey, 2024)

As shown in Table 4.4, the aggregate mean of all items of knowledge management practice of the bank indicates 3.46 with standard deviation 0.98, which lies between the mean range of [3.42 -4.21] and it falls in the good/high mean section. This implies that 44.25% of the respondents agreed and 13.05% of them strongly agreed with knowledge management practice of the bank, while 18.51% of the respondents disagreed and 2.81% of them strongly disagreed with knowledge management practice of the bank. The remaining 21.36% were neutral. As the mean of the result shows, the majority agreed that the bank CRM Knowledge management implementation is good. This implied that, the organization tried to build up knowledge through designing strict organizational Customer based CRM Knowledge management.

4.2.3 CRM Organization

This part focuses on the description of CRM Organization based on six statements. The result is presented as follow in Table 4.5

Table 4.5: Descriptive statistics of CRM Organization of the bank

| Items | Agreement level | | | | | N | Mean | Std. Dev. |
|--|-----------------|------|------|------|------|-----|------|-----------|
| | SD | DA | N | A | SA | | | |
| The bank employee encourage customers to use more service of the Bank | 2.1 | 8 | 27.9 | 39.5 | 22.5 | 377 | 3.72 | 0.96 |
| The bank has established clear business goals related to customer acquisition, development, retention, and reactivation | 0 | 12.5 | 20.4 | 46.5 | 21 | 377 | 3.76 | 0.93 |
| The bank's top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the Bank. | 0 | 16.4 | 29.7 | 34.7 | 19.1 | 377 | 3.56 | 0.97 |
| The bank gives all the needed services from the customer | 3.4 | 2.1 | 29.2 | 42.2 | 23.1 | 377 | 3.80 | 0.93 |

| | | | | | | | | |
|---|------|------|-------|-------|-------|-----|------|------|
| The bank's employees and management teams are welcoming and smile to you before and after your transactions/ visit their Office | 1.6 | 6.4 | 14.6 | 50.4 | 27.1 | 377 | 3.95 | 0.90 |
| The bank commits time and resources in managing customer relationships. | 0 | 13.5 | 31.3 | 30.5 | 24.7 | 377 | 3.66 | 0.99 |
| Total percentage and Aggregate Mean | 1.18 | 9.81 | 25.51 | 40.63 | 22.91 | | 3.74 | 0.94 |

Source: (Own survey, 2024)

From Table 4.5, the aggregate mean of all items of CRM organization practice of the bank indicates 3.74 with standard deviation 0.94, which lies between the mean range of [3.42-4.21] and it falls in the good/high mean section. This implies that 40.63% of the respondents agreed and 22.91% of them strongly agreed with CRM organization practice of the bank, while 9.81% of the respondents disagreed and 1.18% of them strongly disagreed with CRM organization practice of the bank. The remaining 21.36% were neutral. As the mean of the result shows, the majority agreed that the bank CRM organization implementation is good.

Technology-based CRM

Nowadays, all banks system is computing in creating several types of technologies, application, to create loyal customers. Regarding technological based CRM system of the bank the study were assessed customers perception based on six statements. The result is presented as follow in Table 4.6. Table 4.6: Descriptive statistics of Technology-based CRM practice of the bank

| Items | Agreement level | | | | | N | Mean | Std. Dev. |
|---|-----------------|-------|-------|-------|------|-----|------|-----------|
| | SD | DA | N | A | SA | | | |
| This bank uses latest technology (ATMs, mobile banking, and internet banking) to offer quality services. | 0 | 17.8 | 27.9 | 37.7 | 16.7 | 377 | 3.53 | 0.97 |
| This bank makes effective use of ATMs, mobile internet banking and POS service to enhance customer service. | 0 | 11.9 | 23.9 | 55.7 | 8.5 | 377 | 3.61 | 0.80 |
| Technology provided by the bank is user friendly. | 0 | 17 | 36.3 | 33.4 | 13.3 | 377 | 3.43 | 0.92 |
| The bank maintains a comprehensive database of its customers. | 1.3 | 22.8 | 29.4 | 38.7 | 7.7 | 377 | 3.29 | 0.94 |
| The bank's has ease support access like call center, website and helpdesk. | 1.9 | 20.7 | 20.2 | 42.4 | 14.9 | 377 | 3.48 | 1.03 |
| Automation of banking services makes it possible to access banking services for 24 Hours | 0 | 13.5 | 31.3 | 30.5 | 24.7 | 377 | 3.66 | 0.99 |
| Total percentage and Aggregate Mean | 0.53 | 17.28 | 28.16 | 39.73 | 14.3 | | 3.5 | 0.94 |

Source: (Own survey, 2024)

From Table 4.6, the aggregate mean of all items of technological based CRM system of the bank indicates 3.5 with standard deviation 0.94, which lies between the mean range of [3.42- 4.21] and it falls in the good/high mean section. This implies that 39.73% of the respondents agreed and 14.3% of them strongly agreed with technological based CRM system of the bank, while 17.28% of the respondents disagreed and 0.53% of them strongly disagreed with technological based CRM system of the bank. The remaining 28.16% were neutral. As the mean of the result shows, the majority agreed that the bank technological based CRM system implementation is good.

4.2.4 Customer Satisfaction

Leaders of organizations wish to improve the levels of the customers' satisfaction by concentrating in designing goods and services customer want. Therefore, for the organization to ascertain an overall view of customer perception, it needs to evaluate the satisfaction of the customer. Customers evaluated the level of satisfaction with respect to six statements relating to customer satisfaction using a five-point scale that reveals their level of agreement or disagreement. The result is presented as follow in Table 4.7

Table 4.7: Descriptive statistics of Customer satisfaction

| Items | Agreement level | | | | | N | Mean | Std. Dev. |
|--|-----------------|--------------|--------------|--------------|-------------|-----|------------|-------------|
| | SD | DA | N | A | SA | | | |
| I am satisfied with my bank personnel’s banking skills and knowledge | 3.2 | 4.5 | 27.9 | 39.3 | 25.2 | 377 | 3.79 | 0.97 |
| I am satisfied with the services provided by the bank. | 0 | 5.8 | 18.6 | 49.3 | 26.3 | 377 | 3.96 | 0.82 |
| I am satisfied with the quality of services provided by this bank. | 2.7 | 18.3 | 17.2 | 4.9 | 19.9 | 377 | 3.58 | 1.08 |
| I am satisfied with the speed of the service delivery | 4 | 26.3 | 12.5 | 35 | 22.3 | 377 | 3.45 | 1.2 |
| I am satisfied with the bank’s customer handling procedure. | 4.8 | 10.3 | 19.4 | 46.4 | 19.1 | 377 | 3.65 | 1.05 |
| I am satisfied with the bank service charges. | 4.8 | 9.5 | 13.3 | 52 | 20.4 | 377 | 3.73 | 1.04 |
| Total percentage and Aggregate Mean | 3.25 | 12.45 | 18.15 | 37.81 | 22.2 | | 3.7 | 1.02 |

Source: (Own survey, 2024)

From Table 4.6, the aggregate mean of all items of customer satisfaction on system of the bank indicate 3.7 with standard deviation 1.02 which lies between the mean range of [3.42-4.21] and it falls in the good/high mean section. This implies that 37.81% of the respondents agreed and 22.2% of them strongly agreed with customer satisfaction items of the bank, while 12.45% of the respondents disagreed and 3.25% of them strongly disagreed with customer satisfaction items. The remaining 18.15% were neutral. As the mean of the result shows, the results of most variables are fall within the range of 3.41 – 4.2. Since most of the respondents agree on each variable and that implies majority of the respondents agree on the service, the quality, the customer handling procedures and the speed of service delivery of the bank has become customer satisfaction. However, the above results entail yet there are tasks that the bank has to do on customer satisfaction because the level of satisfaction of the customers is on average.

Furthermore, interview was conducted with the managers of the bank to collect qualitative data. For the questions about the CRM practices of their banks the bank manager said that their CRM practice is efficient and the bank provides customer focused domestic and international banking services. Similarly, from the other interviewee about whether the bank provide customized service to key customers or not. He said that “in today’s business environment customer expects banks to deliver personalized services and the bank need to deliver them. Therefore, we implemented different strategies in order to deliver customized banking services as well as financial advices to our key customers in the most convenient manner”.

For the questions about how does the bank attain knowledge about customers? The interviewee said that they get information about their services from their suggestion box and read and interpret their customer’s comment.

4.3 Inferential Analysis

This inferential part of the study includes correlation between dependent and independent variables of the study and regression analysis part (the effect or contribution of each independent variable on the dependent variable of the study) and the detail of the results are presented as follows:

4.3.1. Correlation Analysis

According to Kothari (2004) Pearson correlation coefficient is an indicator used to determine the degree and the direction of correlation between two study variables; the closer the coefficients to an absolute value of 1, the higher the degree of correlation. Evans and Laskin (1994) recommends that the absolute value of linear correlation coefficient (r)” If $r= 0.00-0.19$ “very weak”, $r= 0.20 - 0.39$ “weak”, $r= 0.40 - 0.59$ “moderate”, $r= 0.60- 0.79$ “strong” and $r=0.8 -1.00$ “very strong”. In order to examine the relationship between customer relationship management (key customer focus, knowledge management, CRM organization and technology-based CRM) on customer satisfaction in Dashen Bank S.C, Wolkite branch Pearson correlation analysis was used and the result is shown in the following Table 4.8

Table 4.8: Results of Pearson Correlation Analysis

| | Key Customer Focus | Knowledge Management | CRM organization | Technology-based CRM | Customer satisfaction |
|-----------------------|--------------------|----------------------|------------------|----------------------|-----------------------|
| Key customer focus | 1 | | | | |
| Knowledge management | 0.623** | 1 | | | |
| CRM organization | 0.686** | 0.742** | 1 | | |
| Technology-based CRM) | 0.586** | 0.737** | 0.661** | 1 | |
| Customer satisfaction | 0.634** | 0.725** | 0.748** | 0.739** | 1 |

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

Source: (Own survey data, 2024)

As shown in Table 4.8 the relationship among all the variables was found by using Pearson’s

correlation coefficient. The correlation (r) value of key customer focus, knowledge management, CRM organization and technology-based CRM showed $r = 0.634, 0.725, 0.748$ and 0.739 respectively. This result showed that all these predictors had positive and strong relationship with customer satisfaction in the organization.

4.3.2 Regression Analysis

In this study multiple regression analysis was conducted to examine by how much the independent variable (key customer focus, knowledge management, CRM organization and technology-based CRM) explains the dependent variable (customer satisfaction) in Dashen Bank S.C, Wolkite branch.

The correct use of a multiple regression model requires several key assumptions to be met before the model can be applied and its validity established. Therefore, before analyzing multiple regression models the study assessed whether the collected data fulfilled multiple regression model assumptions or not. In this study, the classical assumptions of multiple linear regression models such as multicollinearity, linearity, homoscedasticity and normality tests were conducted and all the conditions have been fulfilled. After testing regression analysis assumptions, results were interpreted at a 95 percent confidence level (5% level of significance) using the coefficient, significance (T statistics), and beta values. The result is presented as follows;

Assumption one: Multicollinearity Test

This assumption assumes the independent variables should not highly correlate with each other. According to Keith (2006) Tolerance and Variance Inflation Factor (VIF) is used to test multicollinearity test. Hence, Table 4.9 bellow displays that the multicollinearity tests by computing tolerance values and Variance Inflation Factor (VIF) for each independent variable.

In this case, all the tolerance values are greater than 0.10 and VIF is less than 10. Hence, multicollinearity problem was not existed.

Table 4.9: Multicollinearity test

| Model | Variables | Collinearity Statistics | |
|-------|----------------------|-------------------------|-------|
| | | Tolerance | VIF |
| 1 | Key Customer Focus | 0.489 | 2.047 |
| | Knowledge Management | 0.336 | 2.980 |
| | CRM Organization | 0.357 | 2.803 |
| | Technology-based CRM | 0.418 | 2.390 |

Source: (Own survey data, 2024)

Assumption two: Normality test

An assessment of the normality of data is a prerequisite for many statistical tests as normal data is an underlying assumption in parametric testing. Normality can be visually assessed by looking at a histogram of frequencies output (George & Marllery, 2010). As shown in Figure 4.1, frequency distribution of regression standardized residual result reveals the histogram is a bell-shaped curve and indicates data are normally distributed. Hence, there is no data problem that would lead to assumption of normality violation.

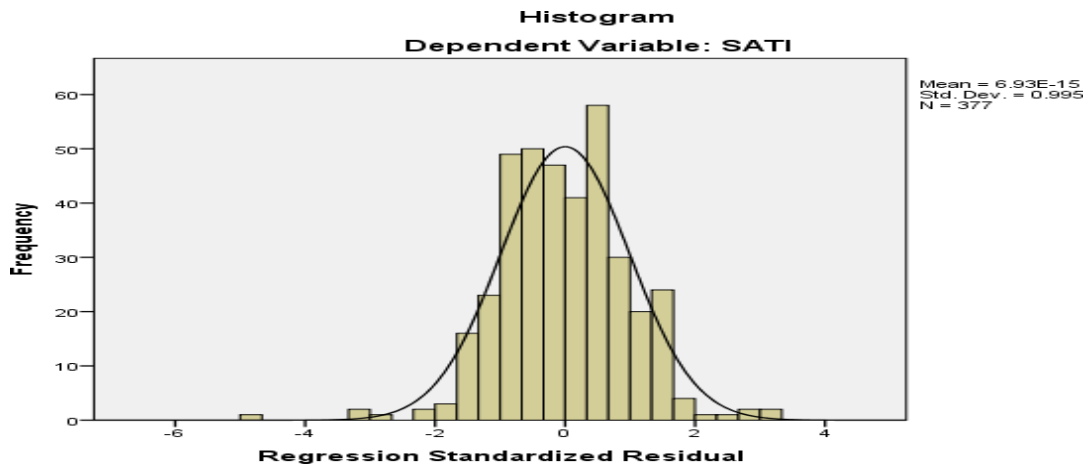


Figure 4.1: Normality test

Source: (Own survey data, 2024)

Assumption three: Linearity test

This assumption assumes the relationship between the predictors and the outcome variable should be linear. This relationship is characterized by a straight line. In this study, the assumption is checked through a scatter plot by looking at whether the two variables approximately form a straight line. As shown in Figure 4.2 the plotted points followed the straight line. This indicated that there is a linear relationship between the dependent and independent variable. Hence, the assumption is satisfied in this case.

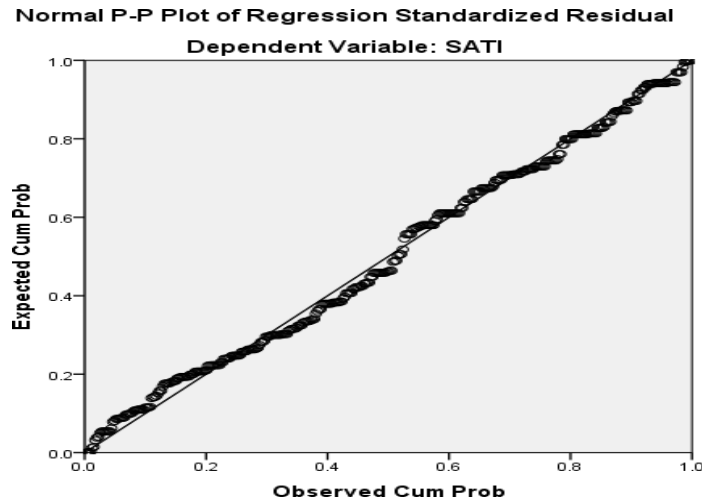


Figure 4.2: Linearity test

Source: (Own survey data, 2024)

Assumption four: Homoscedasticity

It refers to equal variance of errors across all levels of the independent variables. Preferably, residuals are randomly scattered around 0 (the horizontal line) providing a relatively even distribution (Keith, 2006). In other words, the spread of the residuals should be fairly constant at each point of the predictor variables (or across the linear model). As shown in Figure 4.3, the spread of the residuals were fairly constant at each point of the predictor variables or plot of standardized residuals vs standardized predicted values showed no obvious signs of funneling, signifying the assumption of homoscedasticity has not been violated.

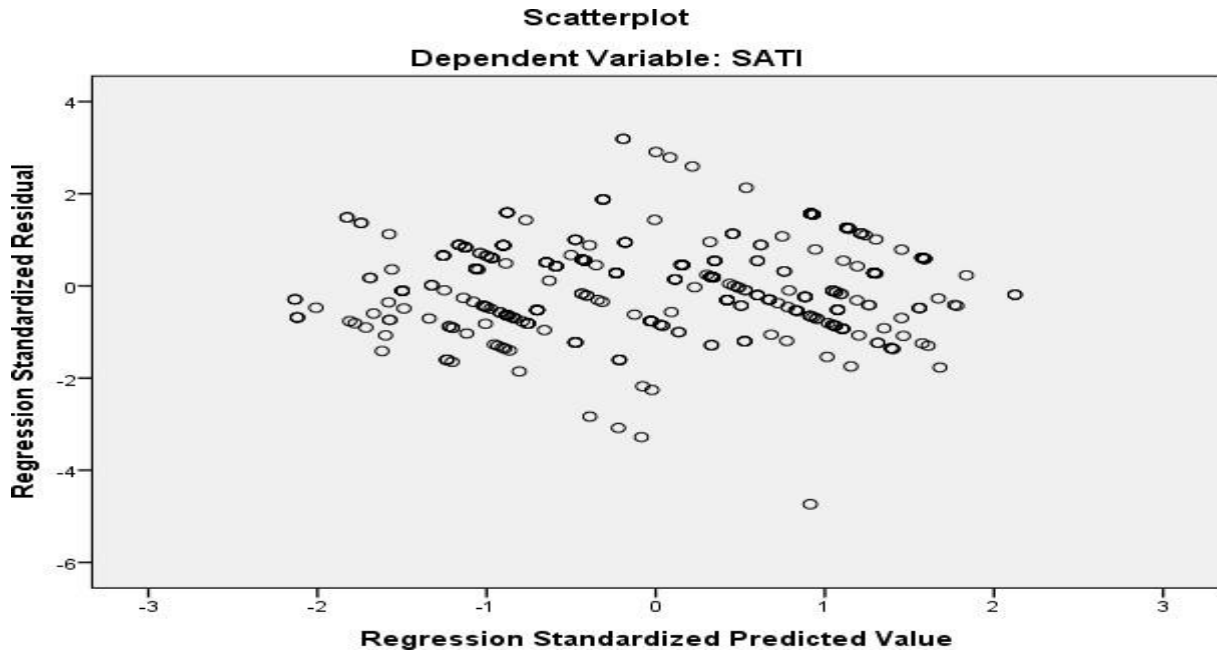


Figure 4.3: Homoscedasticity test

Source: (Own survey data, 2024)

Model summary

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

Coefficient of determination or R^2 measures what percentage of a change in the dependent variable can be measured or explained by the change in the independent variables. It also explains the level of the explanatory power. In order to determine how well a regression model fits the data value of R, R Square and Adjusted R Square are presented in table below.

Table 4.10: Model summary

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .826 ^a | .683 | .679 | .44873 |

a. Predictors: (Constant), Technology based CRM, CRM Organization, Key customer focus, Knowledge Management

b. Dependent Variable: customer satisfaction

Source: (Own survey data, 2024)

From the findings as shown in Table 4.10, the value of R square was 0.683 which indicates that 68.3% variation in customer satisfaction can be explained by CRM dimensions. The remaining 31.7% suggest that there are other determinants (not included in this study) that can explain variation in customer satisfaction. The R square and adjusted R square column shows small or minimum variation b/n the two values (0.683 - 0.679=0.004) justifying that CRM dimensions have strong ability to predict the variation in customer loyalty in the study area.

The ANOVA tells us whether the model, overall, results is a significantly good degree of prediction of the outcome variable (Field, 2005). F-ratio is the test statistic used to decide whether the model as a whole has statistically significant predictive capability, considering the number of variables needed to achieve it. ANOVA result is presented as follows

Table 4.11: ANOVA result

| Model | | Sum of Squares | Df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 161.217 | 4 | 40.304 | 200.158 | .000 ^b |
| | Residual | 74.907 | 372 | .201 | | |
| | Total | 236.124 | 376 | | | |

a. Dependent Variable: customer satisfaction

b. Predictors: (Constant), Technology based CRM, CRM Organization, Key customer focus, Knowledge Management

Source: (Own survey data, 2024)

Since the significance result on the ANOVA table 4.11 is 0.000 which is $p < 0.05$ and the regression mean square is greater than residual mean square with F value 200.158, the regression model fit to a good degree of prediction.

The result of multiple regression analysis is presented as follows;

Table: 4.12 Regression Coefficients

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|------------|-----------------------------|------------|---------------------------|------|------|
| | B | Std. Error | Beta | | |
| (Constant) | .102 | .133 | | .769 | .443 |

| | | | | | |
|----------------------|------|------|------|-------|------|
| Key Customer Focus | .109 | .042 | .107 | 2.572 | .010 |
| Knowledge Management | .163 | .049 | .166 | 3.294 | .001 |
| CRM Organization | .349 | .052 | .328 | 6.708 | .000 |
| Technology-based CRM | .376 | .050 | .337 | 7.466 | .000 |

Source: (Own survey data, 2024)

As presented in Table 4.12 the value of unstandardized coefficients indicate how much the dependent variable varies with an independent variable when all other independent variables are held constant. The regression coefficient provides the expected change in the dependent variable for a unit increase in the independent variable. In this study the researcher used the following model specification by using unstandardized coefficient values.

$$CS = 0.102 + 0.109KCF + 0.163KM + 0.349CRMO + 0.376TBCRM$$

CRM of Key Customer Focus: it is one of the independent variable which affects customer satisfaction, accordingly the results regression analysis in table 4.12 implied that, Dashsn Bank key customer focus management has positive significant influence on customer satisfaction. The beta coefficient (β) of 0.109 and P value of $0.010 < 0.05$ indicates that for every one unit increase in key customer focus, customer satisfaction will increase by 0.109 units holding other variables constant. This implies that Key Customer Focus has significant positive contribution for the improvement of customer satisfaction. It proves that organization success depends upon managing the relationship between its current key customers. As key customer focus, increases from the management side the level of customer satisfaction increases too. The result is supported by Aklilu (2019) and Ajma and Rehman (2019) who found that key customer focus has a positive and significant influence on Customer satisfaction in Banking Sector.

CRM Organization: the other predicator variable of customer satisfaction was CRM organization, accordingly the results regression analysis in table 4.12 implied that, Dashsn Bank CRM organization, has positive significant influence on customer satisfaction. The beta coefficient (β) of 0.163 and P value of $0.001 < 0.05$ indicates that for every one unit increase in CRM organization, customer satisfaction will increase by 0.163 units holding other variables constant. This implies that CRM organization, has significant positive contribution for the improvement of customer satisfaction. Its proves that organizing CRM activities (i.e. having good working environment, appropriate reward system, inspirational leadership to enhance

service employees to conduct customer-oriented behaviors, and providing staff with modern tools and technology) are the essential mean through which firms organize their actual business processes for employees and customers, and by improving these activities has a greater impact on customer satisfaction. The result is supported by Mwirigi, R. (2018) in which CRM organization has a positive and significant influence on Customer satisfaction in commercial banks' account holders in Nairobi City County, Kenya.

CRM knowledge: One of the predictor of good CRM is Knowledge based CRM practice of the banks, accordingly the results regression analysis in table 4.12 implied that, Dashn Bank CRM organization, has positive significant influence on customer satisfaction. The beta coefficient (β) of 0.349 and Pvalue of $0.000 < 0.05$ indicates that improving in one unit of Knowledge's management practice increases customer satisfaction by 0.349 units holding other variables constant. It shows that customer knowledge management enables the organizations to take strategic managerial decisions for improving the ongoing performance and to keep the customers satisfy. Proper management of knowledge helps keeping the customer satisfied and if the existing ones are satisfied new can also be caught. This finding is consistent with empirical study of Ajma and Rehman (2019) which revealed that the increasing CRM of Customer knowledge has a positive effect on creating satisfied customer in Banking Sector of Quetta, Balochistan.

Technology based CRM: According to the results as shown in Table 4.12, there is a significant relationship between technologies-based CRM management and customer satisfaction. The beta coefficient (β) of 0.349 and Pvalue of $0.000 < 0.05$ indicates that improving in one unit of Technology based CRM management increases customer satisfaction by 0.349 units holding other variables constant. It proves that incorporating CRM technology enhances customer satisfaction and technology regarding CRM helps companies to improve communication with their customers, and tailored communication through collecting, analysis and distributing information. This result also in line with Aklilu (2019) and Mwirigi, R. (2018) who found that technology ease of use, reliability, convenience and customer service had a positive and significant relationship with customer satisfaction in banks.

4.3.3 Hypothesis testing

In this part the hypotheses which were formulated earlier in chapter one was tested as follows;

Table 4.13: Tested hypothesis

| Tested hypotheses | β and p-value of predictors at 5% of significant level | Result |
|--|--|-----------------|
| Ho₁ : key customer focus has no statistically significant positive effect on customers' satisfaction | $\beta=.109$ $p =.010$ | Rejected |
| Ho₂ : Knowledge management has no statistically significant positive effect on customers' satisfaction | $\beta=.163$ $p =.001$ | Rejected |
| Ho₃ : CRM organizations has no statistically significant positive effect on customers' satisfaction | $\beta=.349$ $p =.000$ | Rejected |
| Ho₄ : Technology-based CRM has no statistically significant positive effect on customers' satisfaction | $\beta= .376$ $p =.000$ | Rejected |

Source: (Own survey data, 2024)

As indicated in Table 4.13, based on the p-value the result indicated that all of them had significant positive effect on customers' satisfaction in the bank. Therefore, Ho₁, Ho₂, Ho₃, and Ho₄ are rejected and their alternative forms (Ha) are accepted. This is consistent with previous study by Aklilu (2019) and Ajma and Rehman (2019), who have found that key customer focus, Knowledge management, CRM organizations and Technology-based CRM had significant positive effect on customer satisfaction in the banking sector.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

In this chapter conclusions, recommendations and future research directions are presented as follows;

5.1 Conclusion

This study aimed to investigate the effect of customer relationship management on customer satisfaction in Dashen Bank S.C, Wolkite town. In order to achieve this main objective, the study employed a combination of both descriptive and explanatory research design. In order to know the level of practice of four CRM dimensions (key customer focus, knowledge management, technology-based CRM and CRM organizations) and customer satisfaction their aggregate mean were used. Furthermore, to examine the relationship and effect of each predictor on customer satisfaction Pearson correlation and regression analysis respectively were employed.

From descriptive analysis result the study revealed that the aggregate mean score of the CRM dimensions namely; key customer focus, knowledge management, technology-based CRM and CRM organizations as predictors were 3.74, 3.46, 3.74, 3.5 respectively. All these the results were lie between the mean ranges of 3.42 - 4.21 and fall in good/high mean section. This implies that trust, commitment, reciprocity, interactions, co-operation, communication, power, value, justice, empathy and customer satisfaction were as the mean of the result shows, the majority agreed that the bank CRM implementation is good. Also, customers were satisfied on the bank which constitutes 3.7 value of aggregate mean.

From the correlation results, it can be revealed that key customer focus, knowledge management, technology-based CRM and CRM organizations had positive and strong relationship with customer satisfaction in Dashen Bank S.C, Wolkite branch.

Furthermore, from the regression result of the study the researcher understands that keeping all other variables constant, every one unit increase in each key customer focus, knowledge management, CRM organizations and technology-based CRM, customer satisfaction will increase by 0.109, 0.163, 0.349 and 0.376 units. All these results indicated that CRM dimensions namely key customer focus, knowledge management, CRM organizations and technology based

CRM had statistical positive significant effect on customer satisfaction, because their p-values were less 0.05 at 5% significant level.

Generally, as the result of the study showed that the bank realizing the benefits of Customer relationship management and adopted a number of strategies to help strengthen the relationship that exist between the bank and the customers and improve the satisfaction of the customer.

5.2 Recommendations

Based on the findings of the result, the researcher forwarded the following recommendations for enhancing customer satisfaction in Dashen Bank S.C, Wolkite branch.

- ✓ As implied from the study result, the bank has shown relatively less effort on having customer knowledge base practice specially on the items of, employees of the bank have enough experience and information about customers; the bank fully understands the needs of key customers via knowledge learning. Therefore the bank managers has to work hard to create awareness and train it's employee to fill this gap. Moreover, the bank should follow up the status of employee practices to increase customer knowledge and have to test this knowledge through action research so as to apply knowledge management dimension in effective way
- ✓ Key customer focus was found to positively affect customer satisfaction. Therefore, the banks should strive to constantly surprise and delight its key customers, strengthens the emotional bonds with its key customers by wishing them on important occasions and makes an effort to find out what key customer needs are
- ✓ In terms of technology, the bank managers should implement ease support access like call center, website and helpdesk. Furthermore, the bank should maintain a comprehensive database of its customers.
- ✓ Finally, the banks should formulate effective CRM programs in order to address issues related to customer dissatisfaction with the bank services

to focus on other aspects not included in this study to further validate the current model.

5.3 Future Research Directions

This study did not take into account other CRM factors such as physical environment, and social network interaction that affect customer satisfaction. Therefore, this study suggests other studies CRM can be adopted by any business organization and the variables that has effect on customer satisfaction, however this study focuses in the case of banking industry, therefore there is a huge room for future researchers to study CRM application in other industries.

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APPENDEX

APPENDEX-I QUESTIONNAIRE

WOLKITE UNIVERSITY

DEPARTMENT OF

Dear respondent; MARKETING MANAGEMENT

This questionnaire is designed to conduct a thesis on the title of “*The Effect of Customer Relationship Management on Customer Satisfaction: The Case of Dashen Bank S.C, Wolkite Town*”. The outcome of the study will be used for suggesting possible solutions to problems identified while conducting this study. Therefore, I would thoughtfully ask you to share you

precious time to fill in the questionnaire. I would like to confirm that the information you provide will only be used for academic purposes. Your real and honest responses are extremely determinants for the success of this study. Therefore, I would once more kindly ask for your contribution in filling this questionnaire honestly and responsibly. I thank you in advance for active participation and kind cooperation.

Thank you!

Akililu Zewe

Part I: Demographic and General Information

1. Gender of respondent

Male Female

2. Age of respondent

18-25 years 26-33 years 34-41 years 42-49 years above 49 years

3. Educational qualification

Primary and below Secondary Education

Certificate/ Diploma First Degree Master's Degree

Doctorate degree (PhD)

4. For how many years you are customer to the Bank?

1- 3 years 4-6 years 7-9 years 10-12 years More than 12 years

5. The Bank service that you are using

Personal Business Both

Part-II: Customers' perception on study variables

The following statement relates to your feeling about “*The Effect of Customer Relationship Management on Customer Satisfaction: The Case of Dashen Bank S.C, Wolkite Town*”.

Please indicate your level of agreement according to your views and tick (√) your response the number for each statement that is closest to your evaluation of the question using the following scale:

KEY: 1= Strongly Disagree (SD) 2= Disagree (DA), 3= Neutral (N), 4= Agree (A), 5= Strongly Agree (SA).

| S. N | Study variables and their attributes | Level of Agreement | | | | |
|---------|--|--------------------|----------|----------|----------|----------|
| | | 1 | 2 | 3 | 4 | 5 |
| | Key Customer Focus | 1 | 2 | 3 | 4 | 5 |
| 1.1 | The bank provides customized product and service to key customers. | | | | | |
| 1.2 | The bank work with individual key customers to customize its offering through ongoing dialogue | | | | | |
| 1.3 | The bank makes an effort to find out what key Customer needs. | | | | | |
| 1.4 | The bank takes customer feedback seriously and replies to them. | | | | | |
| 1.5 | The bank strives to constantly surprise and delight its key customers. | | | | | |
| 1.6 | The bank strengthens the emotional bonds with its key customers by wishing them on important occasions | | | | | |
| | Knowledge Management | 1 | 2 | 3 | 4 | 5 |
| 1.1 | The bank's employees in all departments have adequate knowledge of all banking services. | | | | | |
| 1.2 | The bank takes customer feedback seriously and replies to them. | | | | | |
| 1.3 | The bank's employees are willing to help customers in a responsive manner. | | | | | |
| 1.4 | The bank's employees and executives have the knowledge to answer customer's questions. | | | | | |
| 1.5 | The bank fully understands the needs of key customers via knowledge learning. | | | | | |
| 1.6 | Employees of the bank have enough experience and information about customers. | | | | | |
| | CRM Organization | 1 | 2 | 3 | 4 | 5 |
| 1.1 | The bank employee encourage customers to use more service of the Bank | | | | | |

| | | | | | | |
|-----|--|----------|----------|----------|----------|----------|
| 1.2 | The bank has established clear business goals related to customer acquisition, development, retention, and reactivation | | | | | |
| 1.3 | The bank's top management accepts and provides leadership for building and maintaining customer relationships as a major goal of the Bank. | | | | | |
| 1.4 | The bank gives all the needed services from the customer | | | | | |
| 1.5 | The bank's employees and management teams are welcoming and smile to you before and after your transactions/ visit their office | | | | | |
| 1.6 | The bank commits time and resources in managing customer relationships. | | | | | |
| | Technology-based CRM | 1 | 2 | 3 | 4 | 5 |
| 1.1 | This bank uses latest technology (ATMs, mobile banking, and internet banking) to offer quality services. | | | | | |
| 1.2 | This bank makes effective use of ATMs, mobile internet banking and POS service to enhance customer service. | | | | | |
| 1.3 | Technology provided by the bank is user friendly. | | | | | |
| 1.4 | The bank maintains a comprehensive database of its customers. | | | | | |
| 1.5 | The bank's has ease support access like call center, website and helpdesk. | | | | | |
| 1.6 | Automation of banking services makes it possible to access banking services for 24 hours | | | | | |

Part-III: Customer satisfaction

Please rate your level of agreement with **customer satisfaction** of the company. By using a thick (√) mark for your response that the number from the 5- point likert scale below.

KEY: 1= Strongly Disagree (SD) 2= Disagree (DA), 3= Neutral (N), 4= Agree (A), 5= Strongly Agree (SA)

| S.N | Statements | Level of Agreement | | | | |
|-----|--|--------------------|---|---|---|---|
| | | 1 | 2 | 3 | 4 | 5 |
| | Customer satisfaction | | | | | |
| 1.1 | I am satisfied with my bank personnel's banking skills and knowledge | | | | | |
| 1.2 | I am satisfied with the services provided by the bank. | | | | | |
| 1.3 | I am satisfied with the quality of services provided by this bank. | | | | | |
| 1.4 | I am satisfied with the speed of the service delivery | | | | | |

| | | | | | | |
|-----|---|--|--|--|--|--|
| 1.5 | I am satisfied with the bank's customer handling procedure. | | | | | |
| 1.6 | I am satisfied with the bank service charges. | | | | | |

Thank you!

APPENDIX-II: Interview guide for managers

I am requesting you to participate in this interview, which is aimed at collecting data on *“The Effect of Customer Relationship Management on Customer Satisfaction: The Case of Dashen Bank S.C, Wolkite Town”*.

1. Does Dashen Bank S.C, Wolkite Town committed for fulfilling customers need? If your response is yes, then how? If no then why?

.....
.....
.....

2. How does your firm communicate information for its customers?

.....
.....

3. Does Dashen Bank S.C shows a sincere interest in solving customers’ problem? If your response is yes, then how? If no then why?

.....
.....
.....

4. How do your firm handle conflicts occur between customers and Dashen Bank? Explain your trend

.....
.....

5. How do you assess the customer satisfaction level of Dashen Bank?

.....
.....

Thank you for your cooperation!

