



**EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON MARKET  
PERFORMANCE (INCASE OF PUBLIC AND PRIVATE BANKS IN BATU)**

**MBA THESIS**

**BY**

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PERFORMANCE (INCASE OF PUBLIC AND PRIVATE BANKS IN BATU)**

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This is to certify that the thesis entitled “**effect of customer relationship management on market performance (in case of public and private banks in Batu**”, submitted in Partial Fulfillment of the Requirements for the Degree of Master’s with specialization in Business Administration, the Graduate program of the Department of Management, and has been carried out by Muna Husen ID.No (BEGE/098/14), under My supervision. Therefore, I recommend that the student has fulfilled the requirements and hence hereby can submit thesis to the department.

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Name of adviser

Signature

Date



## DECLARATION

I hereby declare that this thesis MBA dissertation is my original work and has not been presented for degree in any other university, and all sources of material used for this thesis/ dissertation have been duly acknowledged.

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This master of Business Administration thesis /dissertation has been submitted for examination with my approval as Thesis/Dissertation advisor.

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## List of Abbreviations

CR	Customer Retention
CRM	Customer Relationship Management
CS	Customer Satisfaction
CRMO	CRM organization
CKM	Customer knowledge management
CRMT	CRM based technology
MKP	Market performance
KF	key customer focus
RM	Relationship Marketing
RS	Relationship Share
CDB	Customer Data Base
SFA	Sales force automation
EMA	Enterprise marketing automation
CBO	Cooperative bank of Oromia
CBE	Commercial Bank of Ethiopia
AIB	Awash International Bank

## **ABSTRACT**

*Customer relationship management (CRM) is widely acknowledged as a powerful tool gaining market performance in banking sector. The purpose of this study is a comparative study to examine effects of CRM on market performance with a special reference to selected private and public banks in Batu town. For this study, CRM is evaluated by key customer focus, customer knowledge management, technology based CRM and CRM organization. Market performance is assigned through indicators such as market share, profitability, customer satisfaction and customer retention. To achieve the objective this study used primary and secondary data where primary data was collected from managers and employees of Cooperative bank of Oromia (CBO), commercial bank of Ethiopia (CBE) and awash international bank (AIB). Structured questionnaires were distributed to the samples of 110 employees. Quantitative and qualitative research approaches were implemented. Besides, a descriptive and explanatory research design was used and cross-sectional survey design was chosen for this study. Correlation analysis was done to see the relationship between CRM and market performance and multiple regression analysis used to measure the influence of CRM on market performance. The findings confirm that all the independent variables (key customer focus, knowledge management, CRM organization and technology based CRM) have a positive and significant relationship with market performance in selected commercial banks. Besides its found that key customer focus underpinning of CRM has the highest influence on the market performance in CBE and Awash also customer knowledge management has the highest influence in CBO. Therefore, the selected banks have to implement CRM appropriately and continuously as an indispensable tool for gaining competitive advantage and building long lasting and profitable relationship with its customers in order to achieve their market performance.*

**Key words: Customer Relationship Management, Key customer focus, Customer knowledge Management, CRM organization, Technology based CRM and Market, performance.**

## **CHAPTER ONE**

### **1. INTRODUCTION**

This part of the paper included background information on subject of research and covers statement of the problem, research objectives, research questions, and significance of the study. This chapter also covers other sections including limitations of the study and the scope. In the background of the study reviews the key concepts and how they relate on one another.

#### **1.1. Background of the study**

Customer relationship management is progressively significant to firms as they pursue to improve their marketing performance through customer retention, customer acquisition, market share, and sales volume throughout long-term relationships with customers. Customer Relationship Management was a dual creation process in which information was captured, integrated, accessed then exchanged to create value for future customer from current customer (Boulding et al., 2005).

Now days, CRM is increasingly important to firms as they seek to improve their profits through longer term relationships with customers. In recent years, many have invested heavily in information technology (IT) assets to better manage their interactions with customers before, during and after purchase (Bohling et al., 2006). CRM is one of the major sources of competitive advantage in banking sector. Furthermore, CRM is an extensively accepted instrument that supports customer oriented organizations' decisions (Mohammed, Rahid, &Tahir, 2014). More specifically, CRM is regarded to be among the best strategies and practices for banks in order to develop their

performance and thus to make sure that their long-term business is survival (Kasim & Minai,2009; Sigala, 2005) .

According to Nayab(2017) Customer relationship management is a powerful tool for maintaining and satisfying a customer and essential business strategy training to deliver them efficiently or effectively.

According to Rashid (2013), the focus of banks should be on CRM and how it can improve customer satisfaction because a satisfied customer can be maintained for a long time which can ultimately increase the performance of organization.

Market performance refers to the enhancement of the organizational standing in the market, improvement of the customer's " perception of organization and its products, and increase in their loyalty toward organization (Mithas et al, 2005). Market performance consists of the following components: Sales growth, market share, customer satisfaction, profitability and customer retention.

However, all banks understand the need for customer relationship management, but not all banks make sense of CRM. Banks have used CRM to some degree, but it is in the first phase. Banks need to be aware of the needs and requirements of their customers and develop their own strategies.

Ethiopia has been gradually liberalizing its banking sector since 1992 and according to (NBE Banking (amendment) proclamation number 1159/2019), many banks are under formation. These increased numbers of new entrants (banks) to market increased competition and the increasing customers' need have led to reduction in marketing performance as well. With the use of technologies banks able to access the wider market, better understand each customer, choose who to

do business with and better manage customer behavior. As a result, there is a growing need for a customer-focused approach to marketing (Thujo et al., (2011).

The CRM strategy development in the banking sector is the most needed especially in the recent era of information technology. In addition, the rapid growth of banks and other financial services in Ethiopia provides financial infrastructure resources for economic growth (Shifera, 2011). This is clearly reflected in the growth of assets in the financial sector and its contribution to the economy. In that case, banks use the CRM strategy to build, maintain, and develop strong relationships with their customers to protect their market performance.

Therefore, the research was inspired by the fact that there has never been an effective research conducted in this case study area with this topic and poor market performance practice of the banks which reside in the small town of Batu. Hence, it is crucial to investigate the effect of CRM on market performance in the selected banks of Batu town.

## 1.2. Statement of the problem

The banking industry has grown over the past years in Ethiopia and the world at large. As a country becomes more developed, there is greater need for banking service to facilitate the people's monetary transactions (MOFED 2010). Companies those think that the customer relationship management was only sale force or technological driven software leads fail to implement customer relationship management, Because they were not fully understand customer relationship management (Shafiqueetal., 2015), as a result of the limited studies at the field. In this study, researcher recognized this as "aknowledgegap" not in the basic knowledge of CRM, but in the methods by which can evaluate and implement CRM. Considering the competitive nature of the

banking industry, the question that comes to mind is how to develop good customer relations in order to create intimacy and a level of confidence that will promote sustainable growth and profitability. The problem is to develop a differential strategy to promote a consistent positive return on investment. It is against the background that all the competitors in the industry are offering very similar products and services.

Technology also has consistently enhanced the service delivery system and by the nature of it, it only serves as a short-term strategy to attain competitive advantage. It eventually becomes affordable with time and all other competitors adopt it to augment their service. The question again will be how banks could differentiate themselves from the competition and gain customer attention, patronage and loyalty (William, 2011). The adoption of Customer relationship Management as a tool of competitive edge is in ascendance worldwide. Yet there is no doubt that an effective and efficient practice of customer relationship management is important to the successes of a firm (Parvatiyar A. and Sheth, 2002). They stated that most of the firms adopting Customer relationship Management are yet to highly benefit of it, because there are no laid down guidelines and procedures on adoption; implementation and practices. Considering the competitive nature of the banking industry. The introduction of company portals and e-commerce applications of various kinds have increased the focus on customers and provides new ways to assure the processes support customers. It also placed a new attention on integrated processes and thinking about how processes work together to satisfy customers.

Customer oriented E-business patterns include all the e-business activities that aim at increasing relationships with new customers, providing them with information, providing services online.

Customers are becoming solidier to please, they are smarter, more price sensitive, more challenging, less sympathetic, and they are approached by many more competitors with equal or

better offers (Kotler, 2007). As the researcher try to refer local published studies in this area and found few such as, Tsegay (2011), the effect of customer relationship marketing on customer retention, Mekelle University and Shifera (2011), the impact of relationship marketing on customer loyalty, Addis Ababa University. Therefore, this gives the reason for this research project to be conducted to help bridge the literature gap existing.

Furthermore, in Ethiopia, especially in Batu town Awash Bank, CBO and CBE are highly penetrated to the market through the opening of branches in several places. Meanwhile, those banks face high competition from the other service giving sectors such as high competitiveness high level preliminary expensive and customers switching to other banks. It used different formation of strategies to compete in the highly competitive market but still the problems are not solved. Therefore, to overcome the above mentioned problems a study on the effect of CRM on market performance with reference to Awash Bank, CBO and CBE in an emerging market like Batu can be a fruitful empirical work because there is no intensive research conducted before. Hence, the main aim of the study is to investigate the effect of customer relationship management (key customer focus, customer knowledge management, CRM Based technology and CRM organization) on market performance.

### 1.3. Objectives of the study

#### 1.3.1. General objective

The general objective of this study is to examine the effect of customer relationship management on market performance of the selected banks' in Batu Town.

#### 1.3.2. Specific objectives

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

- To examine the CRM practices of the selected commercial banks
- To measure market performance of selected banks in Batu town.
- To analyze the relative effect of key customer focus on market performance.
- To investigate the influence of knowledge management on market performance.
- To investigate the influence of technology based CRM on market performance.
- To examine the influence of CRM based organizations on market performance.

### 1.3. Research questions

- ✓ What are the CRM practices of the selected commercial banks?
- ✓ What is the market performance of each bank?
- ✓ What is the effect of key customer focus on market performance?
- ✓ What is the influence of knowledge management on market performance?
- ✓ How technology based CRM affect market performance?
- ✓ What is the effect of CRM based organizations on market performance?

### 1.5. Significance of the study

Conducting a study on customer relationship management in public and private organization, “banks” is believed to be an important approach. The research results would provide assistance to the commercial banks management to better satisfy their customers, respond to their needs efficiently and on timely manners.

The significance of this study it is expected to provide an insight into the research process in this new area of technological development in batu. Even though a lot of studies have been conducted in this area, but their limitation is obvious they did not investigate the relationship between CRM dimensions, organizational performance and customer satisfaction. This paper is unique in analyzing the relationship and fills the gap in the literature by focusing on the study of the factors of CRM dimensions that influence the market performance in selected banks in batu and how are these banks can benefit from this study to face critical organizational issues of adaptation, survival, and competence in the face of an increasingly changing environment.

Furthermore, implementation of CRM in the banks would be the stage for building a good partnership with customers which consequently leads to services development and improvement. Besides, it helps to provide important information for decision makers of the banks.

As a result, the findings of this study specifically significant for the following reasons. The result of this study offer valuable inputs and directions for the banks to consolidate their marketing strategy, organizational productivity, and customer knowledge management in order to increase their market performance. The result of this study provides knowledge how to identify the needs of their customers in delivering advanced technologies to improve the quality of their services. The study also gives a direction for the banks how to maintain the existing customer and attracting the new customer by providing technology based service in light of its competitors and it is also significant for further studies.

#### 1.6. Scope of the study

The study was conducted to examine the effect of CRM on market performance in selected banks and it requires much money, time and effort. Considering money, time and willingness of the banks to give necessary data for the study, therefore, this study was delimited to a comparative perspective on the effects of CRM on the market performance of the banks regarding to Awash bank, Cooperative bank of Oromia, and Commercial bank of Ethiopia in Batu Town which is a very small town where there has never been an effective research conducted with this topic and poor practice of market performance in the area.

In terms of the constructs showing in the research framework (figure 2.1), only four ways of CRM underpinnings (key customer focus, knowledge management, technology based CRM and CRM organizations, which are predominantly the most determining factors of CRM) and their influence

on market performance had been examined. And in terms of respondents all employees those who have serving more than one year were considered but others like employees who are serving for less than one year and customers of the bank were not included in this study. It is perceived that they might not have sufficient banking experiences to interpret and respond to all the questions in the survey questionnaire.

### 1.7. Organization of the Study

This study is organized in to five chapters. The first chapter presents background of the study, statement of the problem, general and specific objectives, and significance of the study, research questions, scope, and organization of the study. In chapter two, review of the related literature is presents theoretical, empirical and conceptual framework. The third chapter covered the research design, and methodology. Presentation, analysis and interpretation of the data were presented in fourth chapter. The fifth chapter that is the last one included summary, conclusions and recommendations.

### 1.8. Limitation of the Study

The study utilized only managers and employees of the selected banks in Batu town which limited the generalizability of the findings. Since, the research employed cross sectional survey design, it did not check the situation through longitudinal survey. However, in Ethiopia, there is lack of sufficient research conducted on the study thus it is difficult to obtain adequate data from published articles and journals. In addition to this, there had been financial and time constraints.

## CHAPTER TWO

### 2. REVIEW OF LITERATURE

#### 2.1. INTRODUCTION

This chapter deals with view of literature that is related to the study. The chapter also describes the theoretical and empirical review of the research report.

#### 2.2. Definition of Customer Relationship Management

The aim of this research is not just to familiarize the reader with the techniques and technology of CRM philosophy. The more ambitious goal of this research is to benefit the readers to understand the importance of customer relationship management as necessary and significant elements of managing every successful enterprise. Hence, *“a firm most valuable asset is its customers, and given the new and unfolding technological capabilities to recognize, measure, and manage relationship with each of those customers in order to succeed, a firm must focus in deliberately increasing the value of the customer base”* (Peppers & Rogers, 2004, p.6).

Therefore, the competitive advantage for any enterprise can be gained only by leveraging knowledge of customers' expectations, preferences and behavior, which involve creating an ongoing dialog with customers and manipulating the information and insight obtained at every customers touch points (Payne, 2004). It's worth mentioning that, building good life time value with customers is not a brief assignment of the marketing department rather it's an

ongoing process which required the involvement of the entire organization. This is true for nonprofit (when the customers may be donors or volunteers), as well as for-profit, large or small, public or as well as for private enterprise" (Peppers, 2004, p.6).

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

However, many scholars give various definitions for customer relationship management, among these definitions technological and relationship aspects of customer relationship management are the fundamental ones. For instance some authors from marketing experience emphasize the marketing side to define customer relationship management while others

consider information technology view point to define CRM. However, from marketing point of view, CRM is defined according to (Could well, 1998) as “*CRM is a blend of business process and technology that are used to realize a company’s customers from the viewpoint of who they are, what they do, and what they are like*”. But, according to Swift, R.S., (2000,p.11), more emphasis is given for customer relationship management and is defined as “*it is a system of business approach that are thoughtful and manipulating customer behavior by managing relationships via meaningful communication in order to improve customer turnover*”. In these circumstances, customer relationship is defined as a multidimensional construct composed of four behavioral components:- key customer focus, CRM organization, Knowledge management and technology-based CRM in order to implement the CRM in a successful way for increasing the market performance (Sadek et al., 2011).

### 2.2.1 Customer relationship management and Information Technology

According to Buttle F. (2009), customer relationship management puts more attention on the improvement of quality service and marketing function, and then worries about cross-selling and providing product or service indeed at right time for the right customers. Distinguished information technology applications are the central point and sales force automation in this extent. Information technology in customer relationship management deployed issues related to business sales programs and effectiveness, campaign management, channel assimilation and increasing, increasing product and management, devotion and retention, cost minimization, customer service, and after-sales support. Nowadays, CRM-based information technology with its categories like operational, analytical, and collaborative support systems

complements the processes involved in all aspects of customer-facing interactions. It incorporates marketing, customer services, and various contact channels and offers personalized services by modeling a customer's behavior so as to maximize the value of the enterprise. Information technology through the Internet has not only provided a completely new communications channel, but has forever changed the role and function of customer interaction.

### 2.2.2. Service Automation in Banking Industries

The knowledge of service automation plays a vital role in business and it's the application of computerized system used to support service staffs and management in order to achieve their work related activities. For the moment customer service departments are responsible for managing inbound call center operations, complaint handling and resolution, order entry and processing, providing field sales support, managing outbound call center operations, and acting as liaison to other departments. Contact centers are configured to communicate with customers across multiple channels, including voice telephony, e-mail, SMS, instant messaging, web collaboration and fax.

According to Buttle, (2009), service agents need to be able to access an entire communication history, regardless of channel when communicating with customers about service issues. However, call centers are generally dedicated to telephony communications, whether through a public switched telephone network, cell phone network. But the information desks are

usually associated with information technology environments where assistance is offered to information technology users. Many companies now compromise web based self service to customers, customers can place orders, pay, track service issues, or perform service diagnostic online at any time of day or night.

### 2.2.3. Marketing Automation in Banking Industry

According to Buttle (2009), in addition to service automation, marketing automation also plays a crucial role in service giving business especially in banks and it can be defined as “the application of computerized technologies to support marketers and marketing management in the achievement of their work related objectives”. A very extensive range of marketing positions can make use of marketing automation as well as marketing managers, campaign managers, market analysts, promotion managers, database marketers, and direct marketing managers. Hardware and software are the key technological elements of marketing automation. Hardware includes desktop, laptop, and handheld devices whereas software consist of both point solutions that are designed to assist in a single area of marketing or marketing management, and integrated solutions that offer a range of functionality.

### 2.2.4. Customer Relationship Management Objectives in Banking Industry

In business transaction the objective of CRM is that, it helps businesses to use know-how and human resources in order to gain understanding into the manners of customers and the value of those customers. In this case business can deliver improved services, making their activities

more efficient, developing positive and close relationship with staffs, modernize marketing and selling activities, discover new customers, and increase customer revenues.

According to Semih and Ibrahim (2000), for CRM to be truly effective and successful primarily, an organization must understand and identify what kind of customer information is allowing for and it is indispensable to select what it intends to do with that information. For instance, most of banking institutions keep trail of customer life phases in order to market suitable banking products like mortgages to them at the right time to fit their needs. However, the organization must look into all of the various facts about customers into a business, where and how this data is warehoused and how it is currently used. For instance, one organization may have a relationship with customers through mail campaigns, websites, call centers, mobile sales force staff and marketing and promotion efforts.

Mehrota (2006) stated that, before the introduction of internet era, customers most of the time selected their banks based on how appropriate the location of banking branches was to their homes or office. However, with the introduction of new technologies in the business of bank services, such as providing banking services through internet ‘internet banking’ and ‘ATMs’, now customers are more valuable and they can easily choices any bank for their transactions. This phenomena increased customer base of banks, and also has expand the choices of customers for selecting the different banks as per their interests.

Due to fierce competition in the business environment, public sector banks are also becoming more technology focus and customer oriented. Accordingly, non-traditional competition, market partnership, new equipment, and the conception of the internet are varying the

competitive landscape of the retail banking institutions. Through the increased number of banks, offers and services and basically nil switching costs, customers are easily switching banks whenever they find better services.

#### 2.2.5. Benefits of Customer Relationship Management in the banking industry

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

becoming more challenging and the life-cycles of products and services are shortening dramatically.

All these factors make it essential for banks to increase the relationship with their customers and provide them the services they need via the channels they prefer. Furthermore, the implementation of customer relationship management benefits banks to offer a lot of benefits to their customers; some crucial benefits are as follows:

CRM provide businesses to delivery service effectively and efficiently all the way through the entire life cycle of the business customer, from the introduction to the establishment of a close, continuing relationship with profitable clients (Couldwell, 1999).

CRM enables the organization substantial reduction and constraint of operational costs via system computerization and regulation, offers low maintenance and widening of costs paid for the use of modern administration tools with authorization bank employees to make a widespread range of modifications to the system.

CRM provides organizations particularly banks in order to control flow of information from their databases to achieve customer retention and to cross-sell new products and services to ongoing customers (Foss, and Stone, 2001). In any business organizations, which implement customer relationship management sustainably, they able to improve relationships with their customers, attain loyal customers and a significant payback, increased revenue, market share, attracting new customers and minimized cost (Roh, T.H., *et al*, 2005).

As far as previous research stated, customer relationship management in the business arena, particularly in the banking sector provides convenience of location for customers, fairness of

price, endorsements from others and advancements are not important selection criteria for business firms. However, for a business to be successfully and sustainably implement their activities they can use criteria's like account and transaction, accuracy and suspicion, competence in correcting mistakes and sociability and helpfulness of personnel on the customer's perspective. Hence, customer relationship management, superior quality features of the product / service and distinction proved to be the most important factors for customers (Zineldin, 2005).Furthermore, also other studies are conducted in a European banks emphasis that taking customer relationship management as a frame work, the bank institution was capable to focus on long term customers through efficient segregation according to individual behavior.

The effective implementation of customer relationship management results both in higher revenues and lower costs, making companies more effective and efficient, effective in focusing the right customer base with the right services through the right channels, and efficient in doing this at the lowestcosts(Lindgreen and Antioco, 2005).

## 2.3. Empirical Findings on Customer Relationship Management

### 2.3.1. Empirical Findings in Developed Countries

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

According to Swaminathan, (2004), the association of customer relationship management and its customer outcome has been done by considering banks, investment companies, insurance companies and other firms as a sample study which characterized as high degree of relationship orientation and thus well suited for testing CRM framework. Although for the purpose of data collection questionnaire was used and for these case questionnaires were sent directly to general managers and similarly level senior managers.

These senior-level respondents were highly knowledgeable about CRM implementation and practice within their companies as indicated by their ability to answer fully virtually all questions. Accordingly, the results shows that focusing on key customers and managing knowledge have significant effects on market performance in terms of customer satisfaction. However, customer satisfaction is not directly affected by organizing around CRM and incorporating CRM-based technology. Furthermore, organizing around CRM affects customer retention directly. Similarly, managing knowledge has a significant effect on customer retention and sales growth via customer satisfaction. Incorporating CRM-based technology shows no sign of significant effect on the performance metrics.

Also another research has been conducted on the fundamental role of customer relationship management on customer knowledge and customers' satisfaction. For this research the necessary data was gathered from experienced managers of information technology almost from 300 institutions working in United States of America. The finding showed that the applications of CRM have a positive effect as they contribute to improve the knowledge of the customer and enhance the market performance (Mithas and Frow, 2005).

Also studies are conducted in Turkey on the customer relationship management process within a business and recommend a tool or customer relationship management measurement. For this matter the research is designed according to scale development literature. The feedbacks from several industries like manufacturing, information technologies, tourism, service, retail, finance, and logistics were collected. The study enables shortages of information about the relationship between the processes and outcomes of CRM such as CS, CL. As a result a wide-ranging model can be assembled and the relationship between CRM results, customer relationship management processes and other organizational factors can be investigated. The effect of organizational philosophy, arrangement and other organizational features on CRM processes and results can be analyzed (Oztaysi, 2011).

### 2.3.2. Empirical findings in Developing countries

In developing countries most of the studies on customer relationship management have been done on the basis of data obtained from developed countries. For instance, a research was conducted on customer relationship management and customer orientation on the Hotel

industry. Accordingly the study tried to classify hotels in Ashanti region of Ghana into a category of low, middle, or high customer relationship management conscious. The result of the findings suggests that significantly majority of the hotels have low orientation to CRM (Hamdallah and Evelyn, 2011).

According to Sayed (2011), research was conducted on exploring the hypothetical bases of customer relationship management and its relationship to the marketing performance from the several perspectives. However, the population of the study includes all the financial institutions working in the Arab Republic of Egypt. The Result of the research shows that there is a significant correlation between marketing performance and focus on the main customers, organizational efficiency and customer knowledge management.

Furthermore, the research was conducted on how information technology could enhance firm performance in the organizations that are providing services for the customers and in order to enhance profitability in the Nigerian insurance industries (Oghojafor *et al*, 2011). Accordingly, the researcher was used survey methods to collect data among insurance companies in Nigeria. Also the researcher was selected a sample from Lagos state, the commercial center of the country. Finally according to the result of the finding shows, despite the fact that all most all organizations have a widespread data base of their customers, but not almost make provisions for their customers to make major businesses online because they have not fully incorporated their customer relationship management with information technology.

Furthermore, another research has been done by Hamid (2009). Hence the research was not only taking a non-traditional method of evaluating success; by approaches stakeholders' expectations as an evaluation criterion but also concentrating a case study from Pakistan, wherever ICT industry and specifically CRM is in the initial stages of adoption. The only suggestion the researcher would like to make is that instead of reinventing the wheel, stakeholders should learn from the mistakes of the western companies. If they have imported the solution from these developed countries, then those failure lessons should also be imported and applied in order to avoid damage and financial losses. The result shows that the loyalty card program has significant positive effect on the customers' loyalty. Although loyalty card program may not be the best choice for some stores, also there are many other ways to develop and maintain customer loyalty. Having all the above studies conducted by various scholars, the measurement of CRM earning can be different form researchers to researchers, some studies measured them through the customer's satisfaction and loyalty, others studies measured them through the return rate on investment and others measured it through increasing sales and profits. According to the result of different researchers, there was less interest in the market performance.

### 2.3.3. Key customer focus

According to Vandermerwe,( 2004), key customer focus involves an overall customer-centric focus and continuously delivering superior and added value through customized offers to the key customers. According to Armstrong and Kotler, (2004), in today's business environments 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. The overall

company understanding and support for key customer focus encourage sales force to foster long-term customer relationships by offering more personalized services.

Evelyn and Hamadallah (1996) stated that firms are engaged in enough amounts of transactions with significantly diverse customers in terms of their needs, preferences and expectations. Also they consider customer relationship management to some extent as challenging. In order to reduce the CRM challenges, most of the firms have option to formal customer relationship management programs. CRM programs are generally classified as either database-driven refers to recognizing profitable segments through statistical techniques or customer-needs-driven refers to the use of database to supply information that benefits in the development and keep of long-term relationships with key customers. Furthermore, Evelyn and Hamadallah (1996), viewed that customer's needs-driven customer relationship management programs are common with firms that adopt business-to-business marketing strategies because, customers-needs-driven customer relationship management programs improves inter-firm relationships. In summary, key customer focus can be considered as a function of customer relationship management of a retailer's integrity as well as firms' ability to perform their services, to keep its promises and commitment and in general to do the right things' consistently.

#### 2.3.4. Customer Relationship Management Organization

The key considerations in order to successfully organize the entire company around customer relationship management are as follows: organizational structure, organization-wide commitment of resources, and human resources management. CRM means indispensable variations in the way that firms are systematized and business progressions are directed. As a result, firms should take into consideration the organizational challenges inherent in any customer relationship management advantage (Agarwal *et al.*, 2004).

According to Anderson and Swaminathan (2005), strong focus on key customers deeply surrounded throughout its CRM system, the whole company should be structured around promoting, encouraging, stimulating these valuable relationships. 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. They stated that with meticulous efforts by all organizational functions to constantly provide a stream of value-rich actions and customer outcomes. This enables the organizations and its sales force is secure that they can satisfy customers' needs and enhance customer relationships. The success of CRM programs call for commitment of resources at all levels and functions of the firm. In summary, well organized customer relationship management can be considered as a function of customers' personal attachment to a retailer, as well as their perception of the company in relation to its competitors, and their orientation towards a long- term relationship with the retailer.

### 2.3.5. Customer Knowledge Management

According to Salomoun et al, (2005), 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 firms in order to attract customer as another important factor in order to come in today's dynamic market successfully. Despite of this 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. With the intention of improving the organizational productivity and value, assure from delivering required products and services to the customers and acquire their satisfaction, it is compulsory to manage the organization's knowledge about customers. Accordingly, it can be decided that knowledge management is an integrative part of CRM.

In today's business environment firms are encouraging towards the implement of customer relationship management applications to trail customer behavior to gain understanding into customer tastes, preferences and evolving needs (Mithas *et al.*, 2005). 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. Later information is taken from employees can be administered and converted into customer knowledge on the basis of information processing rules and organizational policies and businesses organizations can segment their stored customer knowledge with customers to allow those customers to serve themselves by defining the service and its delivery to suits their needs. However, a firm cannot be customer focused without knowing the needs and

preferences of customers. Customer needs and preferences driven CRM strategies require unrecognized customer needs and preferences through the analysis of customer information.

Customer knowledge management is the system used to provide firms with market intelligence that can be used to retain and build profitable portfolios of customer relationships in order to build customer life value. 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. Successful dissemination of knowledge management requires firms to develop both information technology systems, such as marketing management support systems to spread explicit knowledge and other processes and procedures to encourage the distribution of implicit knowledge (Ryals *et al.*, 2001).

#### 2.3.6. 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) such as: computer-aided design or manufacturing, data warehouses, data mining and CRM application systems that allow the firms to offer maximum customization with better quality at lower cost.

Moreover, it helps the staff at all contact points or touch points to serve the customers in a better way. Hence, many customer focus activities would be impossible without the use of an appropriate technology (Sin *et al.*, 2005).According to Zeblah, (2004), knowledge management is considered as one of CRM oriented activities which cannot be optimized without influencing the latest technology. And also CRM technology considered as one of the organizational resources commitments that serves as an input into the CRM process and is intended to enhance firms' ability to successfully build and maintain a maximum profit portfolio for relationships with customer. According to Osborne, & Ballantyne, (2012),as cited by Robinson,(1999), CRM tools are particularly designed to support sales in order to outlook management, developing marketing management campaign, and service and support tasks in order to develop case management, and serve to either support the coordination of tasks within a process or across functions, systematize routine tasks, offer detailed insight regarding organizational and individual employee performance, or standardize common tasks and processes. They noted that the expansion of sophisticated information management tools, such as database marketing, data warehousing, data mining, and push technology keep firms in a continuous such for the latest technology that could be built-in into their CRM systems. With the right customer relationship management technology, firms are able to collect, analyze, and distribute information firm-wide.

According to Yim, Anderson and Swaminathan (2005), firms will be in the position to enhance prospecting, improve communication and sales presentations, and able to customize their product configurations by using appropriate customer relationship management technology for data collection and distribution.

### 2.3.7. Market performance

In today's world as competition increasing at increasing rate, companies were able to deliver their offer and services that are tailored for every customer. Certainly, these organizations can accomplish competitive advantage in sale and service marketing through tailoring their mass services. At the moment, the profitable companies endeavor to transfer their mass services to the individual customer. Market performance refers to the enhancement of the organizational standing in the market, improvement of the customers' perception of organization and its products, and increase in their loyalty toward organization (Martin, 2005). Market performance consists of the following components:

### 2.3.8. Sales Growth

According to Buttle, (2009), improving profitability at the customer level is an indicator of effort within the marketing discipline towards a less comprehensive view of markets. On the other way, the single customer rather than segments of customers is increasingly stressed as the unit of analysis. This occurrences has given birth to labels such as “one-to-one marketing” and “micro marketing”. Understood from this viewpoint, customer profitability is rising as an important measurement in which each customer can be defined. An emphasis on customer-level profitability can also be considered as a mirror image of marketing’s changing role within the firm.

A significant aspect of the new role is that “marketing is too important to be left to the marketing department”. For that reason, in any case in marketing literature, other departments are encouraged to deal with marketing issues. This can be understood predominantly in terms of controlling cost, in the logic that marketing performance measures are being introduced in cost accounting literature and practice. However, Reichheld and Sasser (1990) stated that, reducing customer defections by 5 percent can increase profits by 25 percent to 85 percent. Recently, although the precise numbers may vary, empirical findings consistently show a substantial jump in revenue and profits with a small gain in customer retention.

### 2.3.9. Customer retention

According to Ghavami (2006), customer retention has a significant relation on firm profitability and they conclude that “1% improvement in retention can increase firm value by 5%”. In this case firms are interested in maximizing their lifetime value in order to understand that customer retention is a key to increasing long run firm profitability. An understanding of forces for customer’s defection can help companies in designing customer relationship management strategies and interventions aimed toward increasing customer retention and prolonging the lifetime of customers to increase market performance better than before. Customer retention is the safeguarding of continuous trading relationships with customers over the long term.

According to Buttle, (2009), positive retention strategies are strategies that lock the customer in by rewarding a customer for remaining in a relationship. These positive retention strategies include the following: Customer delights, when customer expectation exceeding, this is going further than what would usually satisfy the customer. It means being responsive of what it usually takes to satisfy the customer and what it might take to pleasure or pleasantly surprise the customer.

Adding customer perceived value: - companies can explore ways to create additional value without creating additional costs. If cost is suffered accordingly the value-added may be expected to recover those costs. Value can be added through programs such as, loyalty schemes, customer clubs and sales promotions.

### 2.3.10. Customer Satisfaction

According to Hansemark and Albinsson, (2004), the major goal of business organizations is customer satisfaction, since customer satisfaction affects customer retention and companies' market share, profitability, sales volume. However, customer satisfaction is a complex construct which has been defined in various ways (Hair, *et al* 2003: Fournier *et al*, 1999: Sheth and Sisodia, 2001).

According to Hair, *et al* (2003), customer satisfaction is defined as "customer's response to a product or service in terms of the extent to which consumption meets expectations". Indeed, customer satisfaction is crucial for successful application of the marketing concept. Various organizations mission statements and marketing strategies are designed around the goal of increasing customer satisfaction (Fournier *et al*, 1999). In implementing customer relationship management, a firm pursues to establish and retain a long-term relationship with customers based on increasing full customer satisfaction as opposed to transaction-specific customer satisfaction.

According to Sheth and Sisodia (2001), successful customer relationship management implementation requires a committed organizational wide in order to focus on significant customers in customized marketing efforts to fully realize and fulfill their needs and wants on an enduring basis. The seller's entire organizational structure should be centered on customers, often with customer-focused teams designed to create fully satisfying customer experiences. According to Stefanou *et al*, (2003), successful customer relationship

management activities must cultivate customer satisfaction by continuously adapting to the evolving needs and wants of customers.

#### 2.4. Conceptual Framework

In this study the conceptual framework is the summarizing description of the phenomenon under study will be accompanied by visual depiction of the variables under study. The researcher to be identifies effects of CRM on market performance. That the independent variable CRM and dependent performance. The conceptual framework represents relationships between independent and dependent variables.



Figure 2.1: Conceptual framework



## CHAPTER THREE

### 3. METHODOLOGY OF THE STUDY

#### 3.1 Description of the Study Area

Batu, formerly Zway or Ziway, is a town and woreda on the road connecting Addis Ababa to Nairobi in the East Shewa Zone of Oromia Region, Ethiopia. Batu has a latitude and longitude of 7°56'N 38°43'E with an elevation of 1643 meters above sea level.

#### 3.2. Research design and approach

The study is descriptive and explanatory in nature. To accomplish the objectives of the study both qualitative and quantitative research strategies were used. Such research strategies are

good way of approaching issues as it enabled to respond and triangulate evidences. The researcher was used cross-sectional design because the data was collected at one point in a time to compare the effectiveness of customer relationship management on market performance of public and private banks. Cross-sectional design is a study in which various segments of population are sample data single point in a time (Zikmend,2003). Based on the purpose, the study was descriptive in nature because, this type of study is conducted to provide detailed description about the existing phenomena and to justify current condition with the intent employing data and whenever possible to draw conclusion from the fact discovered.

### 3.3. Target population

The target populations of the study were the branch managers, employees of the selected commercial banks excluding secretaries, guards and other supportive staffs whom they are insignificant for the study. The name of these banks are commercial bank of Ethiopia (78), awash bank (35), cooperative bank of oromia (40) according to the data total number is 153 among which 110 samples were taken to the intended study.

### 3.4. Sample size and techniques

The researcher was interested to explore the effects of CRM on market performance in selected commercial banks the case of batu town. However, eventually the researcher finds out the difficulty of conducting on the industry base commercial banks of the town, because it requires great deal of time and money. Hence, the researcher purposively selected three commercial banks (one from public and two from private) branches found in Batu town namely commercial bank of Ethiopia, Awash bank and Cooperative bank of Oromia. The

banks were selected based on their poor market performance considering their larger number of customers. Therefore, from the selected commercial banks, for interview branch managers and questionnaire with employees were assumed to be selected to conduct the research. In the determination of sample size, the three criteria were very important to gather the required data from sample respondents. These were included the level of precision, the level of confidence or risk and the degree of variability in the attributes being measured that enable the researchers to determine appropriate sample size (Miauou & Michener, 1976). Therefore, the researcher used Yamane's (1967) formula to calculate sample size:

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

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

By using this formula at 95% confidence level and 5% level of precision the sample size were obtained as follows:-  $n = 153 / 1 + 153(0.05)^2 = 110$

Proportional sample size from stratum is calculated by using the following formula:

$$n_i = \frac{n * N_i}{N} \quad \text{Where } n_i - \text{samples size for each bank}$$

$N_i$ - the total number of employees in each bank

$N$ - the total number of employees in the selected banks(3 banks)

$N$ - The total sample size for selected banks, accordingly, the table

below shows the proportionate sampling for each banks based on the above given formula

**TABLE 3.1. PROPORTIONATE SAMPLE DISTRIBUTION FOR EACH BANK**

No	Lists of banks	Total population of each bank	Sample size
1	CBE	78	56
2	CBO	35	25
3	AWASH	40	29
Total		153	110

**Source: own computation based data collected from selected banks (2023)**

By taking the above table in to consideration, the researcher selected only 110 respondents from the total members of these employees using proportionately. Having selected such number of respondents, the questionnaires were distributed by using simple random sampling to get each respondent from each Bank. This sampling techniques chosen as it gives each member of population fair or equal chance of being selected.

### 3.5. Data type and source

The study employed both qualitative and quantitative data type from both primary and secondary data sources those data that were collected through interview whereas quantitative data includes objective items through the questionnaires. Regarding the data source, the study used primary source. Primary source of data was collected through closed ended

questionnaires and structured and semi-structured interviews with the selected branch managers.

### 3.6. Methods of data collection

Methods of data collection relatively dependence on standard questionnaires prepared by Swaminathan (2004) which was prepared in the form of five points liker scale For the purpose of data collection, the researcher was used closed-ended questionnaires and both structured and semi structured interviews. Closed-ended questionnaires were prepared on the basis of customer relationship management dimensions and banks market performance. Closed ended questionnaires were prepared on the basis of customer relationship management dimensions and marketing performance of the study. Thus, closed ended questionnaires helps to measure respondent's knowledge about the topic. The questionnaires were divided in to two sections. The first section contains the demographic characteristics of the respondents were requested to provide information about their gender, age, year of service or experience and education level. The second section of the questionnaires was designed to enable the researcher to gather information about effect of CRM on market performance in public and private banks of selected commercial banks. For all questionnaire included in section 2, the respondents were requested to indicate their feeling on a five point Likert scale type to measure weighted as follows: 1= strongly disagree, i.e., very much dissatisfied with the case described, 2 = disagree, i.e., not satisfied with the case described, 3 = neutral, i.e., uncertain with the case, 4 = agree, i.e., feeling alright with the case described, and 5=strongly agree, i.e., very much supporting the case described. But, while making interpretation of the result so mean and

Standard deviation the scales were reassigned as follows to make the interpretation easy and clear.

- 1-1.8=Strongly Disagree,
- 1.81-2.6=Disagree,
- 2.61-3.4=Neutral,
- 3.41-4.20=Agree and
- 4.21-5=Strongly Agree (Best, 1977).

### 3.7. Methods of Data Analysis

After the data was collected from primary source it was checked and in-house editing was undertaken to detect errors that had been committed by the respondents. Then, the edited data were coded and manually entered in to statistical package for social science (SPSS) version 16 computer software. Moreover, both qualitative and quantitative methods of data analysis techniques were employed.

Analysis of data in this research was done by using descriptive statistical methods like: frequency, mean, standard deviation and inferential statistical methods such as: correlation and regression. The regression analyses were conducted to determine by how much percent the independent variable i.e. customer relationship management explains the dependent variable which is market performance. Correlation analysis was conducted to test the proposed hypothesis whether there is a positive significant relationship between the customer relationship management dimensions and market performance.

### 3.8. Description of variables

According to Mugenda (2003) conceptual framework is a diagrammatic presentation of the relationship between dependent and independent variables. Researchers who focus on causal relations usually begin with an effect, and then search for its causes. The cause variable, or the one that identifies forces or conditions that act on something else, is the *independent variable* those are *technology* based CRM, key customer focus, knowledge management and CRM organization. The variable that is the effect or is the result or outcome of another variable is the *dependent variable* (also referred to as outcome variable or effect variable those are market share, profitability, and customer retention and customer satisfaction).

#### 3.8.1. Data presentation on descriptive statics

In this part descriptive statistics in the form of mean and standard deviation were presented to illustrate the level of agreement of the respondents with their implications of the three selected Banks. The responses of the respondents for the variables indicated below were measured on five point Likert scale with: 1= strongly disagree, 2= disagree, 3 = neutral, 4= agree and 5= strongly agree, and interpreted in accordance as adapted from (Zaidatol et al.,2012) mean score degree as shown below.

- ✓ Mean Score = 1.00 – 2.49 interpreted as low impact/implementation and implied that the item influenced the performance of market at low extent,
- ✓ Mean Score = 2.50 – 3.65 interpreted as moderate impact/implementation and implied that the given statement affected or influenced the performance of market at moderate extent.

- ✓ Mean Score = 3.66 – 4.50 interpreted as high impact/ implementation and implied that the given statement affected or influenced the performance of market at high extent.
- ✓ Mean Score = 4.51 – 5.00 interpreted as very high impact/ implementation and implied that the given statement.

### 3.9. Model specification

Multiple linear regressions model with K independent variable is written as;

$$Y = B_0 + B_1X_1 + B_2X_2 + B_3X_3 + \dots + B_kX_k + u$$

Where u is the disturbance term,  $B_0$  is the intercept,  $B_1$  is the parameter associated with  $X_1$ ,  $B_2$  is the parameter associated with  $X_2$ ,  $B_3$  is the parameter associated with  $X_3$  ...  $B_k$  is the parameter associated with  $X_k$  (Jeffrey, n.d). the dependent variables are profitability, market share, customer retention and customer satisfaction and the independent variables are technology based CRM, key customer focus, knowledge management and CRM organization.

### 3.10. Reliability and validity test

Cronbach's alpha is a coefficient of reliability. It is commonly used as a measure of the internal consistency or reliability of a psychometric test score for a sample of examinees. It was first named by Lee Cronbach in 1951, as he had intended to continue with further coefficients. The measures can be viewed as an extension of the Kuder-Richardson Formula 20 (KR-20), which is an equivalent measure for dichotomous items ([http://en.wikipedia.org/wiki/Cronbach's\\_alpha](http://en.wikipedia.org/wiki/Cronbach's_alpha)). Hence, according to Lombard (2010), Coefficients of .90 or greater are nearly always acceptable, .80 or greater is acceptable in most

situations, and .70 may be appropriate in some exploratory studies for some indices. By tracing this literature the researcher tested the reliability of the items which were developed for respondents. Therefore, as shown in table below the reliability of the whole items is 0.954 which means the whole items were reliable and acceptable because as Lombard stated coefficients of 0.9 or greater are nearly always acceptable.

**Table 3.2. Cronbach's Alpha For Each Field Of The Questionnaire**

no.	field	no. of items	Cronbach's alpha
1.	Key customer focus	8	0.825
2.	Customer knowledge management	7	0.807
3.	CRM organization	10	0.753
4	Technology based CRM	10	0.832
5.	Market performance	12	0.872
	total	42	0.817

**Source: Field Survey (2023)**

The Cronbach's coefficient alpha was calculated for each field of the questionnaire. The table 3.2 shows the values of Cronbach's Alpha for each field of the questionnaire and the entire

questionnaire. For the fields, values of Cronbach's Alpha ranged from 0.753 and 0.832. This range is considered high as the result ensures the reliability of each field of the questionnaire. Cronbach's Alpha equals 0.817 for the entire questionnaire which indicates very good reliability of the entire questionnaire. Therefore, based on the test, the results for the items are reliable and acceptable.

## **CHAPTER FOUR**

## 4.RESULT AND DISCUSSION

This chapter presents the analysis of the survey questionnaire interviews as well as results of the data analysis in order to realize the ultimate objective of the study.To analyze the collected data in line with the overall objective of the research undertaking, statistical procedures were carried out using SPSS version26.

### 4.1. Response rate on questionnaire

A total of 110 questionnaires were distributed to employees of the three branch banks to assess the influence of CRM on market performance and all questionnaires were filled up and returned making. This indicates that the banks under study were committed to give information relevant to the research understudy.

**Table 4.1: Response Rate On Questionnaire Distributed To Bank Employees**

Name of Bank	Questionnaire Distributed	Questionnaire Responded	Response rate (%)
CBE	56	56	100
CBO	25	25	100
AWASH	29	29	100
Total	110	110	100

**Source: Own survey (2023)**

#### 4.1.1. Demographic characteristics of respondents

This descriptive analysis is used to look at the data collected and to describe data captured through the questionnaire. It was used to describe the demographic factors for more clarification. It is mainly important to make some general observations about the data gathered for general or demographic questions. The demographic factors used in this research were gender, age, educational qualification, and work experience of respondents in the banks.

**Table 4.2: Demographic Characteristics Of Respondents**

demographic	categories	CBE		AWASH		CBO	
		Fr.	%	Fr.	%	Fr.	%
Sex	Male	40	71.4	21	72.4	19	67.9
	Female	16	28.6	8	27.6	6	21.4
Age	18-23	4	7.1	2	6.9	3	10.7
	24-30	22	39.3	13	44.8	7	25.0
	31-40	17	30.4	9	31.0	10	35.7
	41-50	11	19.6	5	17.2	5	17.9

	51 above	2	3.6	-	-	-	
education	Certificate	4	7.1	2	6.9	2	7.1
	Diploma	6	10.7	4	13.8	4	14.3
	Degree	36	64.3	19	65.5	15	53.6
	MS &above	9	16.1	3	10.3	3	10.7
Work experience	Below 2 years	4	7.1			1	3.6
	3-8 years	31	55.4	4	13.8	16	57.1
	9-14 years	13	23.2	18	62.1	6	21.4
	15-20 years	6	10.7	6	20.7	2	7.1
	21 and above	2	3.6	1	3.4	-	-

**Source: Field survey (2023)**

As far as the table 4.2 is concerned, 40(71.4) percent of the respondents of CBE were male while the remaining 16(28.6)percent of the respondents were female. This indicates that majority of the employees of the bank were male. From this we can infer that female participation in CBO was low relative to male. The above table also reveals that 61.5 percent of the respondents of Awash Bank were male while 27.6 percent were female. Similar conclusion to that of CBE can be drawn in Awash Bank that female participation was low relative to male. *Therefore it can be concluded that gender variable the majority of*

*employees in the three banks are male, while female employees are low* this also the factor that can be influence a banking performance because female are more kind enough than men.

Another description observed in table 4.2 is the age interval of respondents. 22(39.3) and 17(30.4) percent of the respondents of CBE were found in the age interval of 24 to 40 years .The remaining 19.6 percent were found in the age interval of 41 to 50 years. This indicates that the majority of the employees of CBE were young and middle aged.

As the table 4.2 also depicts, 13(44.8) percent of the respondents of Awash bank were found in the age interval of 21 to 30 years and 9(31%) were found the age interval 31-40 years. The remaining 17.2 percent were found in the age interval of 41to 50 years. This shows that the age distribution in Awash Bank is almost similar to that of CBE, were the employees are young and middle aged

On the other hand, 7(25.0%) and 10(35.7) percent of the respondents CBO, were found in the age interval of 24-30 and 31-45 years respectively, the remaining 3(10.7%) and 5(17.9) percent were found in the age interval of 18 to 23 and 41-50 years respectively. From this data the researcher can conclude that majority of the respondents in the three banks were fall in the age range of 24 to 41 years. From this we infer that in all the three banks the number of young and productive age group was almost similar.

As far as the educational qualification of employees is concerned in the table 4.2, 4(7.1%) and 6(10.7)

percent of the respondents of CBE were certificate and diploma holders respectively, and the remaining 36(64.3%) and 9(16.1) percent were BA degree and MS holder in CBE, this implies majority of the respondents i.e. 36 (64.3) percent were BA holders.

As the table 4.3 displays, like CBE, in Awash bank 2(6.9 %) and 4(13.8%) respondents were certificate and diploma respectively, 19(65.5 ) and 3(10.3%) sample respondents were BA degree and MA holder , this implies majority of the respondents was BA holders followed by diploma holders in the bank.

As the table 4.2 displays, like CBE and Awash bank, CBO employees were 2(7.1%) and 4(14.3%) respondents were certificate and diploma respectively, 15(53.6 ) and 3(10.7%) sample respondents were BA degree and MA holder , this implies majority of the respondents was BA holders followed by diploma holders in the bank in the same as from both CBE and Awash banks.

As far as work experience of the respondents is concerned in table 4.2, 4 (7.1) 31(55.4) and 13(23.2) percent of therespondents of CBE have below two and 3-8 years of working experience respectively, 13(23.2) and 6(10.7 2%) percent of the respondents have 9 to 14 and 15-20 of years working experience and the remaining 2(3.6) percent have above 11 years of working experience. While 4(13.8) and 18(62.1)percent respondents of CBO have 3 to 8 and 9 to 14 years working experience, and the remaining 6(20.7) and 1(3.4) percent of the respondents have 15 to 20 and 21 above years of working experience.

When we come to Awash bank 16 (57.1%) and 6(21.4) percent of the respondents have 3 to 8 and 9-14 years of working experience, 2(7.1) percent of the respondents have 15 to 20 years of working experience. This implies that all selected banks are in a good track on establishing, maintaining and enhancing long- lasting relationships with customers in order to improve market performance. In general, results of demographic characteristics of the respondents entail that, they can clearly understand and respond to the questions provided to gather primary data.

#### 4.2. Perception of respondents towards Key customer focus

Key customer focus is one of the most important dimensions of customer relationship management that involves an overall customer-centric focus and continuously delivering superior and added value through customized offers to the key customers. In today's business environments, 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. The overall company understanding and support for key customer focus encourages sales force to foster long-term customer relationships by offering more personalized services (Armstrong and Kotler, 2004).

**Table 4.3 : Descriptive Statistics Of Key Customer Focus**

	Variables of key customer focus	CBE		Awash		CBO	
		Mean	St.D	Mean	St.D	Mean	St.D
1	The bank works with key customers to customize offerings.	4.11	.908	3.6897	.76080	3.68	.802
2	The bank sets clear objectives on providing their customers with excellent service.	4.11	.908	3.8621	.83342	3.72	.792
3	The bank sets clear strategy on satisfaction of customers.	4.11	.888	3.8621	1.12517	3.88	1.201
4	The bank Makes coordinated efforts to modify a service for key customers.	4.09	.920	3.6897	.76080	3.68	.802
5	The bank is Continuously delivering superior and added value for key customers.	4.09	.920	3.8621	.83342	3.72	.792
6	The bank Meets and ensures key customer needs.	3.84	.562	3.8621	1.12517	3.88	1.201

7	All employees in the bank treat customers with especial care.	4.09	.920	3.6897	.76080	3.68	.802
8	Customer lifetime value is the essential criterion for key customer selection of the bank.	4.00	.920	3.8621	.83342	3.72	.792
	<b>Grand mean</b>	<b>4.05</b>	<b>0.86</b>	<b>3.79</b>	<b>0.87</b>	<b>3.74</b>	<b>0.88</b>

*Source: Field survey (2023) n=110*

As it can be seen in the table 4.3 in CBE the concern of working with key customers has scored mean of 4.11 with standard deviation of 0.908, the bank works with key customers to customize our offerings, and the same as the mean score rating. The bank sets clear strategy on satisfaction of customers for the mean score 4.11 and standard deviation .888 and also the bank Makes coordinated efforts to modify a service for key customers the mean is 4.09 and standards deviation .920 continuously delivering superior and added value for key customer has scored a mean of 4.09 with standard deviation of 0.920 meeting and ensuring key customers' needs has scored a mean of 3.84 with Standard deviation of 0.562, treat customers with especial care has scored a mean of 4.09 with standard deviation of 0.920 and life time value has scored a mean of 4.00 with standard deviation of 0.920, there fore the key customers needs especial care and customer life time value has an effect to achieve market performance of the bank.

As the interview conducted with the general manager of CBE concerning on key customer focus shows that as it plays a vital role for market performance especially for importers and exporters by serving them better than other banks. In addition to this, the manager stated that the primary strategy of the bank was putting customers at the center and supporting the services with more advanced banking technology.

When we come to Awash bank the concern of working with key customers has scored mean of 3.6897 with standard deviation of 0.76080, setting clear objectives and strategies for key customers has scored mean of 3.8621 with standard deviation of 0.83342, making coordinated efforts with key customers has scored a mean of 3.8621 standard deviation of 1.12517, continuously delivering superior and added value for key customer has scored a mean of 3.6897 with standard deviation of 0.76080, meeting and ensuring key customers' needs has scored a mean of 3.8621 with Standard deviation of 0.5721, treat customers with especial care has scored a mean of 3.6897 with standard deviation of 0.76080 and customer life time value has scored a mean of 3.8621 with standard deviation of 0.83342. However, in board of director meeting and ensuring key customer needs and treating customers with especial care are the most important variables that play a decisive role to achieve marketing performance of the bank.

As the information obtained through interview with the general manager of Awash Bank, the bank was emphasizing on key customer focus. Towards this issue the bank manager confirmed as without key customer focus there is no profit and even difficult to achieve the goals of the bank. Additionally, the manager stated that the bank provides loans, holiday gifts to the key customers to make them to feel like their own business. Furthermore, the bank has

given attention not only to key customers but also for “All customers of the bank” and considering using the idea of a customer focus to ramp up business and appeal to their client base as stated by the manager of the bank.

As it is clearly pointed out in the table 4.3 in CBO the concern of working with key customers has scored mean of 3.68 with standard deviation of 0.802, setting clear objectives and strategies for key customers has scored mean of 3.72 with standard deviation of 0.792 making coordinated efforts with key customers has scored a mean of 3.88 with standard deviation of 1.201, continuously delivering superior and added value for key customer has scored a mean of 3.68 with standard deviation of 0.802, meeting and ensuring key customers’ needs has scored a mean of 3.72 with Standard deviation of 0.792, treat customers with especial care has scored a mean of 3.88 with St. Deviation of 1.120 and customer life time value has scored a mean of 3.68 with standard deviation of 0.802. Yet treating customers with especial care and customer life time value are the most important variables that play a crucial role to achieve market performance of the bank.

According to the information obtained through the interview with the general manager of CBO indicates that the bank was giving more emphasis to key customer focus by giving loans and accepting their money to deposit in their banking. The manager also stated as the works of the bank were to satisfy their customers in a better way by working with key customers, setting clear objective and strategies for key customers because, the bank can’t maximizes its

market share if its customers are not satisfied and they are not remained loyal to the bank for a long period of time to avoid customer turnover in the future.

In addition to this, table 4.3 also reveals that the mean rating score of all the entire sub construct variables in the three banks i.e. working with key customers, clear objectives and strategies for key customers, making coordinated effort to modify services for key customers, continuously delivering superior and added value for key customers, meeting and ensuring key customers' needs, treat customers with especial care and customer life time value were falling between the ranges of 4.00- 4.70. This shows that respondents agreed that all those entire sub-construct variables are the important factors that have influence on market performance. Furthermore the key customer also the most important factor that can be achieve on a market performance in the banks.

#### 4.4.2. Perceptions of respondents towards CRM Organization

CRM is an enterprise wide initiative. It requires that all areas of the organization work toward the common goal of building stronger customer relationships. Strong focus on key customers are deeply surrounded throughout its CRM system, the whole business were structured around promoting, encouraging, stimulating the valuable relationships. The organizational arrangement and structure needs to be flexible and, if necessary reassembled to generate customer-centric values and develop coordination of customer-focused, crossfunctional teams in order to attract potential pool of customers. Furthermore, with meticulous efforts by all organizational functions to constantly provide a stream of value-rich actions and customer

outcomes. The success of CRM programs call for commitment of resources at all levels and functions of the firm (Anderson and Swaminathan, 2005)

**Table 4.4: Descriptive statistics of CRM organization**

	<b>Customer relationship management organization</b>	CBE		Awash		CBO	
		Mean	St. D	3.6897	.76080	Mean	St.D
9	The bank has Good organizational structure that attracts customers.	4.09	.920	3.8621	.83342	4.56	.507
10	The bank has wide organizational commitment resources.	3.50	.727	3.8621	1.1251	4.64	.490
11	The bank has Flexible organizational structure and arrangement.	4.09	.920	3.6897	.76080	4.64	.490
12	The bank has customer focused coordination.	4.09	.920	3.8621	.83342	4.64	.490

13	The Bank structure is meticulously designed around customers.	4.09	.920	3.8621	1.1251	4.64	.490
14	The bank has Cross-functional teams.	4.09	.920	3.6897	.76080	4.00	.510
15	The bank has Good organizational image.	3.72	.920	3.6897	.76080	4.64	.490
	<b>Grand mean</b>	<b>3.95</b>	<b>0.89</b>	<b>3.78</b>	<b>0.87</b>	<b>4.53</b>	<b>0.49</b>

*Source: Field survey (2023)*

Table 4.4 illustrates that the perception of the respondents towards CRM organization. Accordingly, in CBE the concern of good organizational structure has scored a mean of 4.09 with standard deviation of 0.920, organizational wide commitment resources has scored a mean of 4.00 with standard has scored a mean of 4.00 with standard deviation of 0.920, coordination of customer focused has scored a mean 4.09 with standard deviation of 0.909, meticulously designed around customers has scored a mean of 4.00 with standard deviation of 0.909, cross-functional teams has scored a mean of 4.00 with standard deviation of 0.920, good organizational image has scored a mean of 3.72 with standard deviation of 0.642. However, in CBE good organizational structure and coordination of customer focused are the decisive variables that could be influenced to achieve the market performance of the bank.

As far as table 4.4 is concerned, in Awash bank the concern of good organizational structure has scored a mean of 3.689 with standard deviation of 0.760, organizational wide commitment resources has scored a mean of 3.862 with standard deviation of 0.833, flexible organizational

structure and arrangement to capture and attract customers has scored a mean of 3.862 with standard deviation of 1.125, coordination of customer focused has scored a mean 3.689 with standard deviation of 0.760, meticulously designed around customers has scored a mean of 3.86 with standard deviation of 0.833, cross-functional teams has scored a mean of 3.86 with standard deviation of 1.125 and good organizational image has scored a mean of 3.689 with standard deviation of 0.760. Yet good organizational image and structure are the most significant variables to achieve market performance of the bank.

When we come to CBO table 4.4 illustrates that the concern of good organizational structure has scored a mean of 4.56 with standard deviation of 0.507, organizational wide commitment resources has scored a mean of 4.64 with standard deviation of 0.490, flexible organizational structure and arrangement to capture and attract customers has scored a mean of 4.60 with standard deviation of 0.490, coordination of customer focused has scored a mean 3.59 with standard deviation of 0.789, meticulously designed around customers has scored a mean of 4.00 with standard deviation of 0.490, cross-functional teams has scored a mean of 4.64 with standard deviation of 0.490 and good organizational image has scored a mean of 4.64 with standard deviation of 0.490. However, organizational wide commitment resources and meticulously designed around customers are the most important variables to achieve market performance of the bank.

indicates that the bank target were improving their service using different measures such as designing organizational structure that attract and promote customers, intensive manpower training to implement totally performance standards through all customer touch points. In addition to this, the managers stated as to be customer-centric, companies need to collect and

store meaningful information in a comprehensive customer database. As they stated customer database is an organized collection of information about individual customers or prospects. The database must be current, accessible, and actionable in order to support the generation of leads for new customers while supporting sales and the maintenance of current customer relationships. Smart organizations are collecting information every time a customer comes into contact with the organization.

#### 4.4.3. Perception of Respondents Towards Customer Knowledge Management

According to Kozlenkova et al. (2014), RBV has gained great attention as a frame work that can be used to explain performance. Using a sample consisting of 700 small and medium enterprises (SMEs) in Malaysia, Bakar and Ahmad (2010) adopted RBV to identify drivers of product innovation performance and found that enterprises' intangible resources were the most important driver of innovation performance.

Consequently, CRM, as a mix of four dimensions, which are customer orientation, technology, knowledge management and firm competencies (Padmavathy et al., 2012, cited in Dewnarain et al., 2019), is linked to innovation capability. Further, some authors indicate that CRM is positively related to performance through innovation (Battor and Battor, 2010, Ghafari et al., 2011, Baksi and Parida, 2013, Toma et al., 2014, Taherparvar et al., 2014, Shriedeh and Ghani, 2016). Another bundle of research confirmed the positive effect of CRM on performance outcomes such as satisfaction through different mediating constructs like customer empowerment (Aldaihani and Ali, 2018b), or marketing capability (Chang et al., 2010).

**Table 4.5: Descriptive statistics of customer knowledge management**

	<b>Customer knowledge management</b>	<b>CBE</b>		<b>Awash</b>		<b>CBO</b>	
		Mean	St. D	Mean	St.D	mean	St, D
16	The bank Enables ongoing and two-way communication.	4.13	.883	3.8276	.96618	4.64	.490
17	The bank has Good management practice.	4.09	.920	3.6897	.76080	4.64	.490
18	The bank has Well-trained and motivated employees.	4.09	.920	3.8621	.83342	4.10	0.833
19	The bank Manages all customer communications.	4.09	.920	3.9655	1.08505	4.64	.490
20	The bank has Successful dissemination of knowledge management.	4.09	.920	3.5172	.94946	4.56	.507
21	The bank has Ability to transform locally acquired new knowledge into organization level knowledge.	4.09	.920	3.7931	.90156	4.64	.490
22	The bank has Ability to trial customer	4.09	.920	3.8276	1.13606	4.64	.490

	behavior.						
23	The bank has Detail knowledge of every procedures.	4.09	.920	3.6897	.76080	4.56	.507
24	The bank has Ability to interact and works well with others.	3.94	.638	3.6897	.92980	4.64	.490
25	The bank has Ability to handle customers and solving customer complains.	4.09	.920	3.6897	.76080	4.64	.490
	<b>Grand mean</b>	<b>4.07</b>	<b>0.88</b>	<b>3.74</b>	<b>0.90</b>	<b>4.57</b>	<b>0.52</b>

*Source: Field survey (2023))*

As it can be seen in the table 4.5 in CBE employees were perceived as customer knowledge management is significant for market performance of the bank. Accordingly, in CBE the concern of ongoing and two-way communication with customers has scored a mean of 4.13 with standard deviation of 0.883, good management practice to handle customers has scored a mean of 4.09 with standard deviation of 0.920, well-trained and motivated employees who have a great contribution for the success of the organization has scored a mean of 4.00 with standard deviation of 0.921, manages all customer communications has scored a mean of 4.09 with standard deviation of 0.962, successful dissemination of knowledge management has scored a mean of 3.94 with standard deviation

of 0.638, ability to transform locally acquired knowledge into organization-level knowledge has scored a mean of 4.09 with standard deviation of 0.900, ability to trial customer behavior has scored a mean of 4.09 with standard deviation of 0.92, detail knowledge of every procedures has scored a mean of 4.0 with standard deviation of 0.533, works well with others has scored a mean of 4.00 with standard deviation of 0.872 and ability to handle customers has scored a mean of 3.94 with standard deviation of 0.900. However, in CBE bank ongoing and two-way communication with customers, good management practice to handle customers, successful dissemination of knowledge management, ability to trial customer behavior, detail knowledge of every procedures and ability to handle customers are the most decisive variables that influence the marketing performance of the bank.

Also as far as the table 4.5 concerned in AWASH Bank the concern of ongoing and two-way communication with customers has scored a mean of 3.8276 with standard deviation of 0.966 , good management practice to handle customers has scored a mean of 3.6897 with standard deviation of 0.7608, well-trained and motivated employees who have a great contribution for the success of the organization has scored a mean of 3.862 with standard deviation of 0.833, manages all customer communications has scored a mean of 3.9655 with standard deviation of 1.085, successful dissemination of knowledge management has scored a mean of 3.5172 with standard deviation of 0.9494 , ability to transform locally acquired knowledge into organization-level knowledge has scored a mean of 3.79 with standard deviation of 0.901, ability to trial customer behavior has scored a mean of 3.827 with standard deviation of 1.136 , detail knowledge of every procedures has scored a mean of 3.689 with standard deviation of 0.7608 , works well with others has scored a mean of 3.6897 with standard deviation of

0.9298 and ability to handle customers has scored a mean of 3.689 with standard deviation of 0.760. Yet, in Awash Bank good management practice to handle customers, manages all customer communications, ability to transform locally acquired knowledge into organization-level knowledge, works well with others and ability to handle customers are the most crucial variables to achieve the market performance of the bank.

While in CBO employees were also perceived that customer knowledge management is essential for any business especially for service giving businesses. Accordingly, as the result of the respondents shows that, the concern of ongoing and two-way communication with customers has scored a mean of 4.64 with standard deviation of 0.490, good management practice to handle customers has scored a mean of 4.00 with standard deviation of 0.572, well-trained and motivated employees who have a great contribution for the success of the organization has scored a mean of 3.97 with standard deviation of 0.672, manages all customer communications has scored a mean of 4.56 with standard deviation of 0.506, successful dissemination of knowledge management has scored a mean of 4.66 with standard deviation of 0.491, ability to transform locally acquired knowledge into organization-level knowledge has scored a mean of 4.64 with standard deviation of 0.490, ability to trial customer behavior has scored a mean of 4.00 with standard deviation of 0.577, detail knowledge of every procedures has scored a mean of 4.64 with standard deviation of 0.490, works well with others has scored a mean of 4.60 with standard deviation of 0.492 and ability to handle customers has scored a mean of 4.64 with standard deviation of 0.495.

However, respondents rated good management practice to handle customers, well-trained and motivated employees, works well with others, detail knowledge of every procedure and manage all customer communications as the most significant variables to achieve the market performance of the bank.

It includes intimate and tacit knowledge such as key account managers, and distant or analytic knowledge including database information about sales, web-behavior or other analytical piece of data. Furthermore, obviously companies know about their customers, but frequently this is in a fragmented form and difficult to share or analyze and often it is incomplete or just in the head of one or two people. To be effective customer knowledge needs to be visible throughout the organization to ensure the voice of the customer is heard (Mithas *et al.*, 2005)

#### 4.4.4. Perceptions of respondents towards CRM-based Technology

According to Kozlenkova *et al.* (2014), RBV has gained great attention as a frame work that can be used to explain performance. Using a sample consisting of 700 small and medium enterprises (SMEs) in Malaysia, Bakar and Ahmad (2010) adopted RBV to identify drivers of product innovation performance and found that enterprises' intangible resources were the most important driver of innovation performance.

Consequently, CRM, as a mix of four dimensions, which are customer orientation, technology, knowledge management and firm competencies (Padmavathy *et al.*, 2012, cited in Dewnarain *et al.*, 2019), is linked to innovation capability. Further, some authors indicate that CRM is positively related to performance through innovation (Battor and Battor, 2010, Ghafari *et al.*, 2011, Baksi and Parida, 2013, Toma *et al.*, 2014, Taherparvar *et al.*, 2014, Shriedeh and

Ghani, 2016). Another bundle of research confirmed the positive effect of CRM on performance outcomes such as satisfaction through different mediating constructs like customer empowerment (Aldaihani and Ali, 2018b), or marketing capability (Chang et al., 2010). Uniqueness of this study can be expressed in terms of its exploitation of relationship marketing theory and resource-based view to understand the effect of CRM on marketing performance through administrative innovation capability.

**Table 4.6: Descriptive statistics of technology based CRM**

	<b>Technology based CRM</b>	CBE	Awash		CBO		
		Mean	St. D	Mean	St. D	mean	St. D
26	The Bank maintains a comprehensive database of our customers.	4.09	.920	3.8621	.83342	4.64	.490
27	The bank Provides Automated Teller Machines (ATM) at all branches	4.09	.920	3.8621	1.12517	4.64	.490
28	The Bank has the right hardware and software to serve customers.	4.09	.920	3.6897	.76080	4.52	.510
29	The bank utilizes right technical personnel for the utilization of computer technology in building customer relationships	4.09	.920	3.8621	.83342	4.64	.490
30	The bank Provides Information Technology facilitates like computer aided design for managing customer relationships	4.09	.920	3.8621	1.12517	4.64	.490
31	The bank Disseminates information to customers through e-mail to reduce customer waiting time.	4.09	.920	3.6897	.76080	4.64	.490

32	The bank communicates with customers with telephones to meet their urgent requests and needs.	4.09	.920	3.8621	.83342	4.64	.490
33	The bank gives much attention and prompts services to customers irrespective of their status using online media.	4.09	.920	3.6897	.76080	4.64	.490
34	The bank follows proper Data warehousing and mining techniques.	4.09	.920	3.8621	.83342	4.56	.507
35	The bank Provides major transactions through online without physical contact with the customer. e.g., transfers, direct debit, etc for customer convenience.	4.07	.912	3.8621	.83342	4.64	.490
	<b>grand mean</b>	<b>4.08</b>	<b>0.91</b>	<b>3.80</b>	<b>0.86</b>	<b>4.62</b>	0.49

*Source: Field survey (2023)*

As it can be seen in the table 4.6 in CBE the concern of comprehensive data base for customer has scored a mean of 4.09 with standard deviation of 0.928, provide Automated Teller Machines at all branches has scored a mean of 4.02 with standard deviation of 0.924, right hardware and software has scored a mean of 4.09 with standard deviation of 0.927,

providing technical support has scored a mean of 4.08 with standard deviation of 0.927, computer aided design has scored a mean of 4.09 with standard deviation of 0.924, disseminates information through e-mail has scored a mean of 4.07 with standard deviation of 0.924, attention and prompts services using online media has scored a mean of 4.09 with standard deviation of 0.92, data warehousing and data mining has scored a mean of 4.09 with standard deviation of 0.921, serving customers online without physical contact for customer convenience has scored a mean of 3.74 with standard deviation of 0.789. However, in CBE respondents rated that comprehensive data base for customer and provide technical support as the most significant variables of technology based CRM to achieve market performance of the bank.

As information gathered through interview with the general manager of CBE indicates the bank was emphasizes on technology based CRM to engage in enough amounts of transactions with significantly diverse customers in terms of their needs, preferences and expectations using a bundle of technologies like compressive data base for customers and providing technical support for customers. In addition to this, Currently CBE has introduced networked banking system which is called Smart banking and Agar Visa Card which helps the bank in order to segregate their services, reducing customer waiting time, and avoiding customer defection to achieve their market performance.

When we come to awash Bank the concern of comprehensive data base for customer has scored a mean of 3.8621 with standard deviation of 0.8334, provide Automated Teller Machines at all branches has scored a mean of 3.8621 with standard deviation of 1.125, right hardware and software has scored a mean of 3.689 with standard deviation of 0.760, providing technical support have scored a mean of 3.862 with standard deviation of 0.833, computer aided design has scored a mean of 3.86 with standard deviation of 1.125, disseminates information through e-mail has scored a mean of 3.689 with standard deviation of 0.760, attention and prompts services using online media has scored a mean of 3.86 with standard deviation of 0.833, good customer data warehousing and data mining has scored a mean of 3.68 With standard deviation of 0.760, delivering services for customers through online without physical contact for customer convenience has scored a mean of 3.86 with standard deviation of 0.833. Furthermore, as employees rated, in awash bank provide Automated Teller Machines at all branches, good customer data warehousing and data mining and delivering services for customers through online without physical contact for customer convenience are the most decisive elements of technology based CRM to achieve market performance of the bank.

While in CBO the concern of comprehensive data base for customer has scored a mean of 4.64 with standard deviation of 0.491, provide Automated Teller Machines at all branches has scored a mean of 4.62 with standard deviation of 0.490, right hardware and software has scored a mean of 4.51 with standard deviation of 0.510, provide technical support has scored a mean of 4.64 with standard deviation of 0.492, computer aided design has scored a mean of 4.0 with standard deviation of 0.568, disseminates information through e-mail has scored a

mean of 4.69 with standard deviation of 0.483, attention and prompts services using online media has scored a mean of 4.68 with standard deviation of 0.491, good customer data warehousing and data mining has scored a mean of 4.66 with standard deviation of 0.49, delivering services for customers through online without physical contact for customer convenience has scored a mean of 4.65 with standard deviation of 0.490. Yet employees of CBO were rated that, comprehensive data base for customer, information technology facilitates like computer aided design, delivering services through online without physical contact for customer convenience as the most crucial variables of technology based CRM to achieve market performance of the bank. Based on the information gathered through interview with the general managers of the Awash and CBE shows that CRM-based technology enables their market performance through providing information about the customer to be stored in databases, businesses to analyze data, pull out customer preferences and make clear their behavior, easy access to data across departments that may be widely geographically disperse, easy access for customers in terms of online transactions, speedy personalized communications that enable the customer to feel valued and special even though in reality they may be just one of hundreds of thousands of customers. In addition to this, Currently Dashen and CBO Banks were introduced networked banking system which is called Swift Card which helps the bank in order to segregate their services, reducing customer waiting time, and keep away from customer defection to achieve their market performance.

#### 4.4.5. Perceptions of respondents towards market performance

Market performance refers to the enhancement of the organizational standing in the market, improvement of the customers' perception of organization and its products and increase in their loyalty toward organization (Martin, 2005). In today's world as competition becomes tough, firms are able to deliver their offer and services that are customized for every customer. Certainly, these organizations can accomplish competitive advantage in sale and service marketing through tailoring their mass services. At the moment, the profitable companies endeavor to transfer their mass services to the individual customer.

**Table 4.7: Descriptive statistics of market performance**

	Market performance	CBE		Awash		COOP	
		mean	St. D	Mean	St. D	mean	St. D
36	The bank has been striving to increase its market share through attracting, satisfying and retaining customers.	4.07	.850	3.6207	.82001	3.60	1.041
37	The bank Focuses on providing distinctive service to customers.	4.07	.850	3.5862	1.05279	3.60	1.041
38	The Bank marketing strategy is effective in promoting and attracting new customers.	4.07	.850	3.6897	1.25651	3.60	1.041
39	The bank has Strong devotion to	4.09	.837	3.6552	.72091	3.64	1.036

	standardized service delivery.						
40	The Bank marketing strategy satisfies customers.	4.07	.850	3.6552	1.00980	3.60	1.041
41	The bank gives Extensive training for customer handling.	4.05	.862	3.6552	.72091	3.60	1.041
42	Marketing strategy of the Bank is successful in retaining customers.	4.05	.862	3.7241	.95978	3.60	1.041
43	The bank Focuses on day-to-day operations.	4.07	.850	3.8276	1.13606	3.52	1.046
44	The bank Developes system for imploring customer feedback on services.	4.05	.862	3.5517	.78314	3.56	1.083
45	The bank expands branches nearer to customers.	4.04	.894	3.8621	.83342	3.56	1.083
46	The bank Understands and wish to provide quality services for customers.	4.04	.894	3.4138	1.23974	3.60	1.041
47	The bank Maintains adequate number of employees.	4.05	.883	3.6897	.76080	3.60	1.041

	<b>grand mean</b>	<b>4.06</b>	<b>0.86</b>	<b>3.65</b>	<b>0.93</b>	<b>3.55</b>	<b>1.04</b>
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*Source: Field survey (2023)*

The table 4.7 below shows the perception of the respondents towards market performance. Accordingly, in CBE the result of all sub-construct variables .The bank has been striving to increase its market share through attracting, satisfying and retaining customers with mean of 4.07 SD= 0.850 followed by the bank Focuses on providing distinctive service to customers mean of 4.07standard deviation .850, The Bank marketing strategy is effective in promoting and attracting new customers. With mean of 4.07 were SD= .850, the bank has Strong devotion to standardized service delivery. With mean of 4.09 SD=0.837, The Bank marketing strategy satisfies customers with mean of 4.07 SD=.850, the bank gives Extensive training for customer handling with mean of 4.05were SD=0 .862, Marketing strategy of the Bank is successful in retaining customers with mean of 4.05were SD=0.862 The bank Focuses on day-to-day operations with mean of 4.07 were SD 0.850,the bank Develops system for imploring customer feedback on services with mean of 4.05 were SD=0.862 The bank expands branches nearer to customers with mean of 4.04wereSD= 0.894, the bank Understands and wish to provide quality services for customers with mean of 4.04 were SD=0.894, the bank Maintains adequate number of employees mean of 4.05 SD=0.883, this includes the majority of respondents between the range of 4.00 -4.50 mean score rating this implies that all those variables are a significant roles to perform a market performance in the bank.

From the above table for Awash Bank the result of all subconstruct variables, The bank has been striving to increase its market share through attracting, satisfying and retaining customers with mean of 3.62 SD=0.820 followed by the bank Focuses on providing distinctive service to customers mean of 3.58 standard deviation 1.050, The Bank marketing strategy is effective in promoting and attracting new customers. With mean of 3.68 were SD=1.1250, the bank has Strong devotion to standardized service delivery. With mean of 3.65 SD=0.720, The Bank marketing strategy satisfies customers with mean of 3.65 SD=1.00, the bank gives Extensive training for customer handling with mean of 3.65 were SD=0.720, Marketing strategy of the Bank is successful in retaining customers with mean of 3.72 were SD=0.959 The bank Focuses on day-to-day operations with mean of 3.82 were SD 1.136,the bank Develops system for imploring customer feedback on services with mean of 3.55 were SD=0.783, The bank expands branches nearer to customers with mean of 3.86 were SD= 0.833 , the bank Understands and wish to provide quality services for customers with mean of 3.413 were SD=1.239, the bank Maintains adequate number of employees mean of 3.68 SD=0.760, this includes the majority of respondents between the range of 3.00 -4.50 mean score rating this also implies that all those variables are a vital to perform a market performance in the bank.

Like in CBE and awash Bank, in CBO the result of the entire sub-construct variables i.e. developing system for customer feedback on services, providing distinctive service to customers, ability to retain customers, standard process for managing operations, strong devotion to standardized service delivery, long lasting relationship with the customers to enhance sales growth, maintain adequate number of employees were falling between the range of 3.00 – 4.00 mean and this tells the majority of the respondents agreed as all those variables

are the important variables that can play essential roles to achieve market performance of the bank. Yet, unlike CBE and AWASH bank, in CBO the respondents rated extensive training for customer handling, standard process for managing operations, and expanding branches nearer to customers and maintain adequate number of employees as the most decisive variables to achieve market performance having a mean rating.

#### 4.4.6. Comparison Analysis Of Perception Of Respondents Towards CRM And Market Performance

**Table 4.8: Description Of CRM And Market Performance For CBE**

	CBE		Awash		COOP	
	Mean	Std. D	Mean	Std. D	Mean	Std. D
KCF	4.0960	.91017	3.7974	.54835	4.6300	.48342
CRMO	4.0893	.92002	3.7882	.56839	4.6114	.47114
CK M	4.0893	.92002	3.7586	.54348	4.6240	.48069
CRMCT	4.0875	.91831	3.6609	.51028	3.5900	1.04081
MKP	4.0610	.85376	3.7897	.55378	4.6200	.47610
N	56		29		25	

**Source: Field Survey (2023)**

Where, key customer focuses (CK), CRM organization (CRMO) , customer knowledge management (CKM) ,customer relationship based technology ( CRMT).

Comparative data on public and private bank are provided in the table 4.9. As far as the table 4.9 is concerned the mean score shows the rate of employees feeling on different aspects of CRM dimensions, their differences between the average mean scores of the three groups. To compare the overall CRM dimension between public and private banks the researcher used all four dimensions average mean. As far as the table 4.9 is concerned in all dimensions private banks (CBO and Awash banks), CBE and CBO are better than awash bank based the all CRM dimension. Having all the above points banks (CBO and CBE) were better in terms of focusing on key customers especially in terms of working with key customers, setting clear objectives and strategies for key customers, continuously delivering superior and added value for key customers , meeting and ensuring key customer needs and customer life time value than Awash bank.

Furthermore, as the survey result and the discussion with the general managers of the banks indicated the concern of key customer focus in CBO bank were relatively higher having average mean of 4.63 than CBE (Average mean=4.00) and Awash bank (Average mean=3.79) respectively. Therefore all banks even though the extents that they are providing services are different, majority of them are emphasizing on providing quality services to their customers. But, the results inferred in the above table implies that still there were tasks that the commercial banks have to do on the above mentioned aspects of key customer focus in order to improve their market performance.

#### 4.5. Association between dependent and independent variables

In this part of the analysis bivariate Pearson correlation coefficient has been used to examine the relationship between the dependent and independent variable. According to (Robert, 2008), Pearson correlation coefficients ranges between -1 and +.1, when 0 indicates no relationship between, -1.00 indicates a perfect negative relationship and +1.00 indicates a perfect positive relationship. For intermediary values the study uses Pallant (2010) guideline to determine the strength of the correlation, less than 0.1 indicate weak correlation, small correlation for value 0.1 to 0.29; medium/moderate for 0.3 to 0.49; and large for 0.50 to 1.00).

Table 4.9: Correlations between Customer Relationship Management and Market Performance

Correlations					
	KEYCF	CRMO	CKM	CRMT	MKP
KEYCF	1				
CRMO	.112	1			

CKM	.296**	.391**	1		
CRMT	.127	.109	.160	1	
MKP	.480**	.465**	.547**	.236*	1
N	110	110	110	110	110

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Source: Field Survey (2023)

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

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

Where, (KCF, (key customer focus, CRMO( CRM organization, CKM(customer knowledge management, CRMT,(customer relationship ship based on technology and MKP(market performance).

Since all variables are interval, the relationship between the independent variables i.e. key customer focus (KYY CF), customer knowledge management (CKM), CRM organization (CRMO) and technology based CRM (CRMT) and the dependent variable i.e. market

performance (MKP) was investigated using Pearson product –moment correlation coefficient. The results of correlation analysis in the table 4.9 shows that all the independent variables were positively and significantly correlated with the dependent variable i.e. market performance at 99 percent confidence level ( $P < 0.01$ ). The highest correlation is signified by the overall CRM ( $r = .480, .465, .547$  and  $.236$ , where, CK, CRMO, CKM and CRMT respectively), Based on the Pearson correlation test shown in the table 4.9, all CRM dimension is positively and significantly correlated with market performance.

With regard to CRM organization dimension, the banks can be perceived by their employees as good organizational structure has able to build strong and lasting relationship with customers. CRM organization has a significant role in building long-term relationship with customers and achieving market performance (Berry, 1983). So, the finding of Berry (1983) is similar with the results of this research.

Also, the findings of Anderson and Swaminathan (2005) suggested that the organizational arrangement and structure needs to be flexible and reassembled to generate customer-centric values and develop coordination of customer-focused, cross-functional teams the more its market performance will tend to be. Therefore, the result of this research is consistent with the findings of Anderson and Swaminathan, (2005).

in table 4.9 of the correlation analysis, key customer focus dimension has positive and high relationship with market performance. The correlation coefficient between key customer focus and market performance is 0.480 . It is has positive correlation results of CRM elements. This means if the bank focuses on key customers, the firm will improve its market performance.

Furthermore, as a relatively broad sort of outreach strategy, achieving a customer focus is not a one-size-fits-all solution, but if firms are looking at how to approach their enterprise with this sort of outlook, they're not alone. Many business leaders are considering the idea of a customer focus to ramp up business and appeal to their client base (Mithas and Frow, 2005). Hence, this study is consistent with the finding of Mithas and Frow, (2005).

Customer knowledge management is another element of CRM dimensions that is taken into account to explain market performance. Based on the correlation result as it is shown in the table 4.9, customer knowledge management dimension is positively and significantly correlated with market performance. The correlation coefficient between customer knowledge management and market performance is the highest of all correlation results of CRM dimensions which is ( $r=0.547$ ). This shows that customer knowledge management is a determinant of market performance and that help firms to gather and use customer knowledge in order to record relevant information about each customer transaction. Later information is taken from employees can be administered and converted into customer knowledge (Mithas *et al.*, 2005). According to Mithas *et al.*, (2005), customer knowledge management has a strong positive effect on the softer aspects of market performance such as providing quality service for customers, modifying services for customer, satisfying customers, customer retention etc. Hence, this study is consistent with the finding of Mithas *et al.*, (2005).

The other factor that is included in the dimensions of CRM is technology based CRM. As far as the table 4.9 is concerned, it has positive and high relationship with market performance.

In addition to this, the correlation coefficient between these variables is 0.236. This means if the bank uses a package of technologies in their business, they will improve their market performance. Technology based CRM is one of the important tools to create long term relationship with customers in service provider organizations and CRM technology considered as one of the organizational resource commitments that serves as an input into the CRM process and is intended to enhance firms' ability to successfully build and maintain a maximum profit portfolio for relationships with customer (Zeblah, 2004). Hence, this study is consistent with the finding of Zeblah, (2004).

#### 4.5. Multiple linear regression assumptions

Testing assumption of multiple linear regression analysis models is very important before running regression analysis. Some tests were conducted in order to ensure the appropriateness of data to assumptions regression analysis results were discussed in the following subtopics.

##### 4.5.1 Multi-co linearity Test

According to Gujarati (2003) Multicollinearity tests helps to identify the high correlation between explanatory variables and to avoid double effect of independent variable from the model. Predictor variable should be strongly related to dependent variable but not strongly related to each other. For this purpose variance inflation factor (VIF) and tolerance test were used to check Multicollinearity for variables if the value of VIF is less than 10 there is no Multicollinearity and on the other hand if VIF greater than or equal to 10 there is a serious Multicollinearity problem. In addition tolerance is an indicator how much of the

variability of independent variable is not explained by the other independent variable in the model and is calculated using the formula  $1 - R^2$  for each variable.

**Table 4.10 shows Multicollinearity**

No	Variables	CBE		Awash bank		COOP	
		Tolerance	VIF	Tolerance	VIF	Tolerance	VIF
	Key customer focus	.123	8.130	.150	6.675	.254	3.932
	CRM organization	.116	8.630	.119	8.411	.340	2.273
	Knowledge management	.190	5.266	.101	9.896	.207	4.841
	Technology based CRM	.203	4.916	.104	9.628	.357	2.799

Source: Field survey (2023)

Table 4.10 shows the computation result that the value of VIF all variables were by far less than 10 and the value of tolerance statistics being above 0.1 they were accepted entered in to regression model for the estimation of variables.

#### 4.6. Multiple Regression Analysis

The multiple regression analysis was conducted using the hierarchical regression method. It is conducted to investigate the influence of independent variable on the dependent variable and identify the relative significant influence; i.e., independent variable (key customer focus, knowledge management, CRM organization and technology based CRM) to the dependent variable; i.e. market performance in each bank. The proposed hypotheses were tested using multiple regression analysis. The results of the regression analysis are depicted on table 4.11.

**Table 4.11: Multiple Regression Analysis Result of CRM And Market Performance**

Name of bank	Model Summary				
	Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
CBE	1	.593a	.351	.300	.96252
COOP	1	.682a	.466	.359	.83352
AWASH	1	.918a	.842	.816	.21889
a. Predictors: (Constant), MKP( market performance)					

**Source: Field survey (2023)**

Dependent variable: Market performance *n= 110*

Predictors (constant): key customer focus, Customer knowledge management, CRM organization and Technology-based CRM.

Table 4.11 depicts the results of multiple regressions of four underpinnings of CRM in each bank. The result shows that the model tested is significant ( $p < 0.01$ ). As far as the above table is concerned, in CBE the adjusted R square 0.351 indicates 35.1 percent of the variance in market performance is attributed to the four independent variables entered into the regression and the remaining 64.9 percent of the variance in market performance may be explained by other factors such as perceived value, cooperation, commitment and so on.

However, in awash Bank the R square 0.842 indicates 84.2 percent of the variance in market performance is attributed to the four independent variables entered into the regression and the remaining 15.8 percent of variance in market performance may be explained by other factors such as perceived value, cooperation, commitment.

Finally, in CBO bank the adjusted R square 0.466 indicates 46.6 percent of the variance in market performance is attributed to the four independent variables entered into the regression and the remaining 54.4 percent of variance in market performance may be explained by other factors such as perceived value, cooperation, commitment.

**Table 4.12: Coefficients of Customer Relationship Management Dimensions**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.189	.473		.400	.690
	key customer focus	.254	.054	.340	4.667	.000
	CRM organization	.244	.063	.291	3.866	.000
	customer knowledge mgt	.254	.063	.315	4.002	.000
	Technology based CRM	.149	.095	.111	1.569	.120

a. Dependent Variable: MKP( market performance )

**Source: Field Survey (2023)**

According to the result obtained from the SPSS, in Table 4.12 above, under the Sig. column, the p – values of all the independent variables are less than .05, level of significance.

**H1: Key customer focus has positive and significant influence on market performance.**

The result of multiple regression analysis of the table 4. 12 above clearly indicates that in banks key customer focus has significant influence on market performance (p<0.01). Besides,

the value of beta in bank ( $\beta=0.340$ ) shows that the positive influence of key customer focus on market performance.

This implies that a one percent increase in key customer focus results in 3.40 percent increase in market performance of banks. Hence, the above proposed hypothesis is accepted. The above result is supported by Chung and Shin (2010) in which key customer focus has a positive and significant influence on market performance in the online retailing. Besides, the study of Ndubisi (2007) showed that the more key customer focuses the banks have, the more they will be market leaders.

**H2: Customer knowledge management has positive and significant influence on market performance.**

The result of multiple regression analysis in the table 4.12 above clearly indicates that in the banks customer knowledge management has significant influence on market performance ( $p<0.01$ ). Besides, the value of beta ( $\beta=.315$ , ) demonstrates that the positive influence of customer knowledge management on market performance. This implies that a one percent increase in customer knowledge management results in 31.5 percent increase in market performance of in banks. Thus, the above proposed hypothesis is accepted. The above result is supported by the studies of Mithas and Frow, (2005) who found Customer knowledge management as having a significant impact on market performance in the banking industry.

**H3: Technology based CRM has positive and significant influence on market performance.**

Table 4.12 demonstrates technology based CRM which has insignificant influence on market performance in three banks ( $p > 0.01$ ). Besides, the table depicts the value of beta in three ( $\beta = .111$ ) shows that the positive influence of technology based CRM on market performance. This implies that a one percent increase in technology based CRM results in 11.1 percent increase in market performance of banks. Therefore; the above proposed hypothesis is well reject.

**H4: CRM organization has positive and significant influence on market performance**

The coefficient of CRM in the multiple regressions on table 4.12 illustrates that in the three banks CRM organization has significant influence on market performance ( $P < 0.01$ ). Besides, the value of beta in banks ( $\beta = 29.1$ ) points out that the positive influence of CRM organization on market performance. This implies that one percent increase in CRM organization results in 29.1 percent increase in market of market performance. This implies that one percent increase in CRM organization results in market of banks performance. Hence, the above proposed hypothesis is well accepted. The above result is supported by Swaminathan, (2004), whereby organizing around CRM affects market performance through customer retention, customer satisfaction and customer attraction.

#### **Predictor Model Interpretation**

The predictor model,  $B_I$  the standardized beta coefficients tell us about the direction of the influence relationships between the outcomes market performance and the four independent

variables. i.e., standardized B coefficients show absolute change of the dependent variable market performance if the independent variable size changes by one unit. If the B coefficient is positive, then the independent variable and the dependent variable have direct relationship, but if the B coefficient is negative they have inverse relationship.

## **CHAPTER FIVE**

### **5. SUMMARY, CONCLUSION AND RECOMMENDATION**

#### **5.1. Summary**

The main objective of this study is to investigate the effect of customer relationship management on market performance with reference to CBE, Awash and COOP in Batu. In this study, both quantitative and qualitative research approaches are implemented and due to the purpose a descriptive research design was used and a cross-sectional research survey was also considered. The target populations of the study were employees and managers of the branch banks. The branches included in this study were batu branch CBE, Awash and COOP and purposive sampling was employed.

In this study, both primary and secondary data were used as source of information. Based on the research objective, English version questionnaires were prepared. One hundred ten (110) employees were approached using non- probability sampling (purposive sampling technique). From the 110 survey forms, all are completed and returned. This is a 100 percent response rate.

Regarding the reliability of the questionnaire table 4.2 illustrates that all the quaternaries were reliable and acceptable with Cronbach's Alpha result 0.791. With respect to the demographic information of the respondents, table No 4.3 indicates majority of the respondents were males and table No 4.3 also shows that majority of the respondents are youngsters (at the age between 18-31 years old). Moreover, table No 4.3 indicates majority of the respondents were degree holders, the remaining percent were diploma holders and Ms were master's holders.

As the findings of this study indicated in table No. 4.9, respondents of all the three banks agreed with the four dimensions of CRM. Moreover, in CBE bank respondents agreed with the four dimensions of CRM by giving the higher rate scale to key customer focus followed by customer knowledge management, followed by, CRM organization and technology based CRM with average mean of 4.0960, 4.0893, 4.0893 and 4.0875 respectively. And also Awash bank respondents agreed by giving the higher rate scale to Key customer focus followed by customer knowledge, and technology based CRM and CRM organization with the average mean of 3.7974, 3.7882, 3.7897 and 3.7690 respectively while in COOP respondents agreed by giving higher rate to customer knowledge management and technology based CRM, followed by CRM organization and key customer focus with the average mean of 4.6240, 4.6200, 4.6114 and 3.7450 respectively.

Also the results of correlation analysis in table 4.9 shows that all the independent variables i.e. key customer focus, customer knowledge management, CRM organization and technology based CRM are positively and significantly correlated with the dependent variable i.e. market performance at 99 percent confidence level ( $P < 0.01$ ). The highest correlation is signified by CKM ( $r = 0.547^{**}$ ) followed by KCF ( $r = 0.480^{**}$ ), CRMO, ( $r = 0.465^{**}$ ) and Technology

based CRM ( $r=0.236$ ). Furthermore, table 4.10 depicts the results of multiple regressions of the four underpinnings of CRM. The result shows that in all the three banks the model tested is significant ( $p<0.01$ ). In COOP the adjusted R square 0.466 indicate that 46.6 percent of variance in market performance attributed to the four independent variables entered into the regression. for Awash bank 84.2 percent variance performed in market performance, the remaining 15.6 percent of the variance in market performance may attribute to other factors such as perceived value, cooperation, and so on.

### 5.1 Conclusion

This research has numerous functions in management of bank customers because commercial banks were interested in obtaining and retaining of customers to achieve market performance. During the investigation the researcher used both descriptive and inferential statistics and based on the findings the researcher made the research project to an end by outlining the following classic conclusions.

- The findings of the study showed that the employees in the three banks have good customer relationship management of key customer focus, customer knowledge management, CRM organization and technology based CRM. Therefore, the researcher can convincingly conclude that the concept of customer relationship management is well understood by the majority of employees of the selected banks from key customer focus, customer knowledge management, CRM organization and technology based CRM point of view and they were able to relate them with market performance. However, as the result of the finding shows CBO and CBE are better

in terms of key customer focus and CRM organizations and Awash bank is better in terms of technology based CRM. Whereas in the three banks respondents were at the same level of agreement on customer knowledge management. But still some employees have not understood these CRM concepts.

- Based on the results of the descriptive statistics, it is pertinent to conclude that the higher the level of key customer focus, customer knowledge management, CRM organization and technology based CRM perceived by employees, the higher level of market performance can be achieved by selected Commercial banks. Generally CRM dimensions have a positive significant relation with market performance so in order to maximize a market performance banks have to practice CRM dimensions properly.
- CBE the adjusted R square 0.351 indicates 35.1 percent of the variance in market performance is attributed to the four independent variables entered into the regression and the remaining 64.9 percent of the variance in market performance may be explained by other factors such as perceived value, cooperation, commitment and so on.
- In Awash Bank the R square 0.842 indicates 84.2 percent of the variance in market performance is attributed to the four independent variables entered into the regression and the remaining 15.8 percent of variance in market performance may be explained by other factors such as perceived value, cooperation, commitment.
- CBO bank the adjusted R square 0.466 indicates 46.6 percent of the variance in market performance is attributed to the four independent variables entered into the

regression and the remaining 54.4 percent of variance in market performance may be explained by other factors such as perceived value, cooperation, commitment.

### 5.3. Recommendation

This study has demonstrated that the influence of customer relationship management on market performance in selected commercial banks within the area of Batu town. In light of the findings and conclusions made above, the following possible recommendations are suggested as being valuable to the banks for improving customer relationship management activities to assure market performance. In selected commercial banks the activities of customer relationship management (key customer focus, customer knowledge management, CRM organization and technology based CRM) have to be enhanced and reinforced in order to keep and increase market performance.

This can be enhanced and developed through the following:

- ✓ The selected banks have to improve the level of key customer focus by continuous development of services and benefits, working with key customers, increasing its ability to meet its promises, fulfilling obligation, providing consistent quality services and continuously delivering superior and added value for key customers.
- ✓ The selected banks have to improve the level of customer knowledge management, by enabling ongoing and two-way communication, good management practice, well trained and motivated employees, successful dissemination of knowledge management, detail knowledge of every procedures and ability to handle customers.

- ✓ The selected banks have to developing meticulously designed around customers through good organizational structure, organizational wide commitment resources, crossfunctional teams and good organizational images.
- ✓ The selected banks have to improve technology based CRM through maintain comprehensive databases of customers to improve their services, necessary hardware and software facilities to address the dynamic need of customers towards advancement of banking technologies, technical personnel support for utilization of computers and banking technologies to improve the capability of employees about the technologies. In addition to that, commercial banks have to consider customer sustainability. In this situation banks

need to decrease the waiting time of their customers for getting their services done. From this research it is revealed that some of these strategies need to be adopted by commercial banks which enable to increase their market performance.

Particularly, the following possible recommendations are suggested for each bank.

- Awash bank has to give attention to provide services in line with the needs and specializations of the over all CRM dimensions.
- The Awash bank has to dialogue with for the all dimension order to identify where the demand of key customers lies and offering customized services to them.
- For CBE it is necessary to assign c of CRM clear business goals related to obtaining and attracting new customers.

- Awash bank has to exerting more attention to provide individual customer information availability at every point of contact.
- CBE and COOP have to give attention to enhance employee performance measurement and to reward them on the basis of their level of achievement in succeeding customer services.

Generally, the selected banks have to implement customer relationship management appropriately and continuously as an indispensable tool for gaining competitive advantage and build long- lasting and profitable relationships with its customers in order to achieve market performance as the finding has identified gaps in terms of application of CRM dimensions which are particularity due to knowledge gap.

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## **Appendix**

**Wolkite University**

**College of Business and Economics**

**Department of Management**

**Post Graduate Program in Business Administration**

**Questionnaire to be filled by Employees**

**Dear Respondents:-**

I would like to express my deep appreciation for your generous time, honest and prompt responses.

**Objective:-**

This questionnaire is designed to collect data about the effects of Customer Relationship Management on Market Performance of Banking industry in Batu city. The information that you offer me with this questionnaire used as a primary data in my case study which I am conducting as a partial fulfillment of the requirements for the degree of Masters of Business Administration (MBA) at Wolkite University. Therefore, this research is to be evaluated in terms of its contribution to our understanding of Customer Relationship Management and its effects on Market Performance

**General Instructions**

- = No need of writing your name.
- = In all cases where answer options are available please tick ( √ ) in the appropriate box.

**Confidentiality**

I want to assure you that this research is only for academic purpose authorized by the Wolkite University. No other person could access the collected data. In any sort of report I might publish, but, I can not include any information that will make it possible to identify any respondents.

**PART I: Demographic Information**

1. Sex:                      Male                                            Female                     

2. Age \_\_\_\_\_

3. Working experience \_\_\_\_\_

4. Education level:

Certificate     Diploma     Degree     Masters and above

**PART II:** Please state your level of opinion for each given statement using the following

Scales: **1** = strongly disagree **2** = disagree **3** = Neutral **4** = Agree **5** = strongly agree

No	Perceptions of respondents towards the effects of CRM on market performance	Agreement scale				
		1	2	3	4	5
	<b>Items</b>					
	<b>key customer focus</b>					
1	The bank works with key customers to customize our offerings.					
2	The bank sets clear objectives on providing their customers with excellent service.					
3	The bank sets clear strategy on satisfaction of customers.					
4	The bank Makes coordinated efforts to modify a service for key customers.					
5	The bank is Continuously delivering superior and added value for					

	key customers.					
6	The bank Meets and ensure key customer needs.					
7	All employees in the bank treat customers with especial care.					
8	Customer lifetime value is the essential criterion for key customer selection of the bank.					
<b>Customer relationship management organization</b>						
9	The bank has Good organizational structure that attract customers.					
10	The bank has wide organizational commitment resources.					
11	The bank has Flexible organizational structure and arrangement.					
12	The bank has customer focused coordination.					
13	The Bank structure is meticulously designed around customers.					
14	The bank has Cross-functional teams.					
15	The bank has Good organizational image.					
<b>Customer knowledge management</b>						
16	The bank Enables ongoing and two-way communication.					

17	The bank has Good management practice.					
18	The bank has Well-trained and motivated employees.					
19	The bank Manages all customer communications.					
20	The bank has Successful dissemination of knowledge management.					
21	The bank has Ability to transform locally acquired new knowledge into organization level knowledge.					
22	The bank has Ability to trial customer behavior.					
23	The bank has Detail knowledge of every procedures.					
24	The bank has Ability to interact and works well with others.					
25	The bank has Ability to handle customers and solving customer complain.					
<b>Technology based CRM</b>						
26	The Bank maintains a comprehensive database of our customers.					
27	The bank Provides Automated Teller Machines (ATM) at all branches					
28	The Bank has the right hardware and software to serve customers.					

29	The bank utilizes right technical personnel for the utilization of computer technology in building customer relationships					
30	The bank Provides Information Technology facilitates like computer aided design for managing customer relationships					
31	The bank Disseminates information to customers through e-mail to reduce customer waiting time.					
32	The bank communicates with customers with telephones to meet their urgent requests and needs.					
33	The bank gives much attention and prompts services to customers irrespective of their status using online media.					
34	The bank follows proper Data warehousing and mining techniques.					
35	The bank Provides major transactions through online without physical contact with the customer. e.g., transfers, direct debit, etc for customer convenience.					
<b>Market performance</b>						
36	The bank has been striving to increase its market share through attracting, satisfying and retaining customers.					

37	The bank Focuses on providing distinctive service to customers.					
38	The Bank marketing strategy is effective in promoting and attracting new customers.					
39	The bank has Strong devotion to standardized service delivery.					
40	The Bank marketing strategy satisfies customers.					
41	The bank gives Extensive training for customer handling.					
42	Marketing strategy of the Bank is successful in retaining customers.					
43	The bank Focuses on day-to-day operations.					
44	The bank Developes system for imploring customer feedback on services.					
45	The bank expands branches nearer to customers.					
46	The bank Understands and wish to provide quality services for customers.					
47	The bank Maintains adequate number of employees.					

*Thank you for your cooperation!!!*

### **Section III: Questions for interview with bank managers**

1. Do you think that, your bank gives more emphasizes on key customers and provides customized services for them?
2. In your opinion, to what extent the bank established customer-centric performance standards and monitoring all customers touch points?
3. Do you think that, your organization provides channels to enable ongoing two-way communication between key customers?
4. Do you think your bank maintains a comprehensive database of the customers having the necessary hardware and software?
5. Do you think that customer relationship management practices helped your bank in Business performance in terms of increasing number of customers, increasing customer satisfaction, market share, and sales growth than before?
6. What are the customer relationship management strategies that your bank has been using to make customers satisfied and loyal?
7. According to your opinion, to what extent does good relationship with the customer is important for market performance?
8. How much do you think that the acts of employees of the bank, especially those on the front line, affect the level of customer satisfaction and intent to remain in your bank?

9. How do you see your employees' efforts in the bank to create good relationship with customers?

10. To what extent the bank informs customers' in advance about any change that takes place in the bank?

***Thank you again for your cooperation!!!***