

**MEKELLE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF MANAGEMENT
DEPARTMENT OF MANAGEMENT**



**EFFECTS OF CUSTOMER RELATIONSHIP MANAGEMENT ON
MARKET PERFORMANCE: THE CASE OF COMMERCIAL BANK OF
ETHIOPIA (CBE) IN ABI-ADI TOWN AND ITS NEIGHBORING
WOREDAS, TIGRAY.**

BY:

HADUSH ABRHA AREGAW

Cell phone: 09 14 12 07 21 and Email: hadush143@gmail.com

**A THESIS SUBMITTED TO MEKELLE UNIVERSITY DEPARTMENT OF
MANAGEMENT IN PARTIAL FULFILLMENT OF MASTER OF ARTS IN BUSINESS
ADMNISTRATION (MBA)**

PRINCIPAL ADVISOR:

HAYELOM NEGA (ASSISTANT PROFESSOR)

APRIL. 2025

ABI-ADI TOWN, TIGRAY

MEKELLE UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
SCHOOL OF MANAGEMENT
DEPARTMENT OF MANAGEMENT

**EFFECTS OF CUSTOMER RELATIONSHIP MANAGEMENT ON
MARKET PERFORMANCE: THE CASE OF COMMERCIAL BANK OF
ETHIOPIA (CBE) IN ABI-ADI TOWN AND ITS NEIGHBORING
WOREDAS, TIGRAY.**

BY
HADUSH ABRHA AREGAW

Approved by the examining committee:	Signature	Date
1. _____ (Chairman)	_____	_____
2. _____ (Advisor)	_____	_____
3. _____ (Internal Examiner)	_____	_____
4. _____ (External Examiner)	_____	_____

DECLARATION

I, **Mr. Hadush Abrha**, hereby declare that the thesis entitled “the effects of customer relationship management on market performance: the case of the Commercial Bank of Ethiopia (CBE) in Abi-Adi town and its neighboring woredas, Tigray” is my original work, submitted in partial fulfillment of the requirements for the master’s degree in Business Administration at Mekelle University.

I affirm that this thesis has not been submitted, either in part or in full, to any other university or institution for the award of any academic degree. All sources of information used in the preparation of this work have been properly acknowledged, and a comprehensive list of references has been included.

Hadush Abrha **Signature** _____ **Date** _____

Mekelle University

College of Business and Economics

Department of management

Tigray, Ethiopia

CERTIFICATION

This is to certify that this thesis entitled “effects of customer relationship management on market performance, the case of Commercial Bank of Ethiopia (CBE) in Abi-Adi town and its neighboring woredas, Tigray.” submitted in partial fulfillment of the requirements for the award of **the Degree of Master of Business administration (MBA)** to the College of Business and Economics, Mekelle University, via the Department of management, done by **Mr. Hadush Abrha** is an authentic work carried out by him under our guidance. The matter embodied in this thesis has not been submitted earlier for award of any degree to the best of our knowledge and belief.

Principal Advisor:

Hayelom Nega
(Assistant professor)
Mekelle University
College of Business and Economics
Department of management
Tigray, Ethiopia
Signature _____
Date _____

Co-advisor:

Mekelle University
College of Business and Economics
Department of management
Tigray, Ethiopia
Signature _____
Date _____

ACKNOWLEDGMENT

First and foremost, I am deeply grateful to Almighty God for granting me the strength, perseverance, and opportunity to pursue and complete my master's studies in Abi-Adi town and its surrounding woredas.

This research would not have been possible without the invaluable support and contributions of many individuals. I would like to express my heartfelt appreciation to my principal advisor, Instructor Hayelom Nega (Assistant Professor), for his unwavering guidance, insightful feedback, and constructive support from the very beginning to the completion of this study.

My sincere thanks also go to the bank managers and all staff members of the Commercial Bank of Ethiopia (CBE), who kindly took the time to complete the survey questionnaires and assisted in the data collection process.

I am especially grateful to my closest friends, Mr. G/Medhin Abrha, Mr. Teklay Mengistu, Mr. Tekeste G/kidan, Mr. Hagos Meaza, Mr. Michael T/birhan, Mr. Guesh Hiluef, Mr. Araya G/medhin, Mrs. Kidan Abrha, Mrs. Mebrat Seged and Mrs. Tirhas G/medhin for their moral support, encouragement, and for generously sharing their ideas throughout my academic journey. Lastly, I would like to extend my deepest gratitude to all my family, colleagues, and friends for their continuous and unreserved support.

LIST OF ACRONYMS

CRM	Customer Relationship Management
CBE	Commercial Bank of Ethiopia
SPSS	Statistical package for social science
ATM	Automated Teller Machine
RBV	Resource Based View
TAM	Technology Acceptance Model
KCF	Key Customer Focus
CKM	Customer Knowledge Management
CRMO	Customer Relationship Management Organization
TCRM	Technology Customer Relationship Management
MP	Market Performance
IVs	Independent Variables
DV	Dependent Variables
SD	Standard Deviation
M.Status	Marital Status
WEX	Work Experience
EDL	Education Level
KPIs	Key Performance Indicators
ROI	Return on investment

ABSTRACT

In the evolving and competitive landscape of the banking industry, Customer Relationship Management (CRM) has emerged as a pivotal strategy for driving sustainable market performance. This study examines the effect of CRM dimensions on the market performance of the Commercial Bank of Ethiopia (CBE), focusing on its branches in Abi-Adi Town and neighboring woredas in Tigray. The research centers on four strategic CRM dimensions: Key Customer Focus (KCF), Customer Knowledge Management (CKM), CRM Organization (CRMO), and Technology-Based CRM (TCRM).

Employing a quantitative, cross-sectional design, data were collected from 90 employees through structured questionnaires and analyzed using SPSS version 24. The reliability of the instrument was confirmed with high Cronbach's Alpha values, all exceeding 0.80. Descriptive statistics, correlation analysis, and multiple regression were used to test the research hypotheses.

The results reveal that all four CRM dimensions significantly and positively affect market performance. Notably, CRM Organization had the strongest influence ($\beta = 0.416$), followed by Key Customer Focus ($\beta = 0.307$), Customer Knowledge Management ($\beta = 0.173$), and Technology-Based CRM ($\beta = 0.162$). The adjusted R^2 value of 0.764 indicates that over 76% of the variance in market performance can be explained by these CRM factors.

These findings underscore that CRM, when strategically aligned and executed, enhances customer satisfaction, retention, profitability, and overall brand reputation. The study concludes that CBE's strength lies in its CRM organization and customer-centric strategies, although challenges remain in digital literacy and service consistency across branches.

The research offers practical recommendations for bank management to deepen CRM integration through employee training, technology optimization, customer data analytics, and performance monitoring. It also highlights directions for future research, such as longitudinal studies, multi-sector analysis, and customer-focused CRM evaluations.

Ultimately, this study contributes to both academic knowledge and practical banking operations by illuminating how CRM strategies can be leveraged to sustain competitive advantage in Ethiopia's financial sector.

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

Table of Content

CONTENTS.....	Page
DECLARATION	iii
CERTIFICATION	iv
ACKNOWLEDGMENT.....	v
LIST OF ACRONYMS	vi
ABSTRACT.....	vii
LIST OF FIGURES	xi
CHAPTER ONE: INTRODUCTION.....	1
1.1. Background of the Study	1
1.2. Statement of the Problem.....	3
1.3. Research Objectives.....	4
1.3.1. General Objectives	4
1.3.2. Specific Objectives	4
1.4. Research Hypothesis.....	4
1.5. Research Questions.....	5
1.6. Scope and Limitation of The Study	5
1.6.1. Scope of the Study	5
1.6.2. Limitation of the Study	5
1.7. Significance of the Study.....	6
1.8. Organization of the Paper	6
CHAPTER TWO: REVIEW OF RELATED LITERATURE.....	8
2.1. The Theoretical Framework of CRM.....	8
2.1.1. Relationship Marketing Theory	8
2.1.2. Resource-Based View (RBV) Theory.....	8
2.1.3. Technology Acceptance Model (TAM).....	8
2.2. Definition of Customer Relationship Management (CRM).....	9
2.2.1. Three Types of CRM Systems	11
2.3. Customer Relationship Management and Information Technology	11
2.3.1. Service Automation in Banking Industries.....	12
2.3.2. Marketing Automation in Banking Industry.....	12

2.4. Customer Relationship Management Objectives in Banking Industry	13
2.4.1. Benefits of Customer Relationship Management in The Banking Industry.....	14
2.5. Empirical Findings on Customer Relationship Management	16
2.5.1. Key Customer Focus and Market Performance	16
2.5.2. Customer Knowledge Management (CKM) and Market Performance	16
2.5.3. CRM Organization and Market Performance	17
2.5.4. Technology-Based CRM and Market Performance	18
2.5.5. CRM and Customer Retention	18
2.5.6. CRM and Market Share	19
2.5.7. CRM and Customer Satisfaction.....	20
2.5.8. CRM and Profitability.....	21
2.5.9. Empirical Findings in Developed Countries	22
2.5.10. Empirical Findings in Developing Countries	23
2.6. Conceptual Framework Of CRM	25
2.6.1. Key Customer Focus	26
2.6.2. Customer Relationship Management Organization.....	27
2.6.3. Customer Knowledge Management	28
2.6.4. Technology-Based CRM	29
2.7. Market Performance.....	30
2.7.1. Sales Growth.....	31
2.7.2. Customer Retention	31
2.7.3. Market Share	33
2.7.4. Profitability	33
2.7.5. Customer Satisfaction.....	34
2.8. Conceptual Model.....	35
CHAPTER THREE: METHODOLOGY OF THE STUDY	35
3.1 Site Selection and Description of Study Area.....	35
3.2. Research Design and Strategy	38
3.2.1. Research Design: Cross-Sectional Survey	38
3.2.2. Research Strategy: Quantitative Approach	38
3.3. Data Type and Source.....	39
3.4 Sampling & Sampling Design.....	40
3.4.1. Sampling Technique	41
3.4.2. Sampling Procedure	41

3.5 Data Collection Methods	43
3.6. Data Processing and Analysis	44
3.6.1 Data Processing.....	44
3.6.2. Data Analysis	44
CHAPTER FOUR: RESULTS AND DISCUSSION	45
4.1. Response Rate on Questionnaire	45
4.2. Reliability Test Result.....	45
4.3. Demographic Characteristics of Respondents	47
4.4. Descriptive Statistics of Scaled Type Questionnaires	50
4.4.1. Perception Of Respondents Towards Key Customer Focus.....	50
4.4.2. Perception of Respondents Towards Customer Knowledge Management.....	52
4.4.3. Perceptions of respondents towards CRM-based Technology.....	54
4.4.4. Perceptions of Respondents Towards CRM Organization.....	56
4.4.5. Perceptions Of Respondents Towards Market Performance	59
4.5. Correlation Analysis	63
4.6. Multiple Regression Analysis	67
CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION	74
5.1. Summary	74
5.2. Conclusion	75
5.3. Recommendations.....	76
IMPLICATIONS FOR FUTURE RESEARCH	77
REFERENCES	78
APPENDICES	81
APPENDIX I	81
APPENDIX II.....	85
APPENDIX III.....	87
APPENDIX IV.....	91

LIST OF FIGURES

Figure 2.1: Conceptual framework of Customer relationship management and its relationship to business performance. Source: Sayed H., (2011).....	35
Figure 3.1: The map of Tigray regional state and study area.....	37

LIST OF TABLES

Table 4.1: Cronbach's Alpha for each field of the questionnaire.....	46
Table 4.2: Demographic characteristics of respondents	48
Table 4.3: Descriptive statistics of Key customer focus.....	50
Table 4.4: Key descriptive findings for key customer focus	51
Table 4.5: Descriptive statistics of customer knowledge management	52
Table 4.6: Descriptive Statistics Summary for customer knowledge management.....	53
Table 4.7: Descriptive statistics of CRM-based Technology	54
Table 4.8: Descriptive Statistics Summary for technology-based CRM	55
Table 4.9: Descriptive statistics of CRM organization.....	56
Table 4.10: Descriptive Statistics Summary for CRM organization	57
Table 4.11: Descriptive statistics of market performance	59
Table 4.12: Descriptive Summary of Market Performance Items	60
Table 4.13: Overall CRM dimensions (Table Summary)	61
Table 4.14: Descriptive Summary of CRM Dimensions and Market Performance.....	61
Table 4.15: Correlations between customer relationship management and market performance ..	64
Table 4.16: Interpretation of Correlation Coefficients.....	64
Table 4.17: Multiple Regression analysis result of CRM and Market performance Model Summary	67
Table 4.18: Coefficients of customer relationship management dimensions	68
Table 4.19: Key Statistics from the Table 4.18.....	69
Table 4.20: Summary of hypothesis testing.....	73

CHAPTER ONE: INTRODUCTION

1.1. Background of the Study

Customer Relationship Management (CRM) as referred is a concept that derives its popularity since 1990s. It is said to offer a long-term changes and benefits to businesses that chose to adopt it. CRM has been argued to enable companies to successfully interact with their customers in a dynamic and profitable manner (Aihie and Bennani, 2007; Adam and Michael, 2005; Gummesson, 2004; Sin et al, 2005).

In today's highly competitive banking industry, Customer Relationship Management (CRM) has become a crucial strategic tool for enhancing customer satisfaction, loyalty, and overall business performance (Payne & Frow, 2017). CRM involves the systematic management of customer relationships through various practices aimed at improving service delivery and fostering long-term customer engagement (Reinartz, Krafft, & Hoyer, 2019). The four key dimensions of CRM; Key Customer Focus, Customer Knowledge Management, CRM Organization, and Technology-Based CRM are widely acknowledged as fundamental drivers of business success, particularly in the financial sector (Alavi & Leidner, 2020).

The banking industry has witnessed a significant shift from product-centric to customer-centric approaches over the past few decades. Initially, banks emphasized product features and transactional efficiency. However, increasing competition and technological advancements have compelled banks to adopt CRM strategies that prioritize building long-term, profitable customer relationships. This shift underscores the importance of understanding customer needs, preferences, and behaviors to deliver personalized services and enhance customer loyalty.

The history of Commercial Bank of Ethiopia (CBE) dates to the establishment of the State Bank of Ethiopia in 1942. CBE was legally established as a share company in 1963. In 1974, CBE merged with the privately owned Addis Ababa Bank. Since then, it has been playing significant role in the development of the country. The Commercial Bank of Ethiopia (CBE) is the largest commercial bank in Ethiopia. Currently commercial bank of Ethiopia tries to use different mechanisms like applying banking technology such as core banking, mobile banking, etc. to fasten its service delivery, improve service quality and its marketing performance.

The Commercial Bank of Ethiopia (CBE), as one of the leading banks in the country, has recognized the significance of CRM in maintaining its competitive edge. Studies have indicated

that CBE has implemented various CRM practices to enhance customer satisfaction and loyalty. For instance, research by Ermias Tesfaye (2016) highlighted that CBE's CRM initiatives positively influence customer loyalty, particularly in areas such as key customer focus and technology-based CRM. However, challenges such as budget constraints and technological limitations have been identified as barriers to effective CRM adoption.

Empirical evidence suggests a positive correlation between effective CRM practices and enhanced market performance in the banking sector. A comparative study by Jalu Gebeyehu (2014) demonstrated that CRM dimensions, including key customer focus and customer knowledge management, significantly contribute to improved market performance in banks. The integration of technology into CRM has revolutionized how banks interact with customers.

Understanding the effects of CRM dimensions on market performance is crucial for banks aiming to enhance their competitiveness. For CBE, focusing on key customer relationships, effectively managing customer knowledge, aligning organizational structures, and leveraging technology are essential strategies for achieving superior market performance. Continuous assessment and adaptation of CRM practices will enable CBE to meet evolving customer expectations and maintain its leadership position in the Ethiopian banking sector.

Recently, more than ever before, strong competition, fragmentation of markets, short life cycles of products and increasing customer awareness and complexity are the big challenges to the banking sector (Tsegay, 2011). In such situation, banks can use the CRM strategy to create, maintain, and enhance strong relationships with their customers to secure their market performance. Therefore, it is important to empirically investigate the actual effect of CRM on market performance. Such understanding will assist in better management of bank-customer relationship and in achieving higher level of market performance among competition (Ndubisi, 2006). This study aims to examine the effect of relationship management on market performance with branches of Commercial bank of Ethiopia, CBE in Abi-Adi town and its neighboring woredas, Tigray.

1.2. Statement of the Problem

Customer Relationship Management (CRM) has gained significant attention as a key strategy for improving business performance in the banking industry. Studies have shown that effective CRM practices can enhance customer retention, service quality, and overall financial performance (Payne & Frow, 2017). However, despite its market dominance, the Commercial Bank of Ethiopia (CBE) faces persistent challenges in maintaining strong customer relationships, adapting to technological advancements, and optimizing CRM strategies to improve its market performance (Assefa & Getachew, 2021).

One major problem is the lack of a customer-centric approach, which is critical for enhancing customer satisfaction and loyalty. Research indicates that banks that prioritize Key Customer Focus are more likely to retain high-value clients and increase profitability (Reinartz, Krafft, & Hoyer, 2019). However, CBE has struggled to implement personalized banking solutions, resulting in service gaps and reduced customer satisfaction. Additionally, Customer Knowledge Management, which involves gathering and analyzing customer data for strategic decision-making, is underdeveloped in CBE. According to Alavi and Leidner (2020), effective knowledge management can significantly improve customer retention, yet CBE has not fully leveraged its vast customer database to optimize service offerings.

Moreover, CRM Organization remains a challenge due to bureaucratic inefficiencies and limited employee involvement in CRM strategies. Studies suggest that well-structured CRM processes can enhance service delivery and market responsiveness (Gebremedhin & Tesfaye, 2022). However, in CBE, the lack of seamless coordination between different departments has hindered the bank's ability to deliver consistent customer experiences. Furthermore, while Technology-Based CRM has transformed the banking sector by enabling digital engagement and automation, CBE's adoption of advanced CRM technologies remains inadequate compared to global banking standards (Hassan, Amos, & Abubakar, 2020).

Currently most banks in Ethiopia are negatively affected by the network failure and system interruption which results for delay in service delivery time; as a result, customers are sometimes forced to stay long time in the premises of the bank. As we know the CBE has showed rapid improvement since the Implementation of BPR. But still there is customer compliant in network failure; power interruptions and low accessibility of ATM machines are still seen in the branches of CBE (Ayenew, 2014).

Many banking processes at CBE still involve manual paperwork, such as filling out withdrawal slips and undergoing multiple verification steps and poor internet connectivity. This slows down customers service delivery, leading a long queue. While CBE offers mobile banking, many customers either lack of awareness or face difficulties in using these services. It used different formation of strategies to compete in the highly competitive market but still the problems are not solved.

Therefore, this study seeks to fill this research gap by investigating the effects of CRM dimensions on market performance in CBE, providing strategic insights that can help the bank optimize its CRM practices for long-term success.

1.3. Research Objectives

1.3.1. General Objectives

- To examine the effect of Customer Relationship Management (CRM) on the market performance of the Commercial Bank of Ethiopia (CBE) in Abi-Adi Town and its neighboring woredas.

1.3.2. Specific Objectives

- To analyze the effect of key customer focus on the market performance.
- To assess the effect of customer knowledge management on the market performance.
- To evaluate the effect of technology-based CRM on the market performance.
- To examine the effect of CRM organization on the market performance.

1.4. Research Hypothesis

To achieve the purpose of this study the following hypotheses are tested

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

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

H3: CRM organization has positive and significant influence on market performance.

H4: Technology based CRM has positive and significant influence on market performance.

1.5. Research Questions

- What does the effect of key customer focus affect the market performance?
- What is the effect of customer knowledge management on the market performance?
- What does the effect of technology-based CRM affect the market performance?
- What is the effect of CRM organization on the market performance?

1.6. Scope and Limitation of The Study

1.6.1. Scope of the Study

This research investigates the effects of Customer Relationship Management (CRM) on market performance at the Commercial Bank of Ethiopia (CBE). Due to time and financial constraints, the study could not encompass all CBE branches in the Tigray region. As a result, the scope was limited to CBE branches in Abi-Adi town and its neighboring woredas. Specifically, the research covers seven branches: Abi-Adi branch, Abi-Adi Maylomin branch, Werka Amba branch, May kintal branch, Hawazien branch, Degua Tembien (Hageresalam) branch, and Abergelle Yechilla (Yechilla) branch. The study focuses on examining the four key dimensions of CRM and their effect on market performance within the selected branches. Regarding the sample population, the research includes all CBE employees, excluding guards and janitors. Customers of the bank were not part of this study.

1.6.2. Limitation of the Study

Geographic Focus: The research was confined to Abi-Adi town and its neighboring woredas, which may limit the generalizability of the findings to other regions within Tigray. Variations in local conditions and variables could influence the applicability of the results. To address this limitation, the scope of the study was clearly defined, and the contextual boundaries were emphasized to prevent overgeneralization.

Resource Constraints: The study faced financial and logistical constraints that posed challenges during data collection. To mitigate these challenges, the data gathering process was streamlined, and available resources were utilized efficiently. Any limitations in depth or scope resulting from these constraints were transparently communicated throughout the study.

External Factors: Fluctuations in economic conditions and regulatory changes, which were outside the immediate scope of the research, were not fully captured in the analysis. While these factors were not directly examined, their potential influence on market performance was acknowledged. Contextual insights were provided where possible to highlight how such external factors could shape the outcomes.

1.7. Significance of the Study

This study holds considerable significance for various stakeholders in the banking sector. For bank management, the findings offer valuable insights into effective Customer Relationship Management (CRM) strategies that can enhance both market performance and customer satisfaction. For employees, understanding the impact of CRM is likely to foster a more customer-centric culture within the organization, which can improve overall service delivery. Moreover, this research contributes to the academic literature on CRM and market performance, providing a foundation for future studies in this field. Policymakers and industry practitioners can also benefit from the insights presented, as they seek to implement best practices in customer relationship management across the banking sector.

The results of this study are significant in providing a clear understanding of CRM practices and their role in enhancing customer retention. By identifying potential gaps in the CRM practices of the Commercial Bank of Ethiopia (CBE), the study offers actionable recommendations that can help address these gaps. This would enable the management of CBE at all levels to take informed actions to improve CRM practices, thereby fostering stronger customer relationships. Ultimately, this research contributes new knowledge to the existing literature on CRM and its effect on market performance in the banking industry.

1.8. Organization of the Paper

This thesis is organized into five main chapters. The first chapter introduces the study, providing the background, the statement of the problem, the objectives, the research hypotheses, the research questions, the scope and limitations of the study, the significance of the study, and an overview of the organization of the paper. The second chapter offers a comprehensive review of

the relevant literature, discussing various theories, frameworks, and previous research that inform the study.

The third chapter outlines the research methodology, describing the study area, the research design and strategies, the types and sources of data, the sampling and sampling design, and the data collection methods, as well as the processes for data processing and analysis. The fourth chapter presents the results and discussion, where the findings are analyzed and interpreted in relation to the research questions and hypotheses. The fifth and final chapter concludes the thesis, providing a summary of the key findings, conclusions, recommendations, and implications for future research based on the research outcomes.

CHAPTER TWO: REVIEW OF RELATED LITERATURE

2.1. The Theoretical Framework of CRM

Customer Relationship Management (CRM) has evolved as a strategic approach to improving market performance by fostering strong customer relationships, increasing customer retention, and driving business growth. The theoretical foundation of CRM is rooted in relationship marketing, resource-based theory, and technology adoption models, all of which provide a structured understanding of how CRM influences business outcomes.

2.1.1. Relationship Marketing Theory

Relationship marketing theory posits that businesses should prioritize long-term customer engagement over short-term sales transactions (Gronroos, 1994). According to Morgan and Hunt (1994), trust and commitment are the key elements that sustain long-term relationships with customers. CBE's CRM strategy aligns with this theory by focusing on key customer segments, understanding their needs, and delivering personalized financial services. The dimensions of CRM, including key customer focus and customer knowledge management, reinforce the principles of relationship marketing by emphasizing the importance of tailored services to build loyalty and satisfaction.

2.1.2. Resource-Based View (RBV) Theory

The Resource-Based View (RBV) theory suggests that a firm's competitive advantage depends on its ability to utilize unique resources and capabilities (Barney, 1991). In the context of CRM, organizations like CBE leverage customer data, advanced technology, and organizational capabilities to enhance market performance. CRM organization and technology-based CRM are essential resources that enable firms to build strong customer relationships and optimize service delivery. RBV supports the argument that effective CRM implementation requires a combination of human, technological, and organizational resources (Wernerfelt, 1984).

2.1.3. Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) explains how users accept and use new technologies, which is crucial for understanding the role of technology-based CRM in market performance.

(Davis, 1989). According to TAM, perceived usefulness and ease of use influence an organization's willingness to adopt CRM systems. In CBE's case, the successful integration of technology-based CRM improves operational efficiency and enhances customer satisfaction by providing seamless banking services. This theory reinforces the significance of technology as a driver of CRM effectiveness in modern banking institutions.

2.2. Definition of Customer Relationship Management (CRM)

Different definitions of customer relationship management are provided by the researchers. Some consider it as strategy, some consider as technology, some other consider it as information system. Sin et al. (2005) have defined CRM as a comprehensive strategy and process that enables an organization to identify, acquire, retain, and nurture profitable customers by building and maintaining long-term relationships with them.

According to Zakaria (2014) Customer relationship management (CRM) is a philosophy and a strategy to manage a company's interactions with customers, clients, and sales prospects which can achieve financial institutions goal such as customer satisfaction, customer loyalty and profit. It involves using technology to organize, automate, and synchronize business processes.

Sanjay (2012) stated that the goal of CRM is to manage all aspects of customer interactions in a manner that enables the organization to maximize profitability from every customer. CRM is not a concept that is new but rather due to current development and advances in information and enterprise software technology, it has assumed practical importance. Peppers and Rogers (2004) stated that Customer relationship management (CRM) has been called an inevitable relentless movement because it represents the way customers want to be served and offers a more effective and efficient way of conducting business.

Shani and Chalasani (1992) have defined relationship marketing as an integrated effort to identify, maintain and build a strong network with individual customers and continuous strengthening of relationship for mutual benefits of both sides. CRM is an enterprise-wide approach to understanding and influencing customer behavior through meaningful communication to improve customer acquisition, customer retention, customer loyalty, and customer profitability. CRM plays a critical role for customers being loyal to their service provider. Bhaskar (2004) has analyzed that when good service is provided to a customer, then a loyal customer will work as an ambassador and help in the organization's growth.

Vavra (1992) considers CRM as a technique of retaining customers by using various marketing tactics thus leading to bonding with customer even after sale. Lamber (2010) defined Customer Relationship Management as one of the strategies to manage customers as it focuses on understanding customers as individuals instead of as part of a group. Dyche (2002) defines CRM as the infrastructure that enables the delineation of an increase in customer value, and the correct means by which to motivate valuable customers to remain loyal indeed, to buy again.

Anbuoli and Thiruvengktraaj (2013) defined CRM for banks as a sound business strategy to identify the bank's most profitable customers and prospects and devotes time and attention to expanding account relationships with those customers through individualized marketing, reprising, discretionary decision making, and customized service-all delivered through the various sales channels that the bank uses. CRM involves using technology to organize, automate, and synchronize business processes. The objectives of CRM are to enhance profitability, income, and customer satisfaction. To attain CRM, many organizations use set of tools, technologies, and procedures to support the relationship with the customer to enhance sales.

According to Gray & Byun (2001) CRM system consists of the following three aspects which are described as Customer, Relationship, and Management.

Customer. The customer is the only source of the company's present profit and future growth. However, a good customer, who provides more profit with less resource, is always scarce because customers are knowledgeable, and the competition is fierce. Sometimes it is difficult to distinguish who is the real customer because the buying decision is frequently a collaborative activity among participants of the decision-making process, information technologies can provide the abilities to distinguish and manage customers. CRM can be thought of as a marketing approach that is based on customer information.

Relationship. The relationship between a company and its customers involves continuous bidirectional communication and interaction; the relationship can be short-term or long-term, continuous, or discrete, and repeating or one-time. Relationship can be attitudinal or behavioral. Even though customers have a positive attitude towards the company and its products, their buying behavior is highly situational. For example, the buying pattern for airline tickets depends on whether a person buys the ticket for their family vacation or a business trip. CRM involves

managing this relationship, so it is profitable and mutually beneficial. Customer lifetime value (CLV) is a tool for measuring this relationship.

Management. CRM is not an activity only within a marketing department. Rather it involves continuous corporate change in culture and processes. The customer information collected is transformed into corporate knowledge that leads to activities that take advantage of the information and of market opportunities. RM required a comprehensive change in the organization and people.

2.2.1. Three Types of CRM Systems

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

- **Operational CRM:** Operational CRM provides a unique source of information about customers. It deals with creation of information and supports sales, marketing, and customer service.
- **Analytical CRM:** Analytical CRM is carried out through collection, processing, and systematization of data to obtain information relevant to Customer Relationship Management.
- **Organizational/Collaborative CRM:** Organizational/Collaborative CRM requires cooperation between marketing functions and infrastructure to optimize activities aimed at customers, to create value for the bank and the customer through usage of multiple channels of Communication. This CRM is responsible for establishing customer interaction through appropriate channel of communication.

2.3. 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.

Now a days, 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 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.

2.3.1. 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 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.

2.3.2. 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 consists 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.

2.4. 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 to gain understanding into the manners of customers and the value of those customers. In this case business can deliver improved services, making them 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 to market suitable banking products like mortgages to them at the right time to fit their needs.

However, the organization must investigate all 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 them 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.

These phenomena increased customer base of banks and 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.

2.4.1. 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 knowledges of CRM enhance how to attract, attain, retain, and catch potential and new customers for a business 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, 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 goal of holding customers to improve a strategic advantage over its competitors. Accordingly, the successful management of customer relationship can increase customers' satisfaction and loyalty, to give optimistic effect on promoting market performance (Liyun *et al.*, 2008).

Furthermore, customer relationships are charming, especially important for banks as market conditions get solidier. Competition is increasing, returns are declining, customers are becoming more challenging, and the life cycles of products and services are shortening dramatically. All these factors make it essential for banks to increase the relationship with their customers and provide them the services they need via the channels they prefer. Furthermore, the implementation of customer relationship management benefits banks to offer a lot of benefits to their customers; some crucial benefits are as follows: CRM provide businesses to delivery service effectively and efficiently all the way through the entire life

cycle of the business customer, from the introduction to the establishment of a close, continuing relationship with profitable clients (Could well, 1999).

CRM enables the organization substantial reduction and constraint of operational costs via-system computerization and regulation, offers low maintenance and widening of costs paid for the use of modern administration tools with authorization bank employees to make a widespread range of modifications to the system. CRM provides organizations particularly banks 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 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 framework, the bank institution was capable to focus on long term customers through efficient segregation according to individual behavior. The effective implementation of customer relationship management results both in higher revenues and lower costs, making companies more effective and efficient, effective in focusing the right customer base with the right services through the right channels, and efficient in doing this at the lowest costs (Lindgreen and Antioco, 2005).

2.5. Empirical Findings on Customer Relationship Management

Customer Relationship Management (CRM) is often divided into four key dimensions: Key Customer Focus, Customer Knowledge Management, CRM Organization, and Technology-Based CRM (Payne & Frow, 2005). While most studies suggest that these dimensions positively influence market performance, some empirical findings contradict this assumption. These contradictions arise due to differences in industry, customer perception, implementation challenges, and the strategic focus of firms.

2.5.1. Key Customer Focus and Market Performance

A study by Gebeyehu (2014) found that Key Customer Focus has a positive and significant relationship with market performance in selected commercial banks, including CBE. Conversely, research by Deneke (2021) indicated that Key Customer Focus did not significantly influence customer loyalty in both Dashen Bank and CBE, suggesting that this CRM dimension may not be as impactful in certain contexts.

In the same study Gebeyehu (2014) observed that while key customer focus is essential, its effectiveness is diminished without adequate customer satisfaction. This suggests that focusing solely on key customers without ensuring their satisfaction may not lead to improved market performance.

Research by Wondemu and Tsegaye (2020) on Ethiopian commercial banks found that customer-centric strategies improved market share and profitability, as high-value customers were given personalized services and priority treatment.

Kebede and Tegegne (2018) found that key customer focus positively influences bank performance. Their logistic regression analysis indicated that a one-unit increase in key customer focus increases the odds of improved bank performance by approximately 3.95 times.

2.5.2. Customer Knowledge Management (CKM) and Market Performance

Gebeyehu (2014) identified Customer Knowledge Management as having the highest influence on market performance in both Wegagen Bank and CBE, highlighting its critical role in enhancing performance.

In contrast, the study by Deneke (2021) did not find Customer Knowledge Management to be a significant predictor of customer loyalty in Dashen Bank and CBE, suggesting that its effectiveness may vary between banks.

Studies like Assefa and Kassa (2021) confirm that effective CKM leads to higher customer satisfaction and retention in Ethiopian banks, as it allows firms to predict customer needs and deliver personalized services.

Kebede and Tegegne (2018) identified customer knowledge management as the most influential CRM dimension on bank performance. Their study revealed that a one-unit improvement in knowledge management increases the odds of enhanced bank performance by approximately 35.76 times.

Tesfaye (2016) reported that customer knowledge management was the least applied CRM dimension in CBE's credit process. This underutilization suggests that without proper implementation, the potential benefits of knowledge management on market performance may not be realized.

2.5.3. CRM Organization and Market Performance

Kebede and Tegegne (2018) demonstrated that CRM organization significantly affects bank performance. Their findings indicated that a one-unit enhancement in CRM organization increases the odds of improved performance by approximately 7.64 times.

Gebeyehu (2014) noted that without adequate customer satisfaction, the positive impact of CRM organization on market performance diminishes. This implies that internal CRM structures must be aligned with customer satisfaction initiatives to be effective.

In the same study by Gebeyehu (2014), CRM organization was found to have a positive and significant influence on market performance, emphasizing the role of structured CRM practices in achieving sales growth and improved customer satisfaction.

Mohammad et al. (2013) assessed CRM dimensions in the Malaysian hotel industry and found that while CRM organization positively impacts financial performance, it does not significantly affect the learning and growth perspective of organizational performance, suggesting limitations in certain performance areas.

2.5.4. Technology-Based CRM and Market Performance

Technology-based CRM, including AI-driven analytics, mobile banking, and automation tools, is widely believed to improve service efficiency, customer engagement, and profitability (Trainor, Andzulis, Rapp, & Agnihotri, 2014). Research by Mulugeta and Abebe (2022) on Ethiopian banks confirmed that firms leveraging digital CRM solutions experienced higher financial performance and customer retention.

However, Nguyen and Mutum (2012) found that in developing economies like Ethiopia, technology-based CRM adoption faces barriers such as limited internet access, digital literacy gaps, and security concerns, which can limit its positive impact on market performance.

Kebede and Tegegne (2018) found that technology-based CRM positively influences bank performance, with a one-unit increase in this dimension raising the odds of improved performance by approximately 2.02 times.

Tesfaye (2016) observed that despite the potential benefits, technology-based CRM was not fully leveraged in CBE's credit process. This underutilization indicates that without proper application, the advantages of technology-based CRM on market performance may not be fully achieved.

2.5.5. CRM and Customer Retention

Wondemu and Tsegaye (2020) found that Ethiopian commercial banks with strong CRM strategies retained more customers, primarily due to efficient complaint handling and customized services.

However, other studies challenge this claim. For instance, Nguyen and Mutum (2012) argue that while CRM systems are designed to improve customer retention, they often fail due to inconsistent service quality and lack of customer trust. They found that CRM could even lead to higher customer churn if customers perceive the system as impersonal or overly automated.

Gebeyehu (2014) found that CRM practices positively and significantly influence customer retention in Ethiopian banks, including CBE. The study also revealed that without adequate customer satisfaction, the positive impact of CRM on customer retention diminishes, suggesting that customer satisfaction is essential for CRM initiatives to effectively enhance customer retention.

Saeed et al. (2023) reported that CRM has a significant positive effect on customer retention in Istanbul's restaurant sector. Conversely, an article in *The Times* (2023) emphasized that without proactive engagement and personalized service, CRM systems alone may not prevent customer attrition.

Homburg, Kuester, and Krohmer (2020) found that customer retention positively influences profitability, especially in service-oriented industries. Their study suggests that retaining customers reduces marketing costs and boosts long-term profitability. (Homburg, Kuester & Krohmer, 2020)

Lee and Lee (2021) discovered that customer retention does not always result in profitability, especially in highly competitive markets where customers are less loyal, and the cost of retention can outweigh the benefits. (Lee & Lee, 2021)

Habtemariam (2018) found that CRM practices positively influence customer satisfaction, which in turn enhances customer retention in CBE. The study highlighted those components such as sales force automation, human resources, and service quality significantly contribute to customer satisfaction, thereby promoting retention.

Dawit (2014) identified challenges in CRM adoption at CBE, such as budget constraints, technological issues, skill-related challenges, lack of adequate involvement from top management, lack of quality data, and a lack of understanding of CRM benefits among employees. These challenges can hinder effective customer retention strategies.

2.5.6. CRM and Market Share

Several studies argue that CRM helps firms gain a competitive edge and expand their market share by improving customer relationships and service quality (Fornell, Johnson, Anderson, Cha, & Bryant, 1996). Assefa and Kassa (2021) found that Ethiopian banks that effectively implemented CRM strategies experienced growth in market share due to better customer segmentation and targeted marketing.

Gebeyehu (2014) reported that effective CRM implementation positively influences market share in the banking sector, including CBE. However, the study also noted that without adequate customer satisfaction, the positive impact of CRM on market share diminishes, indicating that customer satisfaction is a critical mediator in the relationship between CRM and market share.

Zhou et al. (2022) found that market share significantly impacts profitability, particularly in industries like automobiles and consumer electronics, where firms benefit from economies of scale. (Zhou et al., 2022)

Homburg, Kuester, and Krohmer (2020) contended that the relationship between market share and profitability is complex and often bidirectional, with profitability sometimes driving market share rather than the reverse. (Homburg, Kuester & Krohmer, 2020)

2.5.7. CRM and Customer Satisfaction

Many studies support the idea that CRM enhances customer satisfaction by offering personalized services and efficient communication (Oliver, 1999; Zeithaml, Bitner, & Gremler, 2013). A study by Bekele and Worku (2019) on Ethiopian banks found that CRM-driven institutions experienced higher satisfaction levels due to improved customer support and seamless banking services.

However, other researchers present conflicting evidence. Sharma and Patterson (1999) argue that CRM can sometimes lead to customer dissatisfaction if it fails to meet expectations or if customers feel they are being monitored too closely.

Gebeyehu (2014) reported that CRM practices positively influence customer satisfaction in Ethiopian banks, including CBE. The study also noted that without adequate customer satisfaction, the positive impact of CRM on other market performance metrics diminishes, emphasizing that customer satisfaction is a critical mediator in the relationship between CRM and overall market performance. These findings suggest that while CRM practices can positively impact various market performance metrics in CBE, the effectiveness of these practices is significantly influenced by the level of customer satisfaction. Without adequate customer satisfaction, the positive impacts of CRM on sales growth, market share, customer retention, and profitability may not be fully realized.

Saeed et al. (2023) found that CRM implementation positively affects customer satisfaction in Istanbul's restaurant industry. The study by Gebeyehu (2023) revealed that without adequate customer satisfaction, the positive impact of CRM on market performance diminishes. These studies highlight that the effectiveness of CRM on market performance metrics is context-dependent, varying across industries and organizational contexts. Organizations should consider

these nuances when implementing CRM strategies to ensure alignment with their specific market contexts and performance goals.

Beyan (2014) reported that CRM practices positively influence customer satisfaction in CBE. The study found that CRM dimensions such as organizational commitment, customer experience, process-driven approach, reliability, and technology orientation are positively correlated with customer satisfaction.

Dawit (2014) highlighted challenges in CRM adoption at CBE, such as budget and technological constraints, which can negatively impact customer satisfaction. These challenges suggest that without addressing internal issues, CRM initiatives may not lead to the desired improvements in customer satisfaction. These findings suggest that while CRM practices can positively impact various market performance metrics in CBE, the effectiveness of these practices is significantly influenced by factors such as customer satisfaction and the successful adoption of CRM strategies. Without addressing challenges in CRM adoption and ensuring high levels of customer satisfaction, the positive impacts of CRM on sales growth, market share, customer retention, and profitability may not be fully realized.

2.5.8. CRM and Profitability

Trainor, Andzulis, Rapp, and Agnihotri (2014) found that firms that invest in technology-based CRM experience higher profitability due to improved customer retention and service efficiency.

Gebeyehu (2014) observed that CRM implementation positively affects profitability in Ethiopian banks, including CBE. The study indicated that without adequate customer satisfaction, the positive impact of CRM on profitability diminishes, highlighting the importance of customer satisfaction in realizing profitability gains from CRM initiatives.

The systematic review by Sciety (2024) also noted that CRM adoption contributes to improved financial outcomes in SMEs. However, the same review pointed out that barriers such as limited financial resources and technical expertise can hinder the full realization of CRM benefits, potentially affecting profitability.

Nguyen and Simkin (2022) found that profitability and market share are positively correlated, especially in the technology sector where large market share drives economies of scale and operational efficiencies. (Nguyen & Simkin, 2022)

Kotler and Keller (2022) argued that while high market share is often associated with profitability, it does not necessarily cause profitability. The relationship could be due to other factors such as brand equity and innovation. (Kotler & Keller, 2022)

2.5.9. 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 finding 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 show 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).

The extent to which customer relationship management contributes to improve the performance of banking was identified by Coltman (2007). The study composed a sample of banks found in Australia upon the application of technology and number of customers. The ability to apply customer relationship management was measured using human skills and experiences, structure of information technology and skeleton of the organization. Performance was measured by the earning rate of the investment, the revenue of new products and the growth of sales. The study concludes that, ability to apply customer relationship management lead to improvement of performance in overall banking activities.

2.5.10. Empirical Findings in Developing Countries

In developing countries most of the studies on customer relationship management have been done based on 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 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, even though 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 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.

In Ethiopian context Gebeyehu, 2014 conducted a research to investigate effects of Customer Relationship Management on profit and Market Performance. A descriptive research design was used to investigate the influence of CRM (key customer focus, customer knowledge management, CRM organization and technology-based CRM) on profit and market performance in banking industry with reference to Wegagen bank, Dashen bank and Commercial Bank of Ethiopia (CBE). The findings confirmed that all the independent variables (key customer focus, knowledge management, CRM organization and technology-based CRM) have a positive and significant relationship with profit and market performance in selected commercial banks. Based on the results of the descriptive statistics, the research concludes 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 profit performance can be achieved by selected Commercial banks.

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, other 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.

2.6. Conceptual Framework Of CRM

The conceptual framework for this study illustrates the relationship between CRM dimensions and market performance. It presents key customer focus, customer knowledge management, CRM organization, and technology-based CRM as independent variables, while market performance is the dependent variable.

According to Langerak, and Peter, (2003) in marketing management the essence of customer relationship management philosophy originates from three concepts. Those are: -customer orientation, relationship marketing, and database marketing. Due to the advancement of information communication technology, these three marketing views combined in the paradigm of CRM. However, CRM may be used to express different perspectives at different hierarchical arrangement of management. For instance, at the tactical level of management customer relationship management may be related to data-base marketing or electronic marketing; at the strategic level, customer relationship management may be understood as customer retention or partnering with customers (Peppers and Rogers, 1995); whereas at the theoretical level, it may be seen as developing research paradigm in marketing most often loosely associated to existing perspectives.

According to Sayed H. (2011) CRM is a multidimensional construct consisting of four broads' behavioral components: those are: "key customer focus, CRM organization, knowledge management, and technology-based CRM". Also, he investigated the four CRM behavioral dimensions on market performance of financial institutions in maintaining current customers, attracting new customers, increasing market share, enhancing the standard of sales growth, and adding the net profit standard to sales. Bearing in mind the model, the researcher focuses on the banks among many financial institutions. Performance dimension of CRM considers their performance in terms of combining technology, appropriate handling of key customers, customer knowledge management and organizational efficiency in relation with market performance of the selected banks. According to Kotler and Armstrong (2004), the greater

customer relationship capability will be achieved when the four dimensions of CRM work in coordination.

2.6.1. Key Customer Focus

Key customer focus refers to the extent to which an organization prioritizes high-value customers by tailoring its services to meet their needs (Reinartz, Krafft, & Hoyer, 2004). According to Homburg, Droll, and Totzek (2008), businesses that identify and serve their most profitable customers effectively gain a competitive advantage in the market. In the banking sector, a customer-centric approach has been found to enhance customer loyalty and long-term profitability (Wondemu & Tsegaye, 2020).

According to Shelth *et al.*, (2000); 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 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. 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.

2.6.2. Customer Relationship Management Organization

CRM organization refers to the internal structure, policies, and coordination mechanisms that support CRM implementation (Payne & Frow, 2005). A well-organized CRM system ensures cross-functional collaboration, improving customer engagement and overall performance (Becker, Greve, & Albers, 2009). Empirical research by Bekele and Worku (2019) in Ethiopian banking institutions found that banks with strong CRM organizational structures achieved higher efficiency in customer service delivery.

The key considerations 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 (Hoffman and Kashmeri, 2000). 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 need to be flexible and, if necessary, reassembled to generate customer-centric values and develop coordination of customer-focused, cross-functional teams 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 calls 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.

2.6.3. Customer Knowledge Management

Customer knowledge management (CKM) is the systematic process of collecting, analyzing, and utilizing customer information to improve service delivery and business performance (Campbell, 2003). Payne and Frow (2005) argue that effective CKM allows firms to anticipate customer needs and design personalized services, leading to improved satisfaction and retention. A study by Assefa and Kassa (2021) on Ethiopian commercial banks confirmed that institutions that integrate CKM into their CRM strategies experience enhanced decision-making and operational efficiency.

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 to attract customer as another important factor 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 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 based on 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 to build customer life value. The value of knowledge management is improved by its level of accessibility 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).

2.6.4. Technology-Based CRM

Technology-based CRM involves the use of digital platforms, data analytics, and automation tools to enhance CRM effectiveness (Trainor, Andzulis, Rapp, & Agnihotri, 2014). According to Alshawi, Missi, and Irani (2011), firms that invest in technology-driven CRM solutions experience improved customer interactions, increased efficiency, and higher revenue growth. In Ethiopia, a study by Mulugeta and Abebe (2022) confirmed that banks leveraging digital CRM solutions such as mobile banking and data analytics witnessed a significant improvement in customer experience and financial performance.

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 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 can 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.

2.7. Market Performance

Market performance is the measure of how effectively a firm competes and grows within its industry, often assessed through customer retention, customer satisfaction, revenue growth, and market share (Kotler & Keller, 2016). CRM strategies directly impact market performance by enhancing customer loyalty and optimizing service efficiency (Rust, Lemon, & Zeithaml, 2004). Empirical evidence from the Ethiopian banking sector indicates that well-implemented CRM strategies lead to improved financial outcomes and customer engagement (Assefa & Kassa, 2021).

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. Now, 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:

2.7.1. 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 occurrence 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 (Oliver, 1999; Pfeifer and Farris 2004).

2.7.2. Customer Retention

Customer retention refers to an organization's ability to keep its existing customers over a given period, reducing churn and ensuring long-term engagement (Reichheld & Sasser, 1990). In the banking sector, high customer retention signifies strong customer relationships and trust in financial services (Homburg, Droll, & Totzek, 2008). Research indicates that retaining existing

customers is significantly more cost-effective than acquiring new ones, as loyal customers contribute to stable revenue and long-term profitability (Rust, Lemon, & Zeithaml, 2004).

CRM plays a critical role in enhancing customer retention by facilitating personalized interactions, improving service delivery, and addressing customer concerns proactively (Reinartz, Krafft, & Hoyer, 2004). A study by Wondemu and Tsegaye (2020) on Ethiopian commercial banks found that banks implementing effective CRM strategies experienced higher retention rates, mainly due to personalized banking services and efficient customer support.

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 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.

2.7.3. Market Share

Market share represents the percentage of an industry's total sales captured by a specific company, serving as a key indicator of competitive strength (Aaker, 1991). Higher market share is often associated with increased brand recognition, customer loyalty, and financial stability (Fornell, Johnson, Anderson, Cha, & Bryant, 1996). In the banking industry, market share is determined by the number of customers, deposit volumes, and overall banking transactions compared to competitors.

CRM enhances market share by improving customer acquisition and retention strategies. Payne and Frow (2005) highlight that a well-implemented CRM system allows businesses to analyze customer data, identify emerging market trends, and tailor services to attract new customers. Empirical evidence from Ethiopian banks indicates that institutions with strong CRM capabilities, particularly those leveraging technology-based CRM, tend to achieve higher market shares (Assefa & Kassa, 2021). This is because CRM enables targeted marketing campaigns, personalized product offerings, and improved service efficiency, all of which contribute to a competitive advantage.

2.7.4. Profitability

Profitability is a fundamental measure of market performance, representing a company's ability to generate revenue that exceeds its operational costs (Kaplan & Norton, 1996). Higher profitability indicates effective business strategies, cost efficiency, and strong customer relationships (Rust et al., 2004). In the banking industry, profitability is driven by factors such as loan disbursements, deposit mobilization, and fee-based services, all of which are influenced by CRM strategies.

CRM contributes to profitability by optimizing customer interactions, reducing service costs, and increasing sales opportunities through cross-selling and upselling (Reinartz et al., 2004). Trainor, Andzulis, Rapp, and Agnihotri (2014) found that banks investing in technology-based CRM experienced higher profit margins due to enhanced operational efficiency and better customer relationship management. In the Ethiopian context, Mulugeta and Abebe (2022) revealed that banks integrating digital CRM tools witnessed increased profitability, mainly because of improved customer retention and reduced service costs.

2.7.5. Customer Satisfaction

Customer satisfaction measures how well a company's products or services meet or exceed customer expectations (Oliver, 1999). It is a key determinant of customer loyalty, brand reputation, and long-term business success (Zeithaml, Bitner, & Gremler, 2013). High customer satisfaction leads to positive word-of-mouth referrals, increased customer retention, and enhanced market performance (Fornell et al., 1996).

CRM improves customer satisfaction by fostering personalized interactions, efficient service delivery, and seamless communication between businesses and their clients (Campbell, 2003). A study by Becker, Greve, and Albers (2009) found that banks with well-structured CRM systems achieved higher customer satisfaction levels due to their ability to anticipate customer needs and provide tailored financial solutions. In Ethiopia, research by Bekele and Worku (2019) confirmed that CRM-driven banks experienced significant improvements in customer satisfaction, primarily due to digital banking innovations and enhanced customer support services.

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 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.

2.8. Conceptual Model

Each CRM dimension contributes to market performance by strengthening customer relationships, optimizing operational processes, and leveraging technology for improved service delivery.

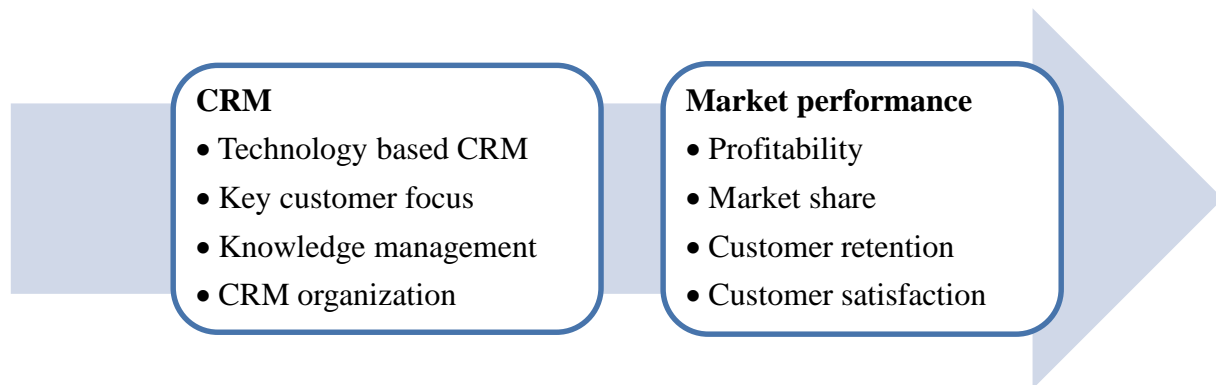


Figure 2.1: Conceptual framework of Customer relationship management and its relationship to business performance. Source: Sayed H., (2011).

CHAPTER THREE: METHODOLOGY OF THE STUDY

3.1 Site Selection and Description of Study Area

Abi-Adi town is in central zone of Tigray and far away 95kms to west from Mekelle, which has four administrative kebelles and surrounded by four neighboring woredas that is Degua Tembien to east, Tanqua milash to south, Keyih tekili to north and Kolla Tembien to west. The total number of households and populations of the woreda are 15,385 (8,773 females) and 51,533 (30,386 females) respectively. Like other towns of the region, most of the people living in this town are highly engaged in trade, mainly in petty trades. Its geographical location is latitude 13.625683, longitude 38.9987795 and its elevation is 1,833m a.s.l. The average temperature of the woreda ranges 25-30c⁰ and the average annual rain fall also ranges 550-880mm with unimodal, irregular, and erratic type of rain fall.

Kola Tembien: is in central Tigray zone, known for its lowland and mid-altitude landscapes, this district is largely agricultural, with a focus on livestock, beekeeping, and crop production.

The area has experienced environmental challenges, including soil erosion, but efforts are being made to combat these through sustainable land management.

Degua Tembien (Hagereselam): is in southeastern Tigray zone, this district consists of highland plateaus and steep terrains. It is notable for its historic rock-hewn churches, monasteries, and cultural heritage sites. Agriculture remains the primary economic activity, with a strong emphasis on barley, wheat, and livestock farming.

Tanqua Milash: is in central Tigray zone, Tanqua Milash is less densely populated, with agriculture and pastoralism being the dominant livelihoods. The district has faced challenges due to recent conflicts, affecting access to basic services and development projects.

Keyih Tekli (Werka Amba): is in central Tigray zone, Like Tanqua Milash, Keyih Tekli is a district with limited infrastructure but significant agricultural potential. It has been affected by security issues, limiting economic growth and social development

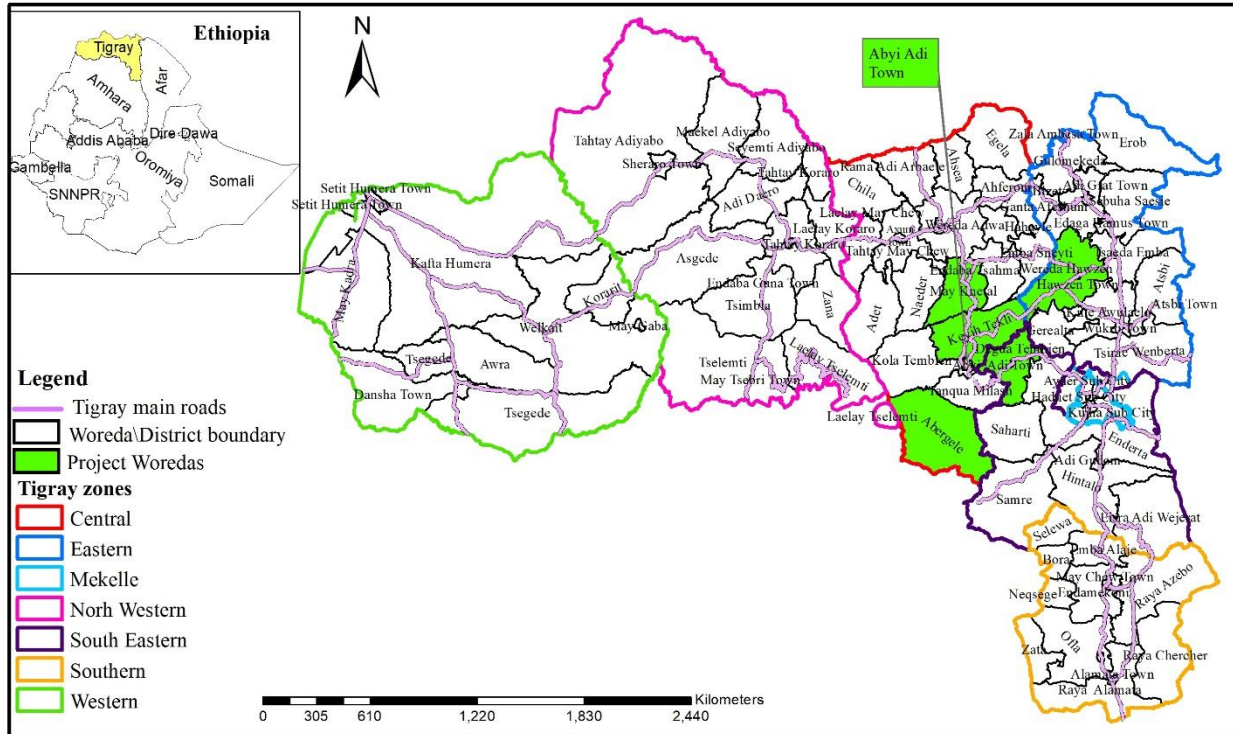
Abergelle Yechilla: Abergelle is in central Tigray zone and is known for its hot, dry climate and challenging agricultural conditions. Livelihoods are primarily pastoralist, with people depending on livestock like goats, sheep, and cattle. In addition to agriculture, local traditions and cultural practices are strong and well-preserved. Abergelle is also historically significant, often cited in Ethiopian history for its warrior culture. Yechilla is a rural town associated with the Abergelle district. It shares many geographic and economic features with Abergelle, including semi-arid conditions and pastoral livelihoods. Traditional agriculture and community cooperation are central aspects of daily life. The area has limited infrastructure, but government programs have been making gradual improvements in education, health, and transportation.

Hawzien: is in eastern Tigray zone, Hawzien is a well-known historical and cultural district. It is in the Eastern Zone of Tigray and is famous for its rock-hewn churches, like those found in Gheralta. The landscape is stunning, dominated by rugged mountains and cliffs. Economically, the area is reliant on agriculture, tourism (due to religious and historical sites), and artisanal activities. Hawzien played a key role during various historical events, including resistance movements.

May Kinetal: is in central Tigray zone, May Kinetal is another rural locality within Tigray. It is typically characterized by a semi-arid climate with seasonal rainfall. Subsistence farming is the primary livelihood, supplemented by small-scale trade and labor migration. Infrastructure development (such as roads, schools, and clinics) has been improving, but challenges remain.

I have selected and conducted in seven branches of Commercial bank of Ethiopia in Abi-Adi town and its neighboring woredas around the radius. That is in two branches in Abi-Adi town, Werka Amba branch, Maykinetal branch, Hawzien branch, Hagereselam (Degua Tembien) branch and Yechilla (Abergelle Yechilla) branch.

Figure 3.1: The map of Tigray regional state and study area.



3.2. Research Design and Strategy

To achieve the objectives of this study, a quantitative research strategy was employed. This study utilized a research design aimed at evaluating the effects of Customer Relationship Management (CRM) on the market performance of the Commercial Bank of Ethiopia (CBE). Quantitative data were collected through a survey using structured Likert scale questionnaires, which provided a comprehensive understanding of the effect of CRM on market performance.

Given that this study examines the effects of CRM dimensions on market performance, a Cross-Sectional Research Design was deemed the most appropriate. The cross-sectional design was selected because data were collected at a single point in time to assess the effectiveness of CRM on the market performance of CBE. A cross-sectional design involves sampling various segments of the population at one specific moment (Zikmund, 2003).

In terms of the study's nature, it was descriptive because it aimed to provide a detailed description of the existing phenomena. The study also sought to justify the current conditions by analyzing data and drawing conclusions from the facts discovered (Kothari, 2004).

3.2.1. Research Design: Cross-Sectional Survey

A cross-sectional study collects data at a single point in time, allowing for the analysis of relationships between variables without tracking changes over time. This approach is well-suited for examining the current effects of Customer Relationship Management (CRM) dimensions on market performance.

Alignment with Research Questions: The research questions aim to investigate the present effects of CRM dimensions on market performance, making a cross-sectional design the most appropriate choice. This design facilitates the analysis of correlations between CRM practices and market performance within businesses, without the need for long-term observation.

3.2.2. Research Strategy: Quantitative Approach

This study adopts a quantitative approach as it requires measuring CRM dimensions and market performance using numerical data, such as customer retention rates, sales growth, and CRM adoption levels. A structured survey was used to collect responses from businesses, ensuring that statistical analysis could be performed.

A cross-sectional survey was well-suited for gathering large-scale data efficiently. Through statistical analyses, such as descriptive statistics, regression, and correlation, the study determined the effect of CRM dimensions on market performance.

Cross-Sectional Design: Examining Relationships at One Point in Time: The study assessed the effects of CRM dimensions on market performance at a specific moment, rather than over an extended period. A cross-sectional design was appropriate because it captured the existing CRM practices and their immediate effects on market performance.

Efficient and Cost-Effective: Compared to longitudinal studies, a cross-sectional design proved to be quicker and less resource intensive. It allowed for faster data collection from multiple businesses, leading to timely insights and conclusions.

Statistical Relevance: The cross-sectional survey design facilitated the use of correlation and regression analysis to quantify the effects of CRM dimensions on market performance. This approach helped identify significant relationships between CRM practices and business outcomes.

Practical for Business Research: Businesses typically assess their CRM effectiveness based on current performance metrics, such as customer loyalty and sales growth. A cross-sectional approach aligned with real-world business decision-making, providing immediate and relevant insights.

3.3. Data Type and Source

The study utilized primary data, which was collected through a Likert scale survey questionnaire. The research primarily relied on quantitative data to measure the effect of Customer Relationship Management (CRM) on market performance. The measurement for each variable was determined by calculating the average (mean) score of responses across multiple Likert-scale items. Below are the detailed measurement approaches for each independent variable (IV) and the dependent variable (DV).

Independent Variables (IVs) – CRM Dimensions

Key Customer Focus (KCF): This variable measures how well the bank prioritizes and manages relationships with key customers.

Measurement Approach: The variable was measured by averaging the responses from Likert-scale items related to customer focus.

Customer Knowledge Management (CKM): This variable evaluates how effectively customer data is collected, stored, and used for service improvement.

Measurement Approach: The variable was measured by averaging the responses from Likert-scale items related to customer knowledge management.

Technology-Based CRM (TCRM): This variable assesses the effectiveness of CRM technology in enhancing customer relationships and banking efficiency.

Measurement Approach: The variable was measured by averaging the responses from Likert-scale items related to CRM technology.

CRM Organization (CRMO): This variable measures the organizational structure, leadership, and commitment towards CRM implementation.

Measurement Approach: The variable was measured by averaging the responses from Likert-scale items related to CRM organization.

Dependent Variable (DV) - Market Performance (MP)

Market Performance (MP): This variable measures the impact of CRM efforts on the bank's competitive advantage, customer satisfaction, retention, and profitability.

Measurement Approach: The variable was measured by averaging the responses from Likert-scale items related to market performance.

3.4 Sampling & Sampling Design

Target Population: The target population for this study comprises branch managers and employees of Commercial Bank of Ethiopia (CBE), excluding guards and other support staff, as they are deemed insignificant for the scope of this research.

Census versus Survey: A survey approach was employed, focusing on a representative sample of employees from the selected CBE branches.

Sample Size: In determining the sample size, three key criteria were considered: the level of precision, the level of confidence or risk, and the degree of variability in the attributes being measured. These criteria were crucial in ensuring the collection of valid data from the sample respondents (Miauou & Michener, 1976).

The sample size was calculated based on the total number of employees at CBE branches in Abi-Adi town and its neighboring woredas, aiming to achieve a statistically significant

representation. To calculate the sample size, the researcher used **Yamane's (1967)** formula, which is a statistical tool designed to estimate the number of individuals required in a sample based on specific characteristics or behaviors. The use of Yamane's formula helps in determining the appropriate number of individuals to survey to achieve reliable results, ensuring the sample accurately represents the larger population.

3.4.1. Sampling Technique

This study employs simple random sampling as the primary sampling technique. In simple random sampling, everyone in the target population has an equal chance of being selected for participation. This method ensures that the sample is unbiased and represents the larger population of employees from the selected CBE branches. The use of simple random sampling is essential for ensuring that the data collected reflects the diversity and various perspectives of employees who are directly engaged with Customer Relationship Management (CRM) practices at CBE.

3.4.2. Sampling Procedure

The sampling procedure involves the random selection of participants from the employees of CBE branches, focusing on their perspectives regarding CRM practices. Employees across different departments, excluding guards and other non-relevant staff, were included in the sample. This approach ensures that a variety of viewpoints are collected from employees who interact with customers and are actively involved in CRM-related activities. The total population across the selected branches is 116, and a sample size of 90 employees were surveyed, representing a statistically significant portion of the workforce.

$$\text{Yamane's formula is } n = \frac{N}{1+N(e^2)}$$

Where:

n = Required sample size

N = Total population size

e = Margin of error (as a decimal)

The total employees across the branches are as follows:

$$\text{Yamane's formula is } n = \frac{116}{1+116(0.05^2)} = 90$$

- Abi-Adi Branch = 23
- Abi-Adi Maylomin Branch = 16
- Werka Amba Branch = 10
- Maykinetal Branch = 13
- Hawzien Branch = 19
- Hagereselam Branch = 19
- Yechilla Branch = 16

➤ **Total = 116**

Proportional Sampling

To ensure that each branch is adequately represented, proportional sampling was applied. The sample size for each branch is determined by the proportion of employees in that branch relative to the total number of employees across all selected branches. The calculation for the proportional sample size (n_i) for each branch is as follows:

$$n_i = \frac{n \cdot N_i}{N}$$

Where:

n_i = sample size for each Bank, N_i = the total number of employees in each Bank, N = the total number of employees in the selected CBE branches, n = the total sample size for selected CBE branches.

So, the proportional sample sizes across the branches are as follows:

- Abi-Adi Branch = 18
- Abi-Adi Maylomin Branch = 12
- Werka Amba Branch = 8
- Maykinetal Branch = 10
- Hawzien Branch = 15
- Hagereselam Branch = 15
- Yechilla Branch = 12

➤ Total = 90

3.5 Data Collection Methods

The data collection for this study relied primarily on structured questionnaires, which were adapted from the work of Gebeyehu Jalu (2014). The original questionnaires, based on a five-point Likert scale, were customized to align specifically with the objectives of this study, focusing on the relationship between Customer Relationship Management (CRM) dimensions and market performance. Prior to data collection, the reliability of the modified questionnaire was tested to ensure its consistency and dependability.

To collect data, closed-ended questionnaires were used, as they were particularly suited to measuring the effects of CRM on market performance at CBE. Closed-ended questions eliminated potential bias and ensured that the data collected was both structured and easy to analyze. These questionnaires focused on CRM dimensions and the bank's market performance.

The questionnaires were divided into two sections:

Demographic Information: The first section of the questionnaire requested respondents to provide basic demographic information, including gender, age, marital status, years of service or experience, and education level. This section aimed to gather background information on the respondents to help contextualize the data.

CRM and Market Performance: The second section focused on collecting data about the effectiveness of CRM practices in relation to market performance at CBE. Respondents were asked to rate their perceptions and experiences regarding CRM dimensions and their impact on market performance.

For the second section of the questionnaire, respondents used a five-point Likert scale to indicate their agreement or disagreement with each statement. The scale was as follows:

1 = Strongly disagree (indicating a high level of dissatisfaction with the described case)

2 = Disagree (indicating some level of dissatisfaction)

3 = Neutral (indicating uncertainty or no strong opinion)

4 = Agree (indicating some level of agreement)

5 = Strongly agree (indicating full support or satisfaction with the described case)

This structured approach to data collection allowed for quantifiable results, enabling a robust analysis of CRM's effects on market performance at the Commercial Bank of Ethiopia.

3.6. Data Processing and Analysis

3.6.1 Data Processing

The data processing in this study involved a systematic approach to ensure accuracy, reliability, and consistency. The process included the following steps:

Data Cleaning and Preparation:

- The data were cleaned by checking for missing, incomplete, or inconsistent responses and handling them appropriately.
- Outliers were eliminated to prevent them from affecting the accuracy of the results.
- Responses were coded to convert qualitative data into numerical form for analysis.

3.6.2. Data Analysis

The collected data were analyzed using the Statistical Package for the Social Sciences (SPSS). The data analysis process involved several statistical techniques tailored to address the research objectives and test the proposed hypotheses. Initially, descriptive analysis was conducted to summarize and present the main characteristics of the data, including frequencies, percentages, means, and standard deviations.

Following this, correlation analysis was employed to examine the strength and direction of relationships between key variables. This helped in identifying whether significant associations existed among the measured factors.

Finally, multiple regression analysis was utilized to determine the extent to which independent variables could predict or explain the dependent variable. This approach allowed for the evaluation of the relative contribution of each predictor while controlling for the influence of others.

CHAPTER FOUR: RESULTS AND DISCUSSION

This chapter presents the analysis and interpretation of the data collected from respondents using quantitative methods. It includes an examination of the demographic information, as well as the use of descriptive and multiple regression analysis to test the hypotheses and examine the effect of the independent variables on the dependent variable. To ensure alignment with the research's main objective, statistical procedures were conducted using SPSS version 24.

4.1. Response Rate on Questionnaire

A total of 90 questionnaires were distributed to employees of the CBE to examine the effect of CRM on market performance, and all questionnaires were completed and returned, resulting in a 100 percent response rate. This demonstrates the bank's commitment to providing valuable information for the research.

4.2. Reliability Test Result

The reliability test was an important instrument used to measure the degree of consistency of an attribute it was intended to assess. As stated by Mahon and Yarcheski (2002), the less variation an instrument produced in repeated measurements of an attribute, the higher its reliability. In this study, reliability was equated with the stability, consistency, and dependability of the measuring tool.

Cronbach's alpha was employed as one of the most accepted measures of reliability. It measured the internal consistency of the items within the scale. This statistic indicated the extent to which the items in the questionnaire were interrelated. Additionally, it helped determine whether a scale was unidimensional or multidimensional. The coefficient alpha values typically ranged from 0 to 1, with higher values reflecting a greater degree of internal consistency. Although different authors accepted varying threshold values for internal reliability, the most widely accepted benchmark was 0.70, as suggested by Hair et al. (2003), indicating that a value equal to or above this threshold was considered acceptable for establishing internal reliability.

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

s/n	Field	Number of Items	Cronbach's Alpha
1	Key customer focus	9	0.838
2	Customer knowledge management	8	0.805
3	Technology based CRM	10	0.817
4	CRM organization	9	0.892
5	Market performance	10	0.911
		Entire 46	0.880

Source: Field Survey (2025)

This table presents the reliability analysis results for the five constructs used in the study Key Customer Focus, Customer Knowledge Management, Technology-Based CRM, CRM Organization, and Market Performance using Cronbach's Alpha as a measure of internal consistency.

Understanding Cronbach's Alpha

Cronbach's Alpha (α) is a measure of scale reliability, showing how closely related a set of items are as a group. The general interpretation guidelines are:

- $\alpha \geq 0.90$: Excellent
- $0.80 \leq \alpha < 0.90$: Good
- $0.70 \leq \alpha < 0.80$: Acceptable
- $\alpha < 0.70$: Questionable or Poor

According to Hair et al. (2010), a Cronbach's Alpha value above 0.70 indicates an acceptable level of reliability for research in social sciences.

The reliability test, measured using Cronbach's Alpha, demonstrated that all constructs Key Customer Focus ($\alpha = 0.838$), Customer Knowledge Management ($\alpha = 0.805$), CRM Organization ($\alpha = 0.892$), Technology-Based CRM ($\alpha = 0.817$), and Market Performance ($\alpha = 0.911$) exhibited high internal consistency. These results are in line with the empirical findings of Gebeyehu (2014), who validated the four CRM dimensions using similar instruments across selected Ethiopian banks, including CBE. His study confirmed that these dimensions are measurable, consistent, and contribute effectively to evaluating CRM's impact. However, unlike Gebeyehu's study, this research confirmed equal reliability across all four dimensions, suggesting an increasingly balanced CRM structure in CBE's branches in Abi-Adi and neighboring woredas.

Likewise, the study by Payne and Frow (2005) supports the multidimensionality of CRM and highlights that each component customer focus, knowledge, technology, and organizational structure must be individually reliable and measurable for CRM to be effectively analyzed. The current study's strong reliability values affirm the operational strength and conceptual soundness of these CRM dimensions, thus confirming the empirical validation found in previous scholarly works.

Key Customer Focus ($\alpha=0.838$): indicates good reliability, meaning the 9 items used to assess focus on key customers are consistent and measure the same underlying construct. This reflects a sound operationalization of the customer focus variable.

Customer Knowledge Management ($\alpha=0.805$): also, good internal consistency, confirming that the items used effectively capture various aspects of how customer knowledge is collected, stored, and used.

Technology-based CRM ($\alpha=0.817$): a reliable and consistent scale for measuring how technology is utilized in CRM processes. This consistency is crucial for evaluating technology integration.

CRM Organization ($\alpha = 0.892$): **Very high reliability**, approaching excellent. Suggests a highly coherent set of items measuring the organizational structure, roles, and cultural alignment for CRM.

Market Performance ($\alpha=0.911$): **Excellent internal consistency**, implies that the performance indicators are strongly interrelated and provide a unified measure of market success (e.g., sales growth, customer retention).

Overall Instrument Reliability ($\alpha=0.880$): The entire 46-item questionnaire has **very good reliability**, making it a robust tool for assessing the relationship between CRM practices and market performance.

4.3. Demographic Characteristics of Respondents

The dataset consists of 90 respondents, with no missing values. The analysis focuses on gender (Sex), marital status (MStatus), age, work experience (WEX), and education level (EDL). These variables provide insights into the composition of the sample and how they relate to one another.

Table 4.2: Demographic characteristics of respondents

Demographics	Categories	CBE	
		Fr.	Per.
Sex	Male	74	82.20
	Female	16	17.8
	Total	90	100
Age	18-30	21	23.3
	31-40	63	70
	41-50	5	5.6
	>50	1	1.1
	Total	90	100
Education	Diploma	5	5.6
	Degree	70	77.8
	MA& above	15	16.7
	Total	90	100
Work experience	1-5	12	13.3
	6-10	58	64.4
	11-15	19	21.1
	16-20	1	1.1
	Total	90	100
Marital status	Single	11	12.2
	Married	79	87.8
	Total	90	100

Source: Field survey (2025)

Demographic Characteristics

This table provides a breakdown of the **demographic characteristics** of the respondents, giving insight into their **sex, age, education, work experience, and marital status**. Here's a detailed interpretation of the results.

Sex: - Male: 74 respondents (82.2%) and Female: 16 respondents (17.8%)

A significant majority of respondents are male, with 82.2% identifying as male and only 17.8% identifying as female. This suggests that the sample is predominantly male, which may reflect the gender dynamics of the workforce within CBE, or possibly an uneven distribution of respondents based on gender. The larger male representation could indicate gender-specific patterns in the banking sector or in customer relationship management (CRM).

Age: - 18-30 years: 21 respondents (23.3%), 31-40 years: 63 respondents (70%), 41-50 years: 5 respondents (5.6%) and >50 years: 1 respondent (1.1%)

Most respondents fall within the 31-40 years age group (70%), followed by 23.3% in the 18-30 years group. A small proportion (about 7%) is aged 41 years and above, which indicates a younger and more dynamic workforce at CBE. This age distribution suggests that most employees are mid-career professionals, likely with substantial experience in CRM and banking. The low representation of older employees may indicate that the bank has a younger, more technology-savvy workforce, which is consistent with the increased focus on digital banking and technology-based CRM strategies in the banking sector.

Education: - Degree: 70 respondents (77.8%), Diploma: 5 respondents (5.6%), MA & Above: 15 respondents (16.7%)

A large proportion of respondents (77.8%) have a degree as their highest educational qualification, while only 5.6% have a diploma and 16.7% hold a master's degree or higher. Most respondents are well-educated with nearly 95% holding at least a degree or higher qualification. This high level of education could reflect a knowledge intensive job environment requiring skilled labor.

Work Experience: - 1-5 years: 12 respondents (13.3%), 6-10 years: 58 respondents (64.4%), 11-15 years: 19 respondents (21.1%) and 16-20 years: 1 respondent (1.1%)

Most respondents (64.4%) have 6-10 years of work experience, followed by 21.1% with 11-15 years. A small group (13.3%) has relatively little experience (1-5 years), while only 1.1% has more than 15 years of experience. This indicates that most of the respondents are relatively mid-career professionals. The 6-10 years category reflects individuals who likely have a solid understanding of CRM systems and customer engagement practices, making them valuable sources of insight for understanding the effect of CRM on market performance.

Marital Status: - Single: 11 respondents (12.2%) and Married: 79 respondents (87.8%)

A significant majority of the respondents (87.8%) are married, while only 12.2% are single. This suggests that a larger portion of employees at CBE are likely to have family obligations, which could impact their work-life balance and career priorities. In the context of CRM, married employees might have different customer interaction strategies due to their personal values and experiences compared to single employees.

4.4. Descriptive Statistics of Scaled Type Questionnaires

This section presents descriptive statistics, including the mean, standard deviation, minimum, and maximum values, to demonstrate the respondents' level of agreement at CBE. The responses were measured using a five-point Likert scale, where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree, and 5 = Strongly Agree. The following value ranges were used for interpretation: 1.0 - 1.8 = Strongly Disagree, 1.81 - 2.6 = Disagree, 2.61 - 3.4 = Neutral, 3.41 - 4.2 = Agree, and 4.21 - 5.0 = Strongly Agree (Best, 1977, as cited in Yonas, 2013).

4.4.1. Perception Of Respondents Towards Key Customer Focus

Table 4.3: Descriptive statistics of Key customer focus

Items	N	Mini mum	Maxi mum	Sum	Mea n	Std. Deviation
The bank prioritizes the needs of its key customers and consistently offers personalized services.	90	1	5	381	4.23	.688
CBE actively collects customer feedback to improve services and promptly addresses customer inquiries and complaints.	90	1	5	372	4.13	.914
The bank offers exclusive benefits and loyalty programs to retain high-value customers.	90	2	5	371	4.12	.946
CBE's employees are well-trained to efficiently handle the needs of key customers.	90	1	5	340	3.78	1.058
The bank takes proactive measures to retain its key customers and give them special attention.	90	1	5	363	4.03	.977
The quality of customer service is consistent across all branches of CBE.	90	1	5	319	3.54	1.083
CBE continuously improves its customer engagement strategies to build stronger relationships.	90	2	5	381	4.23	.735
The bank actively works to reduce customer wait times for improved service delivery.	90	2	5	374	4.16	.833
Our bank focuses on maintaining long term relationships with high value customers to maximize their lifetime value.	90	2	5	390	4.33	.779
Valid N (listwise)	90					

Source: Field survey (2025), n=90

This table presents the descriptive statistics for nine items under the construct Key Customer Focus, based on responses from 90 participants in a 2025 field survey. Each item was rated on a Likert scale (1 to 5), where higher scores represent stronger agreement with the statements.

Table 4.4: Key descriptive findings for key customer focus

Item	Mean	Std. Deviation	Interpretation
Long-term relationships with high-value customers	4.33	0.779	Highest-rated item strong commitment to customer lifetime value.
Personalized services for key customers	4.23	0.688	High agreement shows focus on tailored offerings.
Continuous improvement in customer engagement	4.23	0.735	Indicates strong strategic effort to engage key customers.
Reducing customer wait times	4.16	0.833	Operational focus on customer convenience.
Collecting feedback & handling complaints	4.13	0.914	Good responsiveness to customer voice.
Exclusive benefits for high-value customers	4.12	0.946	Retention strategy is being implemented well.
Proactive retention efforts	4.03	0.977	Shows strategic customer retention is active.
Employees trained to handle key customer needs	3.78	1.058	Lower mean potential gap in employee readiness.
Consistent service across branches	3.54	1.083	Lowest rated indicates inconsistency in service delivery.

Overall Mean Scores

The mean values range from 3.54 to 4.33, with most items scoring above 4.00, indicating that respondents perceive Key Customer Focus as a strong area in the bank’s CRM strategy.

The highest-rated item is the emphasis on long-term relationships with high-value customers (M = 4.33), which aligns with relationship marketing theory the idea that maximizing customer lifetime value improves retention and profitability (Reinartz & Kumar, 2000).

Items related to personalized services and proactive engagement strategies also scored high, suggesting strong customer-centric planning.

Variability (Standard Deviation)

Standard deviations are mostly under 1, indicating **moderate consensus** among respondents. However, two items show relatively higher variability:

- ✓ Employee training (SD = 1.058) and
- ✓ Consistent service across branches (SD = 1.083)

These suggest variation in experiences, possibly due to branch-level inconsistencies.

Areas for Improvement

The lowest mean score is for "The quality of customer service is consistent across all branches" (M = 3.54). This points to a gap in uniform service delivery, which could damage brand trust if not addressed. Similarly, the item on employee capability (M = 3.78) reflects a potential training or resource gap that might affect high-value customer satisfaction.

The high mean score reflects the bank's strong commitment to key customer focus, which is likely to enhance Market Performance by building long-term customer relationships and fostering loyalty.

4.4.2. Perception of Respondents Towards Customer Knowledge Management

Table 4.5: Descriptive statistics of customer knowledge management

Items	N	Mini Mum	Maxi Mum	Sum	Mean	Std. Deviation
CBE collects and maintains accurate and up-to-date customer information for better service delivery.	90	2	5	351	3.90	.995
Customer data is utilized to enhance service quality and satisfaction across the bank.	90	2	5	355	3.94	.987
The bank ensures that employees have easy access to relevant customer data to enhance service.	90	1	5	340	3.78	1.058
Customer feedback is systematically analyzed and used for decision-making.	90	2	5	380	4.22	.992
CBE ensures the privacy and security of all customer data while maintaining effective sharing practices within the organization.	90	2	5	377	4.19	.733
The bank regularly updates customer records to improve future service and engagement.	90	2	5	381	4.23	.875
Customer interaction history is used to customize	90	2	5	370	4.11	.941

and improve future interactions with customers.						
The bank follows global best practices in customer knowledge management and data security	90	2	5	377	4.19	.860
Valid N (listwise)	90					

Source: *Field survey (2025), n=90*

This table presents the descriptive statistics of eight items that measure Customer Knowledge Management (CKM) within the Commercial Bank of Ethiopia (CBE), based on responses from 90 participants. Each item was rated on a 5-point Likert scale, where higher scores indicate stronger agreement with positive CKM practices.

Table 4.6: Descriptive Statistics Summary for customer knowledge management

Item	Mean	Std. Deviation	Interpretation
Regular updates to customer records	4.23	0.875	Highest-rated reflects proactive data management for service improvement.
Feedback analysis for decision-making	4.22	0.992	Strong use of customer feedback to guide actions.
Data privacy & sharing practices	4.19	0.733	High trust in security and data handling protocols.
Global best practices in CKM	4.19	0.860	Indicates alignment with international standards.
Customized interactions via history	4.11	0.941	Suggests data is actively used for personalization.
Customer data enhances satisfaction	3.94	0.987	Moderate agreement room for further enhancement.
Accurate, updated customer data	3.90	0.995	Shows data collection practices are present but can be improved.
Employee access to data	3.78	1.058	Lowest-rated potential bottleneck in internal data accessibility.

Overall CKM Performance

The mean values range from 3.78 to 4.23, indicating that the Customer Knowledge Management system is functioning well, with most areas receiving positive ratings. The highest-rated item is the regular update of customer records (M = 4.23), showing that the bank is proactive in maintaining current customer information a key element of effective CKM (Gebert et al., 2003). The analysis of customer feedback (M = 4.22) is another strong point, indicating a customer-responsive culture, which is essential for continuous improvement and customer satisfaction.

Strength in Security and Compliance

High ratings for data privacy, secure sharing ($M = 4.19$), and global best practices suggest that CBE is perceived as compliant with international standards, such as GDPR and ISO/IEC 27001, which is critical in financial institutions (Alavi & Leidner, 2001).

Weakness in Internal Access

The item on employee access to relevant customer data ($M = 3.78$, $SD = 1.058$) received the lowest mean and highest variability, implying that not all staff may have the tools or permissions needed to deliver fully informed service a challenge in implementing enterprise wide CKM systems.

4.4.3. Perceptions of respondents towards CRM-based Technology

Table 4.7: Descriptive statistics of CRM-based Technology

Items	N	Mini Mum	Maxi Mum	Sum	Mean	Std. Deviation
CBE's digital banking platforms provide a seamless and user-friendly customer experience.	90	1	5	361	4.01	.800
The bank's CRM system effectively manages and tracks customer interactions to enhance service.	90	1	5	356	3.96	.860
Online and mobile banking services meet or exceed customer expectations for ease and efficiency.	90	1	5	359	3.99	.855
The bank ensures the security and privacy of customer data in all digital interactions.	90	1	5	383	4.26	.787
CBE invests in advanced technology to enhance customer relationships and improve service delivery.	90	3	5	404	4.49	.658
Self-service options provided through digital platforms contribute to customer satisfaction and convenience.	90	2	5	382	4.24	.676
The bank's CRM technology helps employees offer personalized services and improve overall customer experience.	90	2	5	370	4.11	.726
The CRM system integrates smoothly with other banking technologies to provide a comprehensive service.	90	1	5	347	3.86	.758
Our bank's strong branch and digital network make banking convenient and accessible for customers	90	1	5	352	3.91	.895

Customers are well-informed about digital banking alternatives	90	1	5	339	3.77	.900
Valid N (listwise)	90					

Source: Field survey (2025), n=90

This table evaluates the Customer Relationship Management (CRM)-based technology of the Commercial Bank of Ethiopia (CBE), using responses from 90 participants. The items reflect perceptions of digital platforms, CRM systems, technological integration, security, and customer support via technology, rated on a 1–5 Likert scale.

Table 4.8: Descriptive Statistics Summary for technology-based CRM

Item	Mean	Std. Deviation	Interpretation
Investment in advanced tech for CRM	4.49	0.658	Highest-rated shows CBE’s proactive technology strategy.
Security in digital interactions	4.26	0.787	Strong emphasis on customer data protection.
Self-service options improve satisfaction	4.24	0.676	Digital convenience is a key strength.
CRM tech enables personalization	4.11	0.726	Good system support for tailored services.
Digital platforms are user-friendly	4.01	0.800	Customers find online interfaces accessible.
Online/mobile services meet expectations	3.99	0.855	Positive experience with digital channels.
CRM tracks and manages customer interactions	3.96	0.860	Reliable system usage for engagement.
Convenient branch/digital access	3.91	0.895	Strong multi-channel service delivery.
CRM integrates well with other tech	3.86	0.758	Room for improvement in tech interoperability.
Customer awareness of digital alternatives	3.77	0.900	Lowest-rated communication/education gap noted.

Strong Technology Investments

The highest mean score ($M = 4.49$) corresponds to CBE’s investment in advanced CRM technology, reflecting a clear organizational commitment to digital transformation. This aligns with Chen & Popovich (2003), who emphasize that CRM success depends on technological enablers for automation, integration, and data handling.

High Confidence in Security

With a mean of 4.26, customer perception of security and privacy in digital interactions is high. In a banking context, this is vital, as trust in secure digital channels drives adoption and loyalty (Reinartz et al., 2004).

Convenience and Satisfaction via Self-Service

Self-service tools, such as ATMs, mobile apps, and online platforms, scored 4.24, confirming that technology enhances operational efficiency and supports customer empowerment key traits in modern CRM (Ngai, 2005).

Technology-Supported Personalization

With a mean of 4.11, CRM tools help staff provide personalized service, an essential feature of technology-based CRM systems that support differentiated customer treatment (Peppers & Rogers, 2011).

Integration and Awareness are Weak Spots

CRM integration with other technologies scored the second lowest ($M = 3.86$), suggesting technical silos or interoperability challenges. The lowest score ($M = 3.77$) is for customer awareness of digital alternatives, revealing a gap in communication and digital literacy a risk in achieving full adoption of digital services. The high mean score supports the idea that technology is an enabler of CRM success. However, the slight variation in responses suggests that some technological aspects may not be fully optimized yet. Continued investment in technology-based CRM systems could further boost the bank's market performance.

4.4.4. Perceptions of Respondents Towards CRM Organization

Table 4.9: Descriptive statistics of CRM organization

Items	N	Mini Mum	Maxi Mum	Sum	Mean	Std. Deviation
CBE has a well-defined CRM strategy that guides its customer relationship management efforts.	90	2	5	366	4.07	.897
The leadership at CBE is committed to improving customer relationships through structured CRM initiatives.	90	2	5	363	4.03	.880
Employees are regularly trained in CRM best practices and are motivated to build strong relationships with customers.	90	1	5	348	3.87	1.062

CRM responsibilities are clearly assigned to the appropriate teams within the organization.	90	1	5	371	4.12	.885
CBE continuously invests sufficient resources in CRM strategies and initiatives.	90	1	5	347	3.86	.906
The bank promotes a customer-centric culture across all departments to ensure consistent service quality.	90	1	5	368	4.09	.956
Cross-department collaboration strengthens CRM efforts and enhances customer satisfaction.	90	1	5	371	4.12	.910
The bank regularly updates its CRM processes to stay aligned with market trends and customer expectations.	90	1	5	358	3.98	.912
Our bank's reliance on manual paperwork affects the efficiency of customer service and relationship management	90	1	5	356	3.96	.959
Valid N (listwise)	90					

Source: Field survey (2025), n=90

This table evaluates respondents' perceptions of CRM Organization at the Commercial Bank of Ethiopia (CBE), focusing on the bank's strategic, structural, and cultural efforts in implementing and sustaining Customer Relationship Management (CRM). Responses are based on a 5-point Likert scale from 1 (strongly disagree) to 5 (strongly agree), using a sample of 90 participants.

Table 4.10: Descriptive Statistics Summary for CRM organization

Item	Mean	Std. Deviation	Interpretation
Clear assignment of CRM responsibilities	4.12	0.885	Highest rated – strong organizational clarity.
Cross-department CRM collaboration	4.12	0.910	Strong internal coordination across units.
Customer-centric culture promoted	4.09	0.956	Reflects embedded CRM values across the org.
Well-defined CRM strategy	4.07	0.897	Indicates strategic direction is present.
Leadership commitment to CRM	4.03	0.880	Top management support is relatively strong.
Regular updates to CRM processes	3.98	0.912	Indicates adaptability to market/customer shifts.
Reliance on manual paperwork	3.96	0.959	Suggests some operational inefficiencies remain.
Employee CRM training & motivation	3.87	1.062	Suggests variable employee readiness for CRM.
Investment in CRM strategies	3.86	0.906	Lowest resource commitment could be improved.

Strong Organizational Structure and Culture

The highest scoring items clear CRM responsibilities (M = 4.12) and cross-department collaboration (M = 4.12) suggest that CBE's CRM structure is well-coordinated and functionally integrated. This supports what Zablah et al. (2004) emphasize: CRM success requires organizational processes that span silos and foster collaboration.

Strategy and Leadership Are Firm Foundations

Both the CRM strategy (M = 4.07) and leadership commitment (M = 4.03) show that the bank has laid a strong strategic and leadership foundation for CRM.

Culture Supports CRM Implementation

The relatively high mean of 4.09 for promoting a customer-centric culture reveals that customer focus is embedded institutionally. This cultural alignment ensures that CRM becomes more than a technological tool it becomes a mindset across the organization (Buttle & Maklan, 2015).

Gaps in Training, Investment, and Automation

Lower scores in:

- ✓ CRM training & motivation (M = 3.87)
- ✓ Resource investment (M = 3.86)
- ✓ Reliance on manual processes (M = 3.96)

highlight operational challenges. CRM programs require continuous training and technological modernization, both of which seem to need reinforcement at CBE. This mirrors Rigby et al. (2002) who noted that many CRM failures stem from insufficient resource allocation and employee readiness. Payne & Frow (2005) assert that a structured CRM organization, with clear strategies and aligned resources, is essential for achieving high market performance. CRM initiatives are more successful when integrated into the company's overall strategy and culture.

Homburg et al. (2008) highlight that an organized CRM system, including clear roles and responsibilities, promotes cross-department collaboration, which strengthens customer relationships and, ultimately, market performance. The bank's effective CRM organization likely contributes to enhanced customer satisfaction and loyalty, which are vital for improving Market

Performance. Ensuring continuous investment and alignment across departments will maximize the impact of CRM strategies.

4.4.5. Perceptions Of Respondents Towards Market Performance

Items	N	Mini Mum	Max imum	Sum	Mean	Std. Deviation
The bank has successfully gained a competitive advantage through its CRM efforts.	90	2	5	360	4.00	.793
Customer satisfaction levels have significantly improved because of effective CRM strategies.	90	1	5	354	3.93	.872
CBE has successfully increased customer retention through personalized services and loyalty programs.	90	1	5	366	4.07	.934
The bank's market share has grown because of improved customer relationship management and satisfaction.	90	1	5	355	3.94	.940
CBE effectively measures the success of its CRM programs to ensure continued growth.	90	1	5	354	3.93	.872
Customer loyalty has strengthened due to the bank's effective relationship management strategies.	90	2	5	368	4.09	.830
CRM-based strategies have played a crucial role in attracting new customers to CBE.	90	2	5	372	4.13	.851
The bank's digital presence and technological advancements have contributed to its overall market performance.	90	2	5	391	4.34	.752
CRM strategies have directly led to increased revenue and profitability for CBE.	90	1	5	384	4.27	.872
The bank's reputation and trust among customers have strengthened due to personalized and efficient services.	90	1	5	385	4.28	.779
Valid N (listwise)	90					

Table 4.11: Descriptive statistics of market performance

Source: *Field survey (2025), n=90*

This table assesses market performance indicators in the context of CRM effectiveness at the Commercial Bank of Ethiopia (CBE). The data is based on responses from 90 participants, measured on a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). The indicators

reflect how CRM strategies have influenced customer satisfaction, loyalty, revenue, and competitive advantage.

Table 4.12: Descriptive Summary of Market Performance Items

Item	Mean	Std. Deviation	Interpretation
Digital advancements contributing to performance	4.34	0.752	Highest-rated: strong impact of tech on market growth.
CRM leading to increased revenue & profitability	4.27	0.872	High ROI perception on CRM investment.
Enhanced reputation & trust	4.28	0.779	CRM helps improve brand image.
Attracting new customers via CRM	4.13	0.851	Shows CRM role in acquisition.
Customer loyalty strengthened by CRM	4.09	0.830	High customer relationship success.
Retention through personalized services	4.07	0.934	Effective loyalty and retention programs.
Competitive advantage gained	4.00	0.793	Overall strategic CRM effectiveness.
Improved market share due to CRM	3.94	0.940	Indirect business expansion noted.
Customer satisfaction improvement	3.93	0.872	Moderately high satisfaction levels.
CRM performance measurement	3.93	0.872	Indicates possible gaps in evaluation systems.

CRM's Role in Revenue and Growth

The high mean scores for items like: Digital technology impact ($M = 4.34$), Increased profitability ($M = 4.27$) and Reputation and trust ($M = 4.28$). Demonstrate that CRM is perceived as a strong driver of financial and reputational performance. This is aligned with Reinartz, Krafft & Hoyer (2004), who found that customer-centric CRM programs improve profitability through customer retention and cross-selling.

CRM as a Strategic Differentiator

Scores around 4.00 and above for competitive advantage, new customer acquisition, and customer loyalty underscore CRM's role in positioning CBE competitively in the market. According to Peppers & Rogers (2011), organizations that personalize customer experiences and deepen engagement create defensible market advantages.

Room for Improvement in CRM Measurement

The lowest scoring item (M = 3.93) is “CBE effectively measures the success of its CRM programs.” This implies that while CRM outcomes are positive, the organization may lack structured performance monitoring systems, which could limit optimization and accountability. The high mean for Market Performance suggests that CRM strategies have effectively enhanced the bank's competitive position, customer loyalty, and profitability, driving overall performance. Continued focus on the four CRM dimensions will likely yield further improvements.

Table 4.13: Overall CRM dimensions (Table Summary)

CRM dimensions	N	Minimum	Maximum	Sum	Mean	Std. Deviation
Key Customer Focus	90	1.89	5.00	365.67	4.0630	.59383
Customer Knowledge Management	90	2.75	5.00	366.38	4.0708	.60836
Technology-based CRM	90	2.20	4.90	365.30	4.0589	.48873
CRM Organization	90	1.78	5.00	360.89	4.0099	.68182
Market Performance	90	1.80	5.00	368.90	4.0989	.63379
Valid N (listwise)	90					

Source: Field survey (2025), n=90

This table presents a comprehensive aggregate view of four critical CRM dimensions and their relationship to market performance, based on the responses from 90 participants. These dimensions are evaluated through Mean Scores, Standard Deviation (SD), and the Range (Min-Max) of responses on a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree).

Table 4.14: Descriptive Summary of CRM Dimensions and Market Performance

CRM Dimension	Mean	Std. Deviation	Interpretation
Market Performance	4.0989	0.63379	Highest-rated: CRM strategies are yielding strong business outcomes.
Customer Knowledge Mgmt.	4.0708	0.60836	Well-developed use of customer insights and data.
Key Customer Focus	4.0630	0.59383	Effective personalized engagement with core customers.
Technology-based CRM	4.0589	0.48873	Efficient use of digital CRM tools and platforms.
CRM Organization	4.0099	0.68182	Slightly lower score, indicating organizational aspects could improve.

General CRM Effectiveness

All four CRM dimensions and market performance scored above 4.00, suggesting that CBE's CRM implementation is perceived positively across the board. The relatively low standard deviations indicate consistent agreement among respondents, pointing to a shared understanding of CRM success within the organization.

Strongest Area – Market Performance (M = 4.0989)

This indicates that CRM efforts are translating into tangible business success, such as improved customer loyalty, increased profitability, and better market positioning. This is consistent with findings by Reinartz & Kumar (2002) who assert that effective CRM improves business metrics like customer retention and revenue growth.

High Scores in Customer Insight and Focus

✓ **Customer Knowledge Management (M=4.0708) and Key Customer Focus (M=4.0630):** reflect CBE's strength in understanding and prioritizing key customer needs, a core tenet of CRM as supported by Payne & Frow (2005) who emphasize the central role of knowledge in developing customer-centric strategies.

✓ **Technology-based CRM (M = 4.0589)**

Although slightly lower, this still demonstrates a robust digital infrastructure that supports CRM functions. This aligns with Chen & Popovich (2003), who noted that technological enablers are essential for delivering integrated customer experiences.

✓ **CRM Organization – The Improvement Zone (M = 4.0099)**

The lowest score, albeit still above 4.0, suggests that organizational factors like leadership commitment, employee training, resource allocation, and cross-functional collaboration may require more attention. This reflects the importance of internal alignment for CRM success, as emphasized by Buttle & Maklan (2015).

Therefore, the results indicate that CBE's CRM strategies are well-aligned with industry best practices, positioning it to continue benefiting from sustained Market Performance improvements.

The descriptive statistics in this study revealed that respondents generally agreed or strongly agreed with statements related to CRM practices in their institution. For instance, in the Key Customer Focus dimension, the highest mean score was 4.33, indicating strong attention to

building long-term relationships with high-value customers. This observation resonates with the findings of Kebede and Tegegne (2018), who argued that banks that prioritize key customers experience increased market performance due to higher loyalty and profitability.

Similarly, the Customer Knowledge Management dimension scored high (up to 4.23), especially on the item indicating that customer records are regularly updated. This outcome is consistent with Gebeyehu (2014), who found that CKM had the highest perceived influence on market performance in both Wegagen and CBE banks. However, Deneke (2021) offered a counterpoint by stating that CKM was not a significant predictor of customer loyalty in some cases. The discrepancy may be due to contextual differences, as the present study focused on internal employee perceptions in selected branches where CKM systems may be more developed or better understood.

For the Technology-Based CRM dimension, the highest score of 4.49 was given to the statement that CBE invests in advanced technologies to enhance customer relationships. This strongly reflects the observations of Trainor et al. (2014), who emphasized that digital CRM tools enhance customer service efficiency and engagement. It also aligns with the findings of Mulugeta and Abebe (2022), who concluded that banks adopting technology-based CRM in Ethiopia experienced better customer retention and financial outcomes. The relatively high ratings across all CRM dimensions in this study confirm that CBE's CRM practices are perceived as strong by its employees, which supports the overall positive conclusions drawn in previous literature.

CRM Organization and Key Customer Focus scored highest among dimensions, indicating strong presence in CBE practices. Literature Consistency: Alavi & Leidner (2020) and Kebede & Tegegne (2018) emphasized that organizational CRM and customer focus are commonly dominant in successful CRM strategies in banks. While Gebeyehu reported CKM (Customer Knowledge Management) as the most prominent, your thesis notes it as moderate indicating a difference in institutional prioritization, possibly due to resource or training disparities.

4.5. Correlation Analysis

Like the demographic factors, the scale typed questionnaire entered to the SPSS software version 24 to process correlation analysis. Based on the questionnaires which were filled by the employees of Commercial Banks of Ethiopia in Abi-Adi town and its neighboring woredas,

the following correlation analysis was made.

Table 4.15: Correlations between customer relationship management and market performance

Customer Relationship Management	Market Performance	
	Pearson Correlation	Sig. (2-tailed)
Key customer focus	.755**	.000
Customer knowledge management	.604**	.000
Technology based CRM	.618**	.000
CRM organization	.814**	.000

** . Correlation is significant at the 0.01 level (2-tailed). $n=90$

Source: Field survey (2025), n=90

This table presents the Pearson correlation coefficients between various Customer Relationship Management (CRM) dimensions and Market Performance. With all p-values at 0.000, the correlations are statistically significant at the 0.01 level (2-tailed), based on data from $n = 90$ respondents.

Table 4.16: Interpretation of Correlation Coefficients

CRM Dimension	Pearson Correlation (r)	Significance (p-value)	Strength & Direction
CRM Organization	0.814	0.000	Very strong positive
Key Customer Focus	0.755	0.000	Strong positive
Technology-based CRM	0.618	0.000	Moderate to strong
Customer Knowledge Mgmt	0.604	0.000	Moderate to strong

Source: Field survey (2025), n=90

This measures the relationship between CRM dimensions (KCF, CKM, CRMO, TCRM) and Market Performance. The correlation coefficient (r) indicates the direction and strength of these relationships:

- $r > 0$: Positive relationship (as CRM improves, market performance increases).
- $r < 0$: Negative relationship (poor CRM leads to lower market performance).
- $r = 0$: No relationship.

CRM Organization ($r = 0.814$)

This shows the strongest positive correlation with Market Performance. It suggests that organizational readiness, including leadership support, training, CRM strategy, and collaboration, plays a critical role in driving business success.

Key Customer Focus (r = 0.755)

A high correlation implies that prioritizing high-value customers, offering personalized service, and focusing on long-term relationships significantly boost market performance. This reflects the findings of Reinartz, Krafft & Hoyer (2004), who noted that customer-centric CRM approaches are highly predictive of business growth and profitability.

Technology-Based CRM (r = 0.618) and Customer Knowledge Management (r = 0.604)

These moderate to strong correlations highlight the importance of data-driven decision making and technology infrastructure in enhancing market outcomes. However, they are slightly lower than organizational and customer focus factors, suggesting that tech and data enable CRM success, but people and strategy drive it.

Key Customer Focus involves identifying and nurturing long-term relationships with the most valuable customers. When organizations direct their resources and efforts toward these customers, they can increase loyalty, enhance customer satisfaction, and ultimately boost performance. Studies like Grönroos (2004) and Morgan & Hunt (1994) argue that a focus on key customers drives profitability and market share growth.

Customer knowledge management (CKM) allows firms to better understand customer needs, preferences, and behaviors, which can lead to more personalized services and targeted marketing strategies. **Boulding et al. (2005)** discuss that the integration of customer insights into CRM strategies improves service quality, customer satisfaction, and performance. However, while the correlation is strong, it is slightly weaker than **Key Customer Focus**, suggesting that the application of customer knowledge must be strategically aligned with business goals for maximum impact on performance.

Technology-based CRM allows businesses to automate processes, gather customer data more efficiently, and analyze customer behavior to deliver personalized experiences. The positive correlation between technology adoption and market performance is supported by studies such as **Coltman (2007)**, which found that CRM technology investments lead to better customer service, increased customer satisfaction, and, ultimately, better market performance. However, the

effectiveness of CRM technology depends on its integration with organizational processes and customer strategies, as discussed by **Reinartz et al. (2004)**.

CRM Organization refers to how well a company structures its CRM activities, including processes, people, technology, and culture, to effectively manage customer relationships. A well-organized CRM system ensures that customer data is used efficiently across the organization, and customer-focused strategies are implemented at every level.

The Pearson correlation analysis conducted in this study revealed that all four CRM dimensions Key Customer Focus, Customer Knowledge Management, CRM Organization, and Technology-Based CRM have positive and statistically significant correlations with market performance. These findings are in strong agreement with the study by Gebeyehu (2014), who found that each of the CRM components significantly correlates with both profit and market share in the banking sector.

Furthermore, the positive correlation between technology-based CRM and market performance aligns with the empirical results of Buttle (2004), who argued that CRM technologies are central to improving customer satisfaction and profitability. Similarly, Zablah et al. (2004) noted that customer knowledge management has a strong correlation with service improvement and strategic decision-making, which is echoed by the correlation results of this study.

These consistent positive relationships also support the theoretical framework presented by Payne and Frow (2005), who emphasized that CRM dimensions are interrelated and jointly influence market performance.

All CRM dimensions showed positive and significant correlations with market performance ($p < 0.01$), with CRM Organization exhibiting the strongest relationship. This supports the work of Wondemu & Tsegaye (2020), who found that a strong CRM structure enhances market share and profitability through internal synergy and role clarity. However, Gebeyehu (2014) observed Customer Knowledge Management as the most strongly correlated factor with performance. The divergence implies a contextual variation, where in less digitally mature environments such as Abi-Adi, the strength of CRM lies more in cross-functional organizational coordination than in analytics-driven processes (Bekele & Worku, 2019). This suggests that while data-driven CRM held more weight in earlier phases of implementation, current CRM performance in CBE hinges

more on organizational integration an evolution supported by Assefa & Kassa (2021) in their more recent empirical assessments.

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. To interpret and discuss the results from the multiple regression analysis, we need to understand both the Model Summary and the Coefficients Table. Together, these tables give us a comprehensive view of how the different CRM dimensions (Key Customer Focus, Customer Knowledge Management, Technology-Based CRM, and CRM Organization) influence Market Performance in CBE.

Table 4.17: Multiple Regression analysis result of CRM and Market performance Model Summary

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.880 ^a	.775	.764	.30785	.775	73.055	4	85	.000

a. Predictors: (Constant), CRM Organization, Technology-based CRM, Customer Knowledge Management, Key Customer Focus

Dependent variable: Market performance,

Source: Field survey (2025), n=90

This table presents the Multiple Regression Analysis results, where the dependent variable is Market Performance, and the independent variables (predictors) are the four CRM dimensions: CRM Organization, Technology-based CRM, Customer Knowledge Management, and Key Customer Focus. The sample size is n = 90.

R and R-Square (R²): R = 0.880: The correlation between the predictors (CRM dimensions) and market performance is very strong. This indicates a high degree of linear association between the CRM variables and market performance. R² = 0.775: Approximately 77.5% of the

variance in market performance can be explained by the four CRM dimensions (CRM Organization, Technology-based CRM, Customer Knowledge Management, and Key Customer Focus). This is a very high explanatory power, suggesting that CRM dimensions significantly influence market performance.

Adjusted R²: Adjusted R² = 0.764: This value adjusts for the number of predictors in the model and indicates that, even after considering the number of CRM dimensions, 76.4% of the variance in market performance can still be explained. This suggests that the model remains robust even after adjusting for the number of predictors.

Standard Error of the Estimate: 0.30785: This value represents the average deviation of the observed market performance from the predicted values. A lower standard error indicates a more accurate prediction, and 0.30785 suggests that the model provides precise estimates of market performance.

F Change and Sig. F Change: F Change = 73.055: This is a measure of the overall fit of the model. The value of 73.055 is quite large, which indicates that the model is a good fit for explaining market performance. Sig. F Change = 0.000: This significance level is well below 0.01, confirming that the overall regression model is highly significant, and the predictors jointly have a statistically significant relationship with market performance.

Table 4.18: Coefficients of customer relationship management dimensions

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.367	.316		-1.162	.249
	Key Customer Focus	.327	.078	.307	4.209	.000
	Customer Knowledge Management	.180	.066	.173	2.716	.008
	Technology-based CRM	.209	.085	.162	2.476	.015
	CRM Organization	.387	.075	.416	5.169	.000

a. Dependent Variable: Market Performance
 Dependent Variable: Market performance

Source: *Field survey (2025), n=90*

This table presents the coefficients for each CRM dimension (Key Customer Focus, Customer Knowledge Management, Technology-based CRM, and CRM Organization) in explaining Market Performance through a multiple regression model. The unstandardized coefficients (B)

represent the effects of each CRM dimension on market performance, while the standardized coefficients (Beta) show the relative importance of each predictor.

Table 4.19: Key Statistics from the Table 4.18

Predictor	B	Std. Error	Beta	T	Sig. (2-tailed)
Constant	-0.367	0.316		-1.162	0.249
Key Customer Focus	0.327	0.078	0.307	4.209	0.000
Customer Knowledge Management	0.180	0.066	0.173	2.716	0.008
Technology-based CRM	0.209	0.085	0.162	2.476	0.015
CRM Organization	0.387	0.075	0.416	5.169	0.000

- Dependent Variable: Market Performance (n = 90)
- Significance Level: p-value < 0.01 is considered statistically significant.

Determines the effect of each CRM dimension on market performance. Identifies the influence of each CRM dimension (independent variable) on market performance (dependent variable).

Determines which CRM dimension contributes the most to performance.

Multiple Linear Regression Model

$$\text{Regression Model: } Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

Where:

- Y = Market Performance
- β_0 = Constant (Intercept)
- $\beta_1, \beta_2, \beta_3, \beta_4$ = Regression Coefficients for each CRM dimension
- X_1 = Key Customer Focus (KCF)
- X_2 = Customer Knowledge Management (CKM)
- X_3 = CRM Organization (CRMO)
- X_4 = Technology-Based CRM (TCRM)
- ε = Error term

This model helps determine which CRM dimensions significantly affect market performance. If β values are significant ($p < 0.05$), that means the dimension has a strong effect on market performance.

$$MP = -0.367 + 0.327(KCF) + 0.180(CKM) + 0.209(TBCRM) + 0.387(CRMO) + \varepsilon$$

- **Constant (-0.367)**

The constant term is -0.367, which represents the baseline level of Market Performance when all CRM dimensions are zero. While the constant term is statistically insignificant ($p = 0.249$), it mainly serves as the baseline in the regression equation.

- **Key Customer Focus (B = 0.327, Beta = 0.307)**

Unstandardized coefficient (B = 0.327): For each unit increase in Key Customer Focus, Market Performance is expected to increase by 0.327 units, holding other variables constant.

Standardized coefficient (Beta = 0.307): Key Customer Focus has a moderate positive influence on Market Performance, with the highest beta value indicating it is one of the most influential CRM dimensions in this model. Statistical significance ($p = 0.000$): The p-value is less than 0.01, indicating a strong significant relationship between Key Customer Focus and Market Performance.

- **Customer Knowledge Management (B = 0.180, Beta = 0.173)**

Unstandardized coefficient (B = 0.180): A one-unit increase in Customer Knowledge Management will increase Market Performance by 0.180 units. Standardized coefficient (Beta = 0.173): Customer Knowledge Management has a modest positive influence on Market Performance. Statistical significance ($p = 0.008$): This p-value is significant at the 0.01 level, indicating a significant positive effect on Market Performance.

- **Technology-based CRM (B = 0.209, Beta = 0.162)**

Unstandardized coefficient (B = 0.209): A one-unit increase in Technology-based CRM will increase Market Performance by 0.209 units. Standardized coefficient (Beta = 0.162): Technology-based CRM has a moderate effect on Market Performance, but it is slightly less influential than Key Customer Focus and CRM Organization. Statistical significance ($p = 0.015$):

The p-value is less than 0.05, indicating a significant positive relationship with Market Performance.

▪ **CRM Organization (B = 0.387, Beta = 0.416)**

Unstandardized coefficient (B = 0.387): A one-unit increase in CRM Organization will lead to a 0.387 unit increase in Market Performance. Standardized coefficient (Beta = 0.416): CRM Organization has the strongest positive effect on Market Performance, as indicated by the highest Beta value. Statistical significance (p = 0.000): The p-value is less than 0.01, which confirms that CRM Organization has a highly significant positive effect on Market Performance.

These results closely align with Kebede & Tegegne (2018), who argued that CRM Organization significantly boosts bank performance, enhancing cross-functional collaboration. Meanwhile, Trainor et al. (2014) highlighted TCRM's rising role, yet this study's moderate β coefficient for TCRM suggests technological potential remains underutilized in the Abi-Adi branches likely due to digital literacy and system accessibility constraints (Tesfaye, 2016; Dawit, 2014). Aligned with Wondemu & Tsegaye (2020), showing CRM Organization often has the strongest influence due to its systemic integration.

The multiple linear regression analysis in this study confirmed that all four CRM dimensions have a statistically significant and positive effect on market performance. This confirms the hypotheses outlined in the research and aligns well with numerous empirical studies.

Key Customer Focus was found to significantly influence market performance, supporting the work of Kebede and Tegegne (2018), who demonstrated that banks focusing on high-value customers are more likely to experience better performance outcomes. In their study, a unit increase in customer focus raised performance odds by nearly four times, which is conceptually supported by the present study's regression findings.

Customer Knowledge Management was also found to be a significant predictor of market performance in this study. This supports Gebeyehu (2014), who identified CKM as the most influential CRM dimension in Ethiopian banks, but this thesis found CRM Organization as the leading predictor, suggesting that organizational culture and structure have become more critical than raw knowledge management alone, possibly reflecting changes in CBE's strategic implementation or local dynamics in Abi-Adi.

CRM Organization showed a strong positive effect on market performance, consistent with the findings of Mohammad et al. (2013), who demonstrated that organizational structure positively impacts financial performance. The study also supports Gebeyehu (2014), who stated that internal CRM alignment contributes to customer satisfaction and performance outcomes.

The regression analysis confirmed that Technology-Based CRM significantly enhances market performance. This aligns with the findings of Mulugeta and Abebe (2022), who highlighted that Ethiopian bank leveraging digital CRM saw substantial gains in customer engagement. Additionally, this supports the results of Trainor et al. (2014), who emphasized the strategic value of CRM technologies in shaping customer experiences.

Overall, the regression findings of this study validate a wide range of empirical literature by demonstrating that all four CRM dimensions significantly contribute to market performance. This not only strengthens the theoretical foundations of CRM but also affirms the practical value of CRM strategies in enhancing competitive advantage within the Ethiopian banking sector. Based on the results obtained from the multiple regression analysis, the following hypotheses were tested.

H1: Key Customer Focus → Market Performance

The acceptance of H1 shows that personalized services, loyalty programs, and prioritization of high-value customers significantly enhance market performance. Peppers and Rogers (2011) argued that businesses focusing on key customer groups build stronger loyalty and achieve long term profitability. Their emphasis on relationship over transaction aligns well with this finding.

H2: Customer Knowledge Management → Market Performance

The acceptance of H2 implies that accurate, up-to-date customer data and its effective utilization help in delivering tailored services and informed decision-making, thereby driving better market performance. Gebert et al. (2003) noted that managing customer knowledge enables companies to customize services and respond proactively to needs, leading to increased customer satisfaction and market competitiveness.

H3: CRM Organization → Market Performance

The acceptance of H3 indicates that organizational readiness, leadership support, interdepartmental collaboration, and CRM-oriented culture are crucial drivers of CRM success

and market gains. Sin et al. (2005) stressed that CRM organization clear structure, roles, and strategy is a core foundation for achieving customer-centric performance outcomes.

H4: Technology-Based CRM → Market Performance

Acceptance of H4 suggests that CRM technologies (e.g., digital banking, integrated CRM platforms, and mobile apps) enhance service efficiency, personalization, and accessibility, all of which contribute to improved market performance. Chen and Popovich (2003) emphasized the enabling power of technology in CRM, stating that it bridges the gap between customer expectations and service delivery, especially in competitive markets.

The findings confirm that CRM is a multi-dimensional strategy where each component works synergistically to improve organizational market performance. The successful acceptance of all four hypotheses underscores that CBE’s commitment to CRM is delivering tangible market outcomes, such as enhanced customer loyalty, satisfaction, and competitive positioning.

This also aligns with the view of Reinartz, Krafft, and Hoyer (2004) who emphasized that CRM implementation, when driven by both organizational and technological enablers, significantly boosts customer-centric performance and profitability.

Table 4.20: Summary of hypothesis testing

No.	Hypothesis	Tool	Result
H1	Key customer focus has positive and significance influence on market performance.	Regression	Accepted
H2	Customer knowledge management has positive and significance influence on market performance.	Regression	Accepted
H3	CRM organization has positive and significance influence on market performance.	Regression	Accepted
H4	Technology based CRM has positive and significance influence on market performance.	Regression	Accepted
All four hypotheses have been accepted, meaning each CRM dimension shows a positive and statistically significant influence on market performance.			

Source: Field survey (2025), n=90

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

5.1. Summary

This study examines the effects of Customer Relationship Management (CRM) on the market performance of the Commercial Bank of Ethiopia (CBE) in Abi-Adi town and its surrounding woredas. The primary aim was to investigate how four CRM dimensions Key Customer Focus (KCF), Customer Knowledge Management (CKM), Technology-Based CRM (TCRM), and CRM Organization (CRMO) influence market performance (MP). A structured, quantitative research approach was adopted, employing a Likert-scale questionnaire distributed to 90 randomly selected CBE employees across seven branches.

The descriptive analysis revealed that respondents had a generally positive perception of CRM practices across all four dimensions. The mean scores for the dimensions were: KCF (M = 4.0630), CKM (M = 4.0708), TCRM (M = 4.0589), CRMO (M = 4.0099), and MP (M = 4.0989). These results indicate that CRM is effectively practiced in CBE in the selected branches, with employees recognizing its relevance in improving service quality, customer retention, and market competitiveness.

The regression analysis provided robust evidence supporting the positive influence of CRM dimensions on market performance. The model showed an R-squared value of 0.775, meaning that 77.5% of the variance in market performance can be explained by the four CRM variables. This high explanatory power underscores the effectiveness of CRM as a driver of organizational success.

Among the CRM dimensions, CRM Organization exhibited the strongest influence on market performance ($\beta = 0.416$), suggesting that institutional support, cross-functional alignment, and

leadership commitment play a pivotal role. Key Customer Focus followed ($\beta = 0.307$), indicating that customer-centric strategies such as loyalty programs and personalized service significantly enhance performance. Technology-Based CRM ($\beta = 0.162$) and Customer Knowledge Management ($\beta = 0.173$) also had statistically significant but relatively smaller effects.

Additionally, the correlation analysis showed strong positive relationships among all variables, affirming that CRM dimensions are interconnected and jointly contribute to overall market outcomes. High Cronbach's Alpha values (all above 0.80) confirmed the internal reliability of the measurement instruments used.

The findings confirm all four research hypotheses and emphasize that CRM practices are not only operationally embedded within CBE but also significantly enhance its market performance.

5.2. Conclusion

The findings of this study affirm that Customer Relationship Management (CRM) is a strategic imperative for driving market performance in the banking industry. In the context of the Commercial Bank of Ethiopia (CBE), CRM has shown to be not only a tool for enhancing service delivery but also a key driver of customer satisfaction, retention, and organizational competitiveness. This study confirms that all four CRM dimensions Key Customer Focus, Customer Knowledge Management, Technology-Based CRM, and CRM Organization positively and significantly affect market performance.

Among these dimensions, CRM Organization stood out as the most influential factor. This reflects that having a clearly defined CRM structure, strong leadership support, well-trained staff, and adequate resource allocation is essential to the success of customer-centric strategies. It is not enough to deploy CRM tools; their strategic alignment within the organization and consistent execution are what translate into measurable outcomes such as increased revenue, customer loyalty, and market share.

Key Customer Focus also plays a vital role, emphasizing that prioritizing high-value customers and delivering personalized experiences are effective in building long-term relationships. CBE's moderate success in this area indicates a strong foundation, yet the opportunity exists to enhance personalization and tailor engagement strategies further.

Customer Knowledge Management was found to have a significant but comparatively weaker influence. While CBE does maintain and update customer records and uses data in decision-

making, gaps exist in ensuring widespread access to data across the organization. This limitation may hinder the bank's ability to deliver highly customized services and respond swiftly to evolving customer needs.

Technology-Based CRM, while impactful, also demonstrated room for growth. Although CBE invests in digital platforms and provides self-service options, customer awareness and full utilization of these tools remain limited. Moreover, technological integration challenges and continued reliance on manual processes reduce CRM's overall efficiency.

To sum up, CRM at CBE is working effectively, but optimization is needed. Strengthening organizational alignment, increasing investment in technology, enhancing employee training, and developing data-driven insights will enable the bank to achieve even greater levels of market performance. The conclusions drawn from this research offer valuable strategic insights not only for CBE but for other public sector banks aiming to remain competitive in a rapidly evolving market.

5.3. Recommendations

Based on the findings of the study, the following strategic recommendations are proposed to enhance the effectiveness of Customer Relationship Management (CRM) and improve market performance at the Commercial Bank of Ethiopia (CBE).

- **Strengthen Organizational Commitment to CRM:** CBE should deepen its organizational alignment around CRM by embedding customer-centric values into its culture. This includes continuous leadership engagement, allocating sufficient resources for CRM programs, and ensuring that CRM responsibilities are clearly defined across all departments.
- **Enhance Employee Training and CRM Capacity Building:** Regular and comprehensive training programs should be conducted to improve employees' CRM skills, particularly in customer engagement, data utilization, and digital tools. Employees must be empowered to provide personalized services and effectively manage customer relationships.
- **Upgrade and Integrate CRM Technologies:** The bank should invest in more advanced CRM platforms that allow seamless integration with core banking systems, mobile applications, and digital channels. This will ensure consistent, real-time access to customer information and improve service delivery across all touchpoints.

- **Improve Customer Knowledge Management Systems:** While data is being collected, CBE must optimize how customer knowledge is shared, stored, and analyzed. Systems should be put in place to ensure frontline staff have timely access to relevant customer insights that can drive personalized service and strategic decision-making.
- **Focus on Consistency in Service Delivery Across Branches:** CBE should develop a standardized service model to ensure that customers receive uniform quality and experience across all branches. This includes operational audits, performance benchmarks, and shared CRM best practices among branches.
- **Increase Customer Awareness and Usage of Digital Services:** The bank must implement outreach campaigns and customer education programs to promote awareness of digital banking services. This includes mobile banking, online platforms, and self-service options, especially in underserved areas.
- **Develop a Robust CRM Performance Monitoring Framework:** Establish key performance indicators (KPIs) and feedback loops to measure the impact of CRM initiatives. Regular evaluation will help identify gaps, assess ROI, and guide continuous improvement in CRM practices.
- **Prioritize High-Value Customer Segments:** CBE should design tailored loyalty programs, customized offerings, and priority services for its most profitable customer segments. Relationship managers should be assigned to oversee these accounts and build long-term engagement.
- **Address Operational Bottlenecks (e.g., manual processes, network issues):** To improve customer satisfaction, the bank must reduce reliance on manual paperwork and address infrastructure issues like system interruptions and ATM accessibility.

IMPLICATIONS FOR FUTURE RESEARCH

While this study provides meaningful insights into the effects of CRM on market performance, it also opens avenues for further research.

- **Expand Geographic Scope:** Future studies could broaden the geographical coverage to include CBE branches in other regions of Ethiopia. A comparative study across rural and urban areas would highlight contextual CRM effectiveness.

- **Include Customer Perspectives:** This research was employee centered. Future work should integrate customer feedback and satisfaction data to provide a holistic evaluation of CRM practices from both internal and external stakeholders.
- **Adopt Longitudinal Research Designs:** A longitudinal approach would allow future researchers to measure CRM's effect over time, thereby capturing its dynamic nature and long-term outcomes on market performance.

REFERENCES

- Alavi, M., & Leidner, D. E. (2020). Knowledge management and CRM: A framework for integration. *Journal of Management Information Systems*, 37(2), 27–52.
- Assefa, H., & Kassa, B. (2021). CRM practices and market performance in Ethiopian commercial banks. *Journal of African Business*, 22(3), 315–332.
- Bekele, G., & Worku, B. (2019). Impact of CRM on customer satisfaction in Ethiopian banks. *African Journal of Marketing Management*, 11(4), 45–56.
- Belayneh, Y. W., & Ababa, A. (2017). EFFECT OF CUSTOMER ORIENTATION OF SERVICE EMPLOYEES ON CUSTOMER SATISFACTION AND LOYALTY: THE CASE OF COMMERCIAL BANK OF ETHIOPIA.
- Campbell, A. J. (2003). Creating customer knowledge competence: Managing customer relationship management programs strategically. *Industrial Marketing Management*, 32(5), 375–383.
- Coltman, T. (2007). Why build a customer relationship management capability? *The Journal of Strategic Information Systems*, 16(3), 301-320.
- Demewoz, A. (2021). *Effects of Customer Relationship Management on Marketing Performance:(In Case of Commercial Bank of Ethiopia)* (Doctoral dissertation).
- Deneke, Y. (2017). The Effect of Customer Relationship Management on Customer Loyalty (The Case of Dashen Bank sc and Commercial bank of Ethiopia). *Journal of Marketing*, 3, 1-100.
- Dotzel, T., Shankar, V., & Berry, L. L. (2013). Service innovativeness and firm value. *Journal of marketing research*, 50(2), 259-276.
- EWNETU, S. (2015). *The Impact of Customer Relationship Management on Marketing Performance of Commercial Bank of Ethiopia* (Doctoral dissertation, St. Mary's University).
- Ganesan, K. (2018). *Employee attitude change in adopting a market orientation and integrated e-CRM in large corporations in SA* (Master's thesis, University of the Witwatersrand, Johannesburg (South Africa)).
- Gebeyehu Jalu (2014) *Effects of Customer Relationship Management on Market Performance: A Comparative Perspective*, Thesis. Mekelle: MU.
- GIDEY, H. (2024). *THE EFFECT OF WORKING ENVIRONMENT ON EMPLOYEE PERFORMANCE IN CASE OF BANK OF ABYSSINIA* (Doctoral dissertation, St. Mary's University).

- Girma, A. (2024). *EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER RETENTION; CASE OF THE COMMERCIAL BANK OF ETHIOPIA BOLE DISTRICT* (Doctoral dissertation, St. Mary's University).
- Homburg, C., Kuester, S., & Krohmer, H. (2020). *Marketing management: A contemporary perspective* (3rd ed.). Pearson.
- Hong-kit Yim, F., Anderson, R. E., & Swaminathan, S. (2004). Customer relationship management: Its dimensions and effect on customer outcomes. *Journal of Personal Selling & Sales Management*, 24(4), 263-278.
- Kajogu, D. M. (2023). Effect of Customer Relationship Management on Firm Performance: A Moderating Effect of Market Turbulence amongst Multinational Banks in Africa. *Journal of Economics, Management Sciences & Procurement*, 3, 178-193.
- Kebede, M. (2017). *Assessment of Customer Relationship Management Practice in Banks (the case of Commercial Bank of Ethiopia)* (Doctoral dissertation, St. Mary's University).
- Kebede, A. M., & Tegegne, Z. L. (2018). The effect of customer relationship management on bank performance: In context of commercial banks in Amhara Region, Ethiopia. *Cogent Business & Management*, 5(1), 1499183.
- Kotler, P., & Keller, K. L. (2022). *Marketing management* (16th ed.). Pearson Education.
- LADOKUN, I., OYEWOLE, F., OLALEKAN, O. T., & EGUNJOBI, G. (2023). EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) DIMENSIONS ON SMEs PERFORMANCE: EVIDENCE FROM OYO STATA, NIGERIA. *International Journal of Business Economics and Management Science*.
- MacMillan, K., Money, K., Money, A., & Downing, S. (2005). Relationship marketing in the not-for-profit sector: an extension and application of the commitment–trust theory. *Journal of business research*, 58(6), 806-818.
- Madhani, P. M. (2010). Resource based view (RBV) of competitive advantage: an overview. *Resource based view: concepts and practices*, Pankaj Madhani, ed, 3-22.
- Meheretab, S. (2018). *Assessment of Customer Relationship Management Practices: The case of Commercial Bank of Ethiopia* (Doctoral dissertation, St. Mary's University).
- MOHAMMED, A. (2018). *THE APPLICATION OF CUSTOMER RELATIONSHIP MANAGEMENT IN COMMERCIAL BANK OF ETHIOPIA* (Doctoral dissertation, St. Mary's University).
- MOHAMMED, N. (2017). *CUSTOMER RELATIONSHIP MANAGEMENT AND ITS RELATIONSHIP TO MARKETING PERFORMANCE OF THE SELECTED BANKS IN ADDIS ABABA* (Doctoral dissertation, St. Mary's University).
- Mulugeta, T., & Abebe, K. (2022). Digital CRM and customer retention in Ethiopian banking. *East African Journal of Business Research*, 10(1), 55–68.
- Nguyen, B., Lee-Wingate, S. N., & Simkin, L. (2014). The customer relationship management paradox: Five steps to create a fairer organisation. *Social Business*, 4(3), 207-230.
- Payne, A., & Frow, P. (2005). A strategic framework for customer relationship management. *Journal of marketing*, 69(4), 167-176.

- Peltier, J. W., Zahay, D., & Lehmann, D. R. (2013). Organizational learning and CRM success: a model for linking organizational practices, customer data quality, and performance. *Journal of interactive marketing*, 27(1), 1-13.
- Reinartz, W., Krafft, M., & Hoyer, W. D. (2004). The customer relationship management process: Its measurement and impact on performance. *Journal of marketing research*, 41(3), 293-305.
- Rust, R. T., Lemon, K. N., & Zeithaml, V. A. (2004). Return on marketing: Using customer equity to focus marketing strategy. *Journal of Marketing*, 68(1), 109–127.
- Saka, R. O., Elegunde, A. F., & Lawal, A. Y. (2014). Effects of customer relationship marketing on bank performance in Nigeria: An empirical approach. *Indian Journal of Commerce and Management Studies*, 5(3), 89-93.
- SHIMELIS, A. (2016). *Customer Relationship Management and Its Relationship to Marketing Performance of Selected Banks in Addis Ababa* (Doctoral dissertation, St. Mary's University).
- Trainor, K. J., Andzulis, J. M., Rapp, A., & Agnihotri, R. (2014). Social media technology usage and customer relationship performance: A capabilities-based examination of social CRM. *Journal of Business Research*, 67(6), 1201–1208.
- TEGEGN, T. (2016). *THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON MARKET PERFORMANCE OF SELECTED COMMERCIAL BANKS IN ADDIS ABABA: THE CASE OF COOPERATIVE BANK OF OROMIA, ZEMEN BANK AND COMMERCIAL BANK OF ETHIOPIA* (Doctoral dissertation, St. Mary's University).
- TEKLIYE, D. (2017). *EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON PROFIT PERFORMANCE: A CASE STUDY OF DEVELOPMENT BANK OF ETHIOPIA* (Doctoral dissertation, St. Mary's University).
- Tesfaye, E. (2016). *Assessment of customer relationship management practices in Commercial Bank of Ethiopia* (Master's thesis, Addis Ababa University). Addis Ababa University Institutional Repository.
- TEWODROS, R. (2020). *THE IMPACT OF ELECTRONIC BANKING SERVICE ON CUSTOMER SATISFACTION IN ADDIS ABABA: THE CASE OF ATM BANKING ON COMMERCIAL BANK OF ETHIOPIA* (Doctoral dissertation, ST. MARY'S UNIVERSITY).
- Weibe, A. (2024). A Qualitative Investigation of the Technology Acceptance Model in the US Cooperative Extension Service on the Adoption of Customer Relationship Management Systems.
- YEMIYAMREW, M. (2020). *THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER RETENTION; CASE OF COMMERCIAL BANK OF ETHIOPIA* (Doctoral dissertation, ST. MARY'S UNIVERSITY).

APPENDICES
Mekelle University
College of Business and Economics
Department of Management
Post Graduate Program in Business Administration
Five Points Likert Scale Questionnaires to CBE Employees

APPENDIX I

Dear Respondents

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

General Instructions

- No need of writing your name.
- In all cases where answer options are available, please put **(x)** in the appropriate box.
- **CRM** = Customer Relationship Management

Confidentiality

I want to assure you that this research is only for academic purpose authorized by the Mekelle 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:** 18-30 yrs 31-40 yrs 41-50 yrs Above 50 yrs
3. **Marital status:** Single Married
4. **working experience in year:** 1-5 yrs 6-10 yrs 11-15 yrs 16-20 yrs
 21-25 yrs 26-30 yrs Above 30 yrs
5. **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

s/n	Perceptions of respondents towards the effects of CRM on market performance	Agreement Scale				
	Items	1	2	3	4	5
	key customer focus					
1	The bank prioritizes the needs of its key customers and consistently offers personalized services.					
2	CBE actively collects customer feedback to improve services and promptly addresses customer inquiries and complaints.					
3	The bank offers exclusive benefits and loyalty programs to retain high-value customers.					
4	CBE's employees are well-trained to efficiently handle the needs of key customers.					
5	The bank takes proactive measures to retain its key customers and give them special attention.					
6	The quality of customer service is consistent across all branches of CBE.					
7	CBE continuously improves its customer engagement strategies to build stronger relationships.					
8	The bank actively works to reduce customer wait times for improved service delivery.					
9	Our bank focuses on maintaining long term relationships with high value customers to maximize their lifetime value.					
	Customer Knowledge Management	1	2	3	4	5
1	CBE collects and maintains accurate and up-to-date customer information for better service delivery.					

2	Customer data is utilized to enhance service quality and satisfaction across the bank.					
3	The bank ensures that employees have easy access to relevant customer data to enhance service.					
4	Customer feedback is systematically analyzed and used for decision-making.					
5	CBE ensures the privacy and security of all customer data while maintaining effective sharing practices within the organization.					
6	The bank regularly updates customer records to improve future service and engagement.					
7	Customer interaction history is used to customize and improve future interactions with customers.					
8	The bank follows global best practices in customer knowledge management and data security					
	Technology-Based CRM	1	2	3	4	5
1	CBE's digital banking platforms provide a seamless and user-friendly customer experience.					
2	The bank's CRM system effectively manages and tracks customer interactions to enhance service.					
3	Online and mobile banking services meet or exceed customer expectations for ease and efficiency.					
4	The bank ensures the security and privacy of customer data in all digital interactions.					
5	CBE invests in advanced technology to enhance customer relationships and improve service delivery.					
6	Self-service options provided through digital platforms contribute to customer satisfaction and convenience.					
7	The bank's CRM technology helps employees offer personalized services and improve overall customer experience.					
8	The CRM system integrates smoothly with other banking technologies to provide a comprehensive service.					
9	Our bank's strong branch and digital network make banking convenient and accessible for customers					
10	Customers are well-informed about digital banking alternatives					
	CRM Organization	1	2	3	4	5
1	CBE has a well-defined CRM strategy that guides its customer relationship management efforts.					
2	The leadership at CBE is committed to improving customer relationships through structured CRM initiatives.					

3	Employees are regularly trained in CRM best practices and are motivated to build strong relationships with customers.					
4	CRM responsibilities are clearly assigned to the appropriate teams within the organization.					
5	CBE continuously invests sufficient resources in CRM strategies and initiatives.					
6	The bank promotes a customer-centric culture across all departments to ensure consistent service quality.					
7	Cross-department collaboration strengthens CRM efforts and enhances customer satisfaction.					
8	The bank regularly updates its CRM processes to stay aligned with market trends and customer expectations.					
9	Our bank's reliance on manual paperwork affects the efficiency of customer service and relationship management					
	Market Performance	1	2	3	4	5
1	The bank has successfully gained a competitive advantage through its CRM efforts.					
2	Customer satisfaction levels have significantly improved because of effective CRM strategies.					
3	CBE has successfully increased customer retention through personalized services and loyalty programs.					
4	The bank's market share has grown because of improved customer relationship management and satisfaction.					
5	CBE effectively measures the success of its CRM programs to ensure continued growth.					
6	Customer loyalty has strengthened due to the bank's effective relationship management strategies.					
7	CRM-based strategies have played a crucial role in attracting new customers to CBE.					
8	The bank's digital presence and technological advancements have contributed to its overall market performance.					
9	CRM strategies have directly led to increased revenue and profitability for CBE.					
10	The bank's reputation and trust among customers have strengthened due to personalized and efficient services.					

Thank you for your cooperation!

APPENDIX II

Descriptive Statistics

	N	Mini mum	Maxi mum	Mean	Std. Deviation
Sex	90	1	2	1.18	.384
Age	90	1	4	1.84	.559
Marital Status	90	1	2	1.88	.329
Working experience	90	1	4	2.10	.619
The bank prioritizes the needs of its key customers and consistently offers personalized services.	90	1	5	4.23	.688
CBE actively collects customer feedback to improve services and promptly addresses customer inquiries and complaints.	90	1	5	4.13	.914
The bank offers exclusive benefits and loyalty programs to retain high-value customers.	90	2	5	4.12	.946
CBE's employees are well-trained to efficiently handle the needs of key customers.	90	1	5	3.78	1.058
The bank takes proactive measures to retain its key customers and give them special attention.	90	1	5	4.03	.977
The quality of customer service is consistent across all branches of CBE.	90	1	5	3.54	1.083
CBE continuously improves its customer engagement strategies to build stronger relationships.	90	2	5	4.23	.735
The bank actively works to reduce customer wait times for improved service delivery.	90	2	5	4.16	.833
Our bank focuses on maintaining long term relationships with high value customers to maximize their lifetime value.	90	2	5	4.33	.779
CBE collects and maintains accurate and up-to-date customer information for better service delivery.	90	2	5	3.90	.995
Customer data is utilized to enhance service quality and satisfaction across the bank.	90	2	5	3.94	.987
The bank ensures that employees have easy access to relevant customer data to enhance service.	90	1	5	3.78	1.058
Customer feedback is systematically analyzed and used for decision-making.	90	2	5	4.22	.992
CBE ensures the privacy and security of all customer data while maintaining effective sharing practices within the organization.	90	2	5	4.19	.733
The bank regularly updates customer records to improve future service and engagement.	90	2	5	4.23	.875
Customer interaction history is used to customize and improve future interactions with customers.	90	2	5	4.11	.941
The bank follows global best practices in customer knowledge management and data security	90	2	5	4.19	.860
CBE's digital banking platforms provide a seamless and user-friendly customer experience.	90	1	5	4.01	.800

The bank's CRM system effectively manages and tracks customer interactions to enhance service.	90	1	5	3.96	.860
Online and mobile banking services meet or exceed customer expectations for ease and efficiency.	90	1	5	3.99	.855
The bank ensures the security and privacy of customer data in all digital interactions.	90	1	5	4.26	.787
CBE invests in advanced technology to enhance customer relationships and improve service delivery.	90	3	5	4.49	.658
Self-service options provided through digital platforms contribute to customer satisfaction and convenience.	90	2	5	4.24	.676
The bank's CRM technology helps employees offer personalized services and improve overall customer experience.	90	2	5	4.11	.726
The CRM system integrates smoothly with other banking technologies to provide a comprehensive service.	90	1	5	3.86	.758
Our bank's strong branch and digital network make banking convenient and accessible for customers	90	1	5	3.91	.895
Customers are well-informed about digital banking alternatives	90	1	5	3.77	.900
CBE has a well-defined CRM strategy that guides its customer relationship management efforts.	90	2	5	4.07	.897
The leadership at CBE is committed to improving customer relationships through structured CRM initiatives.	90	2	5	4.03	.880
Employees are regularly trained in CRM best practices and are motivated to build strong relationships with customers.	90	1	5	3.87	1.062
CRM responsibilities are clearly assigned to the appropriate teams within the organization.	90	1	5	4.12	.885
CBE continuously invests sufficient resources in CRM strategies and initiatives.	90	1	5	3.86	.906
The bank promotes a customer-centric culture across all departments to ensure consistent service quality.	90	1	5	4.09	.956
Cross-department collaboration strengthens CRM efforts and enhances customer satisfaction.	90	1	5	4.12	.910
The bank regularly updates its CRM processes to stay aligned with market trends and customer expectations.	90	1	5	3.98	.912
Our bank's reliance on manual paperwork affects the efficiency of customer service and relationship management	90	1	5	3.96	.959
The bank has successfully gained a competitive advantage through its CRM efforts.	90	2	5	4.00	.793
Customer satisfaction levels have significantly improved because of effective CRM strategies.	90	1	5	3.93	.872
CBE has successfully increased customer retention	90	1	5	4.07	.934

through personalized services and loyalty programs.					
The bank's market share has grown because of improved customer relationship management and satisfaction.	90	1	5	3.94	.940
CBE effectively measures the success of its CRM programs to ensure continued growth.	90	1	5	3.93	.872
Customer loyalty has strengthened due to the bank's effective relationship management strategies.	90	2	5	4.09	.830
CRM-based strategies have played a crucial role in attracting new customers to CBE.	90	2	5	4.13	.851
The bank's digital presence and technological advancements have contributed to its overall market performance.	90	2	5	4.34	.752
CRM strategies have directly led to increased revenue and profitability for CBE.	90	1	5	4.27	.872
The bank's reputation and trust among customers have strengthened due to personalized and efficient services.	90	1	5	4.28	.779
Key Customer Focus	90	1.89	5.00	4.063 0	.59383
Customer Knowledge Management	90	2.75	5.00	4.070 8	.60836
Technology-based CRM	90	2.20	4.90	4.058 9	.48873
CRM Organization	90	1.78	5.00	4.009 9	.68182
Market Performance	90	1.80	5.00	4.098 9	.63379
Valid N (listwise)	90				

APPENDIX III

Frequency Table

Key Customer Focus					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.89	1	1.1	1.1	1.1
	2.22	1	1.1	1.1	2.2
	2.56	1	1.1	1.1	3.3
	2.89	2	2.2	2.2	5.6
	Neutral	1	1.1	1.1	6.7
	3.22	1	1.1	1.1	7.8
	3.33	1	1.1	1.1	8.9
	3.44	3	3.3	3.3	12.2
	3.56	6	6.7	6.7	18.9
	3.67	5	5.6	5.6	24.4
	3.78	6	6.7	6.7	31.1
	3.89	8	8.9	8.9	40.0
	Agree	6	6.7	6.7	46.7
	4.11	2	2.2	2.2	48.9
	4.22	9	10.0	10.0	58.9
	4.33	6	6.7	6.7	65.6
	4.44	10	11.1	11.1	76.7
	4.56	4	4.4	4.4	81.1
	4.67	7	7.8	7.8	88.9
	4.78	6	6.7	6.7	95.6
4.89	3	3.3	3.3	98.9	
Strongly agree	1	1.1	1.1	100.0	
Total		90	100.0	100.0	

Customer Knowledge Management					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.75	2	2.2	2.2	2.2
	2.88	2	2.2	2.2	4.4
	Neutral	3	3.3	3.3	7.8
	3.13	5	5.6	5.6	13.3
	3.25	4	4.4	4.4	17.8
	3.38	2	2.2	2.2	20.0
	3.50	2	2.2	2.2	22.2
	3.63	4	4.4	4.4	26.7
	3.75	4	4.4	4.4	31.1
	3.88	4	4.4	4.4	35.6
	Agree	1	1.1	1.1	36.7
	4.13	8	8.9	8.9	45.6
	4.25	15	16.7	16.7	62.2
	4.38	4	4.4	4.4	66.7
	4.50	9	10.0	10.0	76.7

	4.63	9	10.0	10.0	86.7
	4.75	5	5.6	5.6	92.2
	4.88	3	3.3	3.3	95.6
	Strongly agree	4	4.4	4.4	100.0
	Total	90	100.0	100.0	

Technology-based CRM					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2.20	1	1.1	1.1	1.1
	2.70	2	2.2	2.2	3.3
	2.90	1	1.1	1.1	4.4
	3.10	1	1.1	1.1	5.6
	3.30	1	1.1	1.1	6.7
	3.40	3	3.3	3.3	10.0
	3.50	2	2.2	2.2	12.2
	3.60	4	4.4	4.4	16.7
	3.70	4	4.4	4.4	21.1
	3.80	7	7.8	7.8	28.9
	3.90	3	3.3	3.3	32.2
	Agree	6	6.7	6.7	38.9
	4.10	7	7.8	7.8	46.7
	4.20	16	17.8	17.8	64.4
	4.30	9	10.0	10.0	74.4
	4.40	7	7.8	7.8	82.2
	4.50	5	5.6	5.6	87.8
	4.60	4	4.4	4.4	92.2
	4.70	4	4.4	4.4	96.7
	4.80	1	1.1	1.1	97.8
4.90	2	2.2	2.2	100.0	
	Total	90	100.0	100.0	

CRM Organization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.78	1	1.1	1.1	1.1
	2.44	2	2.2	2.2	3.3
	2.67	2	2.2	2.2	5.6
	2.89	3	3.3	3.3	8.9
	3.11	2	2.2	2.2	11.1
	3.22	4	4.4	4.4	15.6
	3.33	3	3.3	3.3	18.9
	3.44	3	3.3	3.3	22.2
	3.56	3	3.3	3.3	25.6

	3.67	2	2.2	2.2	27.8
	3.78	7	7.8	7.8	35.6
	3.89	5	5.6	5.6	41.1
	Agree	5	5.6	5.6	46.7
	4.11	8	8.9	8.9	55.6
	4.22	5	5.6	5.6	61.1
	4.33	5	5.6	5.6	66.7
	4.44	5	5.6	5.6	72.2
	4.56	5	5.6	5.6	77.8
	4.67	5	5.6	5.6	83.3
	4.78	8	8.9	8.9	92.2
	4.89	3	3.3	3.3	95.6
	Strongly agree	4	4.4	4.4	100.0
	Total	90	100.0	100.0	

Market Performance					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.80	1	1.1	1.1	1.1
	2.50	1	1.1	1.1	2.2
	2.60	1	1.1	1.1	3.3
	2.70	2	2.2	2.2	5.6
	2.90	1	1.1	1.1	6.7
	3.20	2	2.2	2.2	8.9
	3.30	2	2.2	2.2	11.1
	3.40	1	1.1	1.1	12.2
	3.50	3	3.3	3.3	15.6
	3.60	6	6.7	6.7	22.2
	3.70	4	4.4	4.4	26.7
	3.80	4	4.4	4.4	31.1
	3.90	3	3.3	3.3	34.4
	Agree	8	8.9	8.9	43.3
	4.10	3	3.3	3.3	46.7
	4.20	5	5.6	5.6	52.2
	4.30	5	5.6	5.6	57.8
	4.40	7	7.8	7.8	65.6
	4.50	6	6.7	6.7	72.2
	4.60	8	8.9	8.9	81.1
	4.70	6	6.7	6.7	87.8
	4.80	4	4.4	4.4	92.2
	4.90	3	3.3	3.3	95.6
Strongly agree	4	4.4	4.4	100.0	
Total		90	100.0	100.0	

APPENDIX IV

Correlations						
		KCF	CKM	TBCRM	CRMO	MP
Key Customer Focus	Pearson Correlation	1	.463**	.546**	.672**	.755**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	90	90	90	90	90
Customer Knowledge Management	Pearson Correlation	.463**	1	.301**	.577**	.604**
	Sig. (2-tailed)	.000		.004	.000	.000
	N	90	90	90	90	90
Technology-based CRM	Pearson Correlation	.546**	.301**	1	.570**	.618**
	Sig. (2-tailed)	.000	.004		.000	.000
	N	90	90	90	90	90
CRM Organization	Pearson Correlation	.672**	.577**	.570**	1	.814**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	90	90	90	90	90
Market Performance	Pearson Correlation	.755**	.604**	.618**	.814**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	90	90	90	90	90
**. Correlation is significant at the 0.01 level (2-tailed).						