

ASSESSMENT OF CUSTOMER RELATIONSHIP MANAGEMENT IN DASHEN BANK: EMPLOYEE'S PERSPECTIVE IN ETHIOPIA

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Abstract: *Customer relationship management is the subjective comparison that customer make between the service that they want to receive and what they actually get. Customer satisfaction is an overall customer attitude towards a service provider or an emotional reaction to the difference what customer anticipation and what they receive regarding the fulfillment of some needs goals or desire. The general objective of the study was to assess customer relationship management dimension in Dashen Bank of Ethiopia to achieve the objective of this study, data was collected through questionnaire and interview from a sample of 95 bank customer and with manager. The researcher used both primary data collected through questionnaires and interview. The questionnaires were distributed customer of the bank and after drawing the inferences out of the data, the researcher forwarded some recommendations to the bank management.*

Keywords: CRM, Banking services, Customer perception, Dashen Bank

1. INTRODUCTION

Customer relationship management is the process of managing detail information about individual customer and carefully managing all customer touch point to maximize customer loyalty. Customer relationship management (CRM) is also the process of building and maintaining profitable customer relationship management by delivering superior customer value and satisfaction (Kotler, 2006). Customer relationship management (CRM) enables companies to provide excellent real time customer service through effective use of individual account information. Based on what they know about each value customer companies well customize market offering service program message and media (Kotler, 2006).

CRM is also a key element that allows a bank to develop its customer base and sales capacity. The goal of CRM is to manage all aspect of customer interaction in a manner that enables organization to maximize profitable for every customer. CRM is process of acquiring new customer retaining existing customers and at the same time understanding and managing the needs of organization current and potential customers (Kandides, 2012).

Relation marketing approach draws attention to the importance of retaining as well as attracting customers with the emphasis being placed on the development of long term relationships with existing customers. Relationship marketing is about retaining customer using defensive strategies (minimizing customer) turnover and maximizing of loyal customer can result in significant financial is

about developing mutual trust and commitment (Steve & kim2003).

Communication is very important, especially in the early stages of the relationship when the customer, as an organization wants to build awareness and convince interested customers to make a purchase. Communication is the ability to provide timely and trustworthy information (Ndubisi, 2007). Customer relation management is the functional head of relation marketing of much organization. Customer relation management (CRM) is about gathering information that essential to serve customers in a better way. The better a business can manage their relationships with its customers the more successful.

In today's competitive banking environment in Ethiopian banks must be aware of importance of customer care and its key role in formulating an implementing effective customer relationship management strategy, by identifying the main customer oriented areas and by minimizing the complaints of customer (Eden and Hosver, 2002). Dashen bank is one of service provider which needs to be able to improve and aware of customer relationship management. So, this research focuses on assessment of customer relationship management in main branch of Dashen bank.

Sustainable and continuous survival of organization is mainly depends on its business relation with its customers. Now a day, banking institution face many challenges including global competition for deposits loans shrinking, profit margin and need to keep up with new technologies. According to Anutetal, (2006) banks and other service realize the importance of customer relationship management and its potential to help those enquiring new customers. Retain existing ones and maximize their time like value. The customer relationship

management comes into power where banking institution more and more competitive that is mainly face problem, The competitive forces over the years are compelling the banks to concentrate more on increasing the number of customers and in providing better service quality. In other words CRM has become a major focus for the banks. (Blery, 2006).

Like other banks Dashen bank is confronting numerous problems in attracting new customers and in maintain the existing customer base. The technology advancement has led to knowledgeable customers and as a consequence, the customers' loyalty is facing a down trend. Hence, this study addressed the following research questions here under. For dashen bank to achieve keeping and maintain customer in the complex and competitive market of day it should pay more attention to the relationship management of business customer who represent the lion share of the banks transaction.

2. OBJECTIVES OF THE STUDY

1. To assess the level of satisfaction toward the customer relationship management practice of Dashen bank.
2. To assess the employees center management of the bank to make strong relationship with customers.
3. To determine the role of effective customer management practice for the success of the organization.
4. To recommend a mechanism for enhancing the customer relationship management practices of Dashen bank.

3. LITERATURE REVIEW

3.1 The concept and definition of Relationship Management

Customer relationship management can be defined as development and maintains mutual beneficial long term relationship with strategically significant customers. CRM is also the process of managing detailed information about individual customer and carefully managing all customer touch point to maximize customer loyalty or its strategy process and enabling technology that allow organization to acquire and retain its best customer (Kottler, 2006).

Customer relationship management is the overall process of building and maintaining profitable customer relationship by delivering superior customer value and satisfaction .It is also modes for managing a company interaction with current and future customer (kottler, 2006).CRM is a key element that allows a bank to develop its customer services through effective use of individual account information. Based on what they know about each value customer, companies will customize offering service, program, message and media, (kottler, 2007)

Relationship management essentially represents a paradigm shift within marketing away from transaction focus toward retention relationship focus. Relationship management (or relationship management) is philology of doings business, a strategic orientation that focuses on keeping and improving current customers rather than on acquiring new customer (Grace, 2007).

3.2 Relationship Management in Banking Sector

In the increasing competitive global financial word, relationship management has been advocated as an excellent way for banks to establish a unique long

term relationship with their customers. Most of the co-product service dashed banking is fairly generic and it's difficult for most banks to complete purely on this core service. Thus, recognition of the importance of relationship management, especially in financial service sector (Alexander and colligate, 2000) has grown in recent years.

Berr L. (2002) noted that the practice of a relationship approach is most appropriate the consumers required personal service and/or serving. This is certainly the case for a range of the more complex products in financial service sector. Where the majority of customer still prefers to make burning decision supported by the expertise of staff it appropriate knowledge. Prior to consider the case analysis and in order to obtain maximum insight from it, it is harmful to consider the literature on relationship management in banking.

Today, long lasting relationships with selected target customer has been often allocated in the international literature as a major strategic tool to limit competition is market and to defend bank profitability in the end. Boot and Thakor (2000) also add that a relationship orientation can alleviate. This competitive pressure is because a relationship banking orientation can make a bank unique relative competition. Thus, a more competitive environment can encourage bank of become more client driven and customize service, thus focusing more on relationship banking.

3.3 The major challenges that banks face in implementing CRM

The banking industry is facing an ever-increasing level of competition around the world as the dynamics of the business change (Pokharel). Therefore, any bank that wishes to either grow in size of its banking operation or improve its profitability must consider the challenges affecting

its customer relationship (Kumar & Rajesh, 2009 cited in Das, 2012). Despite many benefits, CRM is exposed to various problems as discussed in the following lines (Chary and Ramesh, 2012).

1. It is difficult to collect the right data, especially to capture all the occasions of company interactions with the individual customers.
2. The difficulty of getting everyone in the company to be customer-oriented and to use the available information. Employees find it far easier to carry on with the traditional transaction marketing than to practice CRM.
3. The other problem is that not all customers want a Relationship with the company and they may resent knowing that the company has collected that much personal information about them.
4. Marketers must be concerned about customer attitudes towards privacy.

3.3 Relationship Management from Customers Perspectives

3.3.1 Trust

Moorman et al. (2003) define trust as the willingness to rely on an exchange partner, when one has confidence. The nature of service offering means that service consumers typically pay in advance to buy a firm's promise and, therefore, must be willing to rely on the firm to deliver its promise. Trust is considered a prerequisite for loyalty especially in the risk dominated cyber space where transactions are conducted at a distance. The maintenance of consumer trust in the retail banking industries is of considerable importance as it can

affect the likelihood of retaining existing customers and attaining new ones. Furthermore, trust in a bank can also be more important to a bank customer than price.

3.3.2 Commitment

A study by Morris et al. (2011) indicates that the level of trust customer invest in a firm correlates positively with the level of commitment maintained by both parties through shared value and relationship termination costs. Commitment plays a certain role in the relationship management paradigm and has been identified as an important dimension of customer service provider relationship qualities. Conceptually, commitment differs from loyalty in that it is through of purely continuity terms that describe a customer's attitudinal attachment to a company.

3.3.3 Conflict Handling

There are many misconceptions on the meaning of conflict and its possible consequences. It is important for research to clearly define their perceptions and definition of conflict in order to prevent irregularities in solving conflict. Conflict can occur within one-person interpersonal group or nation or between two or more person's interpersonal group or nation (Deutsch, 2001). Conflict is most often perceived as involving two or more parties. Conflict is a mutual activity in which the choices of each person affect the other person.

3.3.4 Values

Define value as basic assumption because these tend to be taken for granted by group members and treated as non-negotiable. In fact most of these beliefs and values should have been formulated early in the development of the field, and they continue to

evolves as the field itself evolves. Actually, values as well as beliefs and assumptions provide people with structure and stability as they attempt to understand the world around them (Kennedy, 2002).

3.3.5 Empathy

Empathy is the capacity to share and understand another state of mind or emotion. It is often characterized as the ability to put one self into another shoe in some way experience the outlook or emotions of another being within oneself. The basic ideas of empathy should be characterized is that be looking expression of the people facial or body movement or by hearing their tone of voice which will immediate sense on how they feel. The importance of relationship for collective's country and countries with a long term orientation, empathy is important for service providers to build long term relationships (Silvestre and cross, 2007).

3.3.6 Customer Loyalty

The concept of customer loyalty emerged 1980s. It is quite a new concept. Therefore, there are many definitions within this field, the main them in customer relationship management is to get and keep customer and can be defined as relationship management as all management activities directed towards building customer loyalty keeping and winning customers by providing value to all the parties involved in the relational exchange,. Customer loyalty is defined as deeply held commitment to buy or patronize influence and management efforts having the potential to cause switching behavior (Yimetal, 2008).

4. RESEARCH METHODOLOGY

This study used descriptive analyses and qualitative and quantitative research approaches. The target

population of the study is customers of the Dashen Bank in Gondar. The researcher used convenience sampling technique to select customers of Dashen. The necessary data for the study was collected from both primary and secondary source of data. To gather the required information for this study various instruments were used. For sampling size determination, the study adopts (Yamane's (1967) formula to calculate sampling size with 95% confidence and 0.05 assuming specifically. The sampling size and confidence intervals linking together landed at 100 from the total customer of Dashen but due to some non sampling errors 95 questionnaires were only returned. The data was analyzed by editing, coding and transforming data storage and data by code (identifying and classifying each answer with numerical score).

5. DATA ANALYSIS, PRESENTATION AND INTERPRETATION

This section deals about data presentation, analysis and interpretation that were gathered from bank customers through questionnaires. Questionnaire was distributed to 100 customers and unfortunately 95 were returned and 5 were found with non sampling errors so the researcher uses 95 respondents.

5.1. Respondents Profile

All this section depend on the data collected from customers of Dashen Bank of Ethiopia Gondar branch on the customer relationship management provided demographic background of the respondents

Table 5.1: general background of the customer respondents

No	Profile	Category	Frequen cy	Percenta ge
1	Sex	Male	53	55.8
		Female	42	44.2
		Total	95	100
2	Age	20-30 year	37	38.9
		31-40 year	20	21
		41-50 year	29	30.5
		More than 51year	9	9.5
		Total	95	100
3	Educati on	12 accomplis hed	19	20
		Certificate	8	8.5
		Diploma	19	20
		Bachelor degree	37	38.9
		Other	12	12.6
Total	95	100		

Source: Survey (customer of dash bank of Ethiopia in 2009)

As it is indicated in Table 5.1, from the total respondents, 55.8% were males and the remaining 44.2% were females. This indicates that majority users of the bank, service were male customers. From the total respondent 38.9% were from age 20-30, 21% were from 31-40 years, 30.5% were from 41-50 years and more than 51 years were 9.5%. This indicate that the majority of Dashen bank users were from age 20-30 interval. On the education level 12 accomplished were 20%, certificate 8.5%, diploma 20%, bachelor degree 38.9% and other education level were 12.6%. This implies that the majority of customers were on education level of bachelor degree.

5.2 Respondent's response on trust

Respondents' response on having confidence on the bank service is as follows: 31.7% were strongly agreed, 36.8% agreed, 18.9% neutral, 6.3% disagreed and 6.3% were strongly disagreeing. This indicated that the majority dashen bank customers

were agree on "I have confidence to the bank service".

5.3 Respondent's response on commitment

The bank flexible when its service are changed 35.8% strongly agree ,41% agree,13.7% neutral,4.2% disagree and 5.3% strongly disagree. This indicates that the majority of customers were agreeing on the bank flexible when its service is changed. The bank respect the customer needs. On the items as shown on the table 31.6% strongly agree, 35.8% agree, 20% neutral, 4.2 disagree and 8.4 strongly disagree. This implies that the majority customers agree on the bank respect customer needs.

Another item on Dashen bank customer to remind them of the future service 17.9% strongly agree, 27.4% agree, 31.6% neutral, 12.6% disagree and 10.5% strongly disagree. This indicates that the majority of the bank customers were neutral on the bank to remind them of the future service. In addition, the bank offers daily reports as it shown on the table 16.8% strongly agree, 28.4% agree, 25.3% neutral, 17.9% disagree and 11.6 strongly disagree. This implies that the majority of the bank customers were agrees on the bank offers daily reports.

In addition to the item on dashen bank customer to offer consultancy for existing customers 10.5% strongly agree, 26.3% agree, 24.2%, neutral, 22.2% disagree and 16.8% strongly disagree. This indicates that the majority of the bank customers were agrees on the bank offers consultancy for existing customers.

5.4 Respondents Response on the Conflict handling

The service provider shows sincere in solving problem 15.9% were strongly agree, 33.7% agree, 27.4% neutral, 14.6% disagree and 8.4% of respondents were strongly disagree. This indicates that the majority of dashen bank customers were agree on the service provider shows sincere in solving problems.

In addition Dashen bank the item of customers compliant are handled carefully 20% strongly agree, 34.7% agree, 21% neutral, 13.7% disagree and 10.6% of the respondent were strongly disagree. This implies that the majority of dashen bank customers were agree on customer compliant are handled carefully.

The bank undertake corrective action to avoid originated complaints 23.1% were strongly agree, 27.4% agree, 29.5% neutral, 12.6% disagree and 7.4% of the respondent were strongly disagree. This indicate that the majority of dashen bank customers were neutral on the bank undertake corrective action to avoid originated complaints.

Customers of Dashen bank on the ability to handle customers complaints is efficient and fast 31.6% were strongly agree, 34.7% agree, 21% neutral , 8.5% disagree and 4.2% of respondent were strongly disagree. This shows that the majority of dashen bank customers were agree on the bank ability to handle customers complaints is efficient and fast.

Another, as indicated on the item customer of dashen bank on maximum effort to maintain relationship with customers 15.8% were strongly agree, 40% agree, 25.3% neutral, 4.2% disagree and 14.7% were strongly disagree. This implies that the majority of Dashen bank customers were agrees on the bank maximum effort to maintain relationship with customers.

The respondents on the bank try to solve conflict before they create problem 21% were strongly agree, 31.6% agree, 29.5% neutral, 9.5% disagree and 8.4% were strongly disagree. This indicates that the majority of Dashen bank customers were agreeing on the bank tries to solve conflict before they create problem.

5.5 Respondents' Response on the Values

The respondents response on employees of the bank keep the promise when they provide service 28.4% were strongly agree, 47.4% agree, 9.5% neutral , 4.2% disagree and 10.5% of the respondents were strongly disagree. This indicates that the majority of dashen bank customers were agree on employees of the bank keep the promise when they provide service.

5.6 Respondents' response on empathy

Respondent response on the bank employees give individualized attention to the customers 31.6% were strongly agree, 34.7% agree, 17.9% neutral, 8.4% disagree and 7.4% were strongly disagree. This shows that the majority of dashen bank customers were agree on the bank employees give individualized attention to the customers.

5.7 Respondents' response on the customer loyalty

Customers response on the bank is my first choice among other banks 29.5% were strongly agree, 28.4% agree, 18.9% neutral, 13.7% disagree and 9.5% of the respondents were strongly disagree. This implies that the majority the respondents were strongly agreed on the bank is my first choice.

Customer's response on I am loyal customer to the bank 36.7% were strongly agree, 31,6% agree, 15.9% neutral, 8.4% disagree and 7.4% of the

respondent were strongly disagree. As a result of this the majority of dashen bank customers were strongly agree on I am loyal customer to the bank.

6. CONCLUSION AND RECOMMENDATION

6.1 Conclusion

It is more important to conclude the study by relating the finding with objectives of the study. In this case, the objective of the study was tried assess customer relationship management provided by dashen bank of Gondar Ethiopia in order to examine customer relationship management customers by Dashen bank Gondar.

In general customers more agreed on the six dimension of customer relationship management as follow. The first dimension, trust Customer agreed with in assessing service improvement in the bank taking into account customer relationship management in the bank. On the commitment customer agreed with bank service then this also implies the bank is fully committed to satisfy their customers need.

On the conflict handling most customers also agreed with bank service. On the value and empathy most customers are agree. On customer loyalty, customers are strongly agreed. Therefore, this concluded that bank taking account customer relationship management. As an overall, customers of dashen bank in Gondar were agreed with contribution of good customer relationship for the service improvement by the bank however, According to this finding some customer was not happy because not all customer agreed and this need the bank should assess customer satisfaction frequently, this is one way that would give better satisfaction to customer.

6.2 Recommendation

This study has demonstrated that relationship management of dashen bank. Here are some of the proposed recommendations to be considered based on the research findings in order to improve and reinforce customer relationship management.

- More efforts are needed to improve the level of trust by the continuous development of the service and benefits training of employee to perform the service effectively being consistent in providing customer service. Fulfill the obligation of the customer, keeping closely to the customer transaction.
- More efforts are needed to improve the level of commitment to where customer must be core of the management process, must be given special attention, the bank is flexible in serving customer needs, offers price reduction for existing customer provide consultancy for them, and offering individualized service to satisfy customer.
- Eliminating the problem by solving conflict as soon as possible in order to assure that bank system is well managed, has the ability to openly discuss solutions when problem arise, service provider show a sincere interest involving customer complaint and making regular meeting to revise the conflict and find solutions.
- More efforts are needed to improve the level of value through providing service which is in line with the social and personal value of the customers contributing to the welfare of the society

and dealing with the customer honesty during providing the service.

- The employee should work hard based on the outlined procedure in the bank, in addition to this the employee should provide service based on customer need and also try to answer customer question in well manner.

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