THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT ON PERFORMANCE OF BANKS IN TANZANIA

THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT ON PERFORMANCE OF BANKS IN TANZANIA

A CASE OF EXIM BANK (T) LTD

BY

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(CORPORATE MANAGEMENT) OF MZUMBE UNIVERSITY

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled the Impact of Customer Relationship Management (CRM) on performance of banks in Tanzania, in partial fulfillment of the requirement for the degree of Masters of Business Administration (Corporate Management) of Mzumbe University.

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DECLARATION

I Kapologwe Lugano do hereby declare that this dissertation is my own work and that it has not been submitted to any other University or Higher Learning Institution for any academic or professional award.

Signature………………….

Date………………………

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ACKNOWLEDGEMENT

It is a common phenomenon for a person to be proud and joyful for making a certain achievement. This is very realistic on my side. The two years programme which lead to realize this joy has come to an end. However the accomplishment of this programme is a result of divine collective efforts of many people, whom my joy will have no meaning if I fail to accord my heartfelt appreciations for their support.

First and foremost my earnest appreciation is accorded to my supervisor Miss Jasinta Msamula who despite of his tiresome job of teaching, she apportioned her valuable time for my dissertation and her valuable comments and guidance led to the accomplishment of this project. Myself I feel very luck to work with her. Her constructive criticism resulted into a new forum of debate and influenced my thinking significantly. I benefited a lot from her perspective.

Secondly my earnest appreciations are accorded to my family especially my wife for her moral and financial support and for the opportunity they have given me to pursue this Masters programme.

Lastly, I would like to thank those who furnished me with important information for conducting this research activity. In this juncture, I would like specifically to appreciate support I obtained from Exim Bank Management; all staff my friend Francis and Happy R for their cordial response during the entire time of data collection from the office.

DEDICATION:

This dissertation is dedicated with love to my wife .Neema Kapinga and my entire family at large.

LIST OF ABBREVIATION AND ACRONYMS

CRM - Customer Relationship Management

IT- Information Technology

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ABSTRACT

One of the most important challenges for any organization is to serve and maintain good relations with the king (the customer). Earlier, customers were simple person and were happy at whatever product or service offered to them This changing business environment is characterized by economic liberalization increasing competition, high consumer choice, well-informed and demanding customer who care about quality and value purchase (Kotler, 2002).

In this study researcher examined the impact of CRM on performance of banks in Tanzania. Specifically the study looks forward to meet the following specific objectives namely; to determine impact of human analytics, business architecture and IT technology and infrastructure on profitability of banks in Tanzania, also to determine challenges that faces banks in implementing CRM activities and lastly to provide recommendation for improving CRM in Tanzania Banking Industry

In order to attain the above mentioned objectives, researcher used case study design so as to make in depth examination on key concepts under investigation. Researcher used Exim Bank as a case study for this particular study, and sample for this study was obtained by using purposive sampling to obtain key informants.

In this research paper, researcher examined the impact of CRM on firm performance using case study approach. Following the resource-based view of the firm, CRM is conceptualized as an endogenously determined function of the organization’s ability to harness and orchestrate lower order capabilities that comprise physical assets. Our results reveal a positive and significant path between a superior CRM capability and firm performance. In turn, superior CRM capability is positively associated with human analytics and business architecture. However, results suggest the impact of IT infrastructure on superior CRM capability is indirect and fully mediated by human analytics and business architecture.

CHAPTER ONE

BACKGROUND AND STATEMENT OF THE PROBLEM

1.0 Introduction

In this chapter researcher provide explanation on background of the problem, statement of the problem, research objectives, general objectives of the study, specific research objectives, research questions, significance of the study and limitation of study.

1.1 Background of the problem

One of the most important challenges for any organization is to serve and maintain good relations with the king (the customer). Earlier, customers were simple person and were happy at whatever product or service offered to them. Marketing is no longer just about developing, selling and delivering products. It is increasingly more concerned with the development and maintenance of mutually satisfying long-term relationships with customers. Over a period of time with the competition and technological improvements customers have become fully aware of their rights and augmented offer soon become an expected one. This changing business environment is characterized by economic liberalization increasing competition, high consumer choice, well-informed and demanding customer who care about quality and value purchase (Kotler, 2002)

The new framework for company activities that emerged in 1990s, characterized by the globalization of markets, technological development, larger number of competitors, and increased customer demands compelled companies to rethink their management systems to adapt and fit themselves to the new competitive environment. Because of rigorous competition, in recent years, many organizations have perceived the need to be more customer-orientated. (Bull, 2003).

Customer Relationship Management (CRM) is more evolution than revolution. Thus, achieving the full potential of each customer, relationship should be the major goal of every business. A dis-satisfied customer causes market damage because they are more likely to persuade others to defect. It is therefore no surprise that CRM is an important topic of conversation in business world (Feinberg et.al, 2002). Customers are the important factors for the success of business but less attention has been given in this regard. On the other hand, several strategies have been attempted to retain customers by the private commercial banks.

Banks today is about marketing. The most critical role of marketing in financial institutions is to blend the element of the marketing mix optionally in coherent form in which it can be used to further the realization of the institution's marketing objectives this is in the form of marketing strategy. Banks try to employ strategies in making their services get to the customers. Marketing applied by Banks aim to identify present and future markets for products / services offered by the banks. Achumba (2000) found that, the extent of success of an organization to a large extent depends upon how well it formulates its policy and strategy in the light of its changing environment.

Customer Relationship Management (CRM) is one of the strategies currently being used by the banks to respond against market competition. According to Payne and Frow, (2005) Customer Relationship Management (CRM) is defined as a strategic approach concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and information technology (IT) to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations and marketing capabilities that is enabled through information technology and applications.

Sharma (2012) defines CRM as a strategy for retaining the existing customer segments which are profitable and focusing on the long term value of the customer. As all the products and services offered by the banks being same, the key differentiator in the banking services which helps developing customer base and sales capacity is CRM.

Sharma (2012) found that, CRM enabled HDFC bank in India to realize rapid growth of business through retention of the profitable customer segment. Through CRM, customers are acquired whose characteristics are known and in turn results in increased profits and hence drives growth. CRM enables the banks/ organisations to offer the right product at right time, due to which individual customer margins can be increased. CRM decreases the cost of customer management, ease in introduction of new products as they are customer need specific and it is found that the loyal customers readily buy 50 % of the new products rather than the new customers.

As soon as the business philosophy is made this philosophy is enacted in the form of technological processes where the customer centric approach is used. CRM focuses on the need of the organisations to understand the customer behavior patterns. It improves the understanding between the organisation and the customer. This increases one – to - one relationship with the customers of the organisation. Moreover, it has been seen that 80 % of the profits are generated by the loyal customers of the organisation (Epetimehin et al, 2011).

Furthermore, Mehrdad et al, (2011) found that, CRM enable organisations to identify, establish and maintain relationship with customers and other stakeholders, at a profit so that the objectives of all parties involved are met. Indeed, relationship marketing is based on the idea that the happier a customer is with a relationship, then the greater the likelihood that they will stay with an organization. Further to the above, the study reveals that, a Banks can go beyond its advertised interest in satisfying the customers by building effective long term relationships.

Therefore, CRM occupies an enviable status in the process of managing business operations in banking institutions in the present times. Customers are rightly regarded as the assets of the modern banks and other institutions. This fact need to be underscored by modern managers / directors because organization cannot achieve commendable business success in the absence of meaningful CRM practices, (Rouholamini and Venkatesh, 2011).

1.2. Statement of the problem

The study on the relationship between Customer Relationship Management (CRM) and organization performance has been studied. However, empirical findings e.g (Venkatesan and Kumar, 2004; Rouholamini and Venkatesh, 2011; Reinartz and Kumar, 2000; and Bolton, Lemon, and Bramlett, 2004) reveals contradicting results. While (Venkatesan and Kumar, 2004; Rouholamini and Venkatesh, 2011; Mehrdad et al, 2011) found that CRM do not have significant positive impact on performance of organizations, other scholars report CRM has significant positive impact on performance of organizations.

For example, Venkatesan and Kumar (2004) found inverted-U relationships between customer profitability and the number of products returned, number of customer contacts, and average time between two customer contacts. Moreover, Reinartz and Kumar (2000) show that, most profitable customers of a catalog company do not have a long tenure with the company, also customer profitability does not increase over time and the cost to serve customers does not decrease over time, and that long-life customers do not pay higher prices. These findings exemplify the argument that good performance of an organization do not depend on CRM of the organization.

However, Thomas; Blattberg; and Fox (2004) point out that the nature and influence of the prior relationship have an effect on customer reacquisition and any subsequent relationship so this feature should be taken into account when deciding which lapsed customers to target and how to design the firm's marketing strategy. Also, empirical findings show that, extremely satisfying or dissatisfying events can affect purchase behavior and associated revenues two years later (Bolton, Lemon, and Bramlett, 2004). In line with the same argument, (Algesheimer, Dholakia, and Herrmann, 2005; Muniz and O'Guinn, 2001) research shows that brands are social entities created as much by consumers as by marketers, implying that brand communities are sources of value for customers and influence behavior.

To the best of my knowledge the relationship between CRM and organization performance have been studied extensively, although the studies have been conducted in developed countries e.g. in UK, U.S.A, Nordic countries and in other countries having similar characteristics to UK, U.S.A and Nordic countries. The study on the impact of CRM and organization performance has never been studied in Tanzania. It is therefore important to investigate the relationship between CRM and bank performance in Tanzania as the country has state of the economy, culture and ethics which are different from the countries where similar studies have been conducted.

1.3. Research objectives.

1.3.1. General objective of the study

To assess the impact CRM on performance of banks in Tanzania

1.3.2. Specific Research Objectives

i. To determine impact of human analytics, business architecture and IT technology and infrastructure on profitability of banks in Tanzania

ii. To determine challenges that faces banks in implementing CRM activities
iii. To provide recommendations for improving CRM in Tanzania Banking Industry if any.

1.4. Research questions

i. How human analytics, business architecture, and IT technology and infrastructure do affect profitability of banks in Tanzania?
ii. What are challenges that face banks in implementing CRM activities?
iii. What should be the way forward to improve CRM strategy in an organization?

1.5. Significance of the study

The study on the relationship between CRM and bank performance is very important because CRM led to rapid growth of business through retention of the profitable customer segment, increase in profit of the bank due to low cost of managing customers(Sharma, 2011). Therefore this study will add new knowledge to bankers in Tanzania regarding the extra value banks can earn through implementation of CRM. Moreover the study will in light bankers on factors that are important to be considered when designing and implementing CRM in their organization so as to avoid excessive investment in CRM without getting significant reward in return.

1.6. Limitation of study

The study on the impact of CRM and bank performance in Tanzania used primary and secondary data. Researcher may fail to explore all possible findings because data may be affected by attitude and perception of respondents. Moreover, inadequate financial resource may limit coverage of the study which in turn may limit generalizability of the findings of the study. Also the study findings will be limited to experience embraced by EXIM BANK.

1.7. Scope of the study

The study on the impact of customer relationship management on bank performance covers all Exim bank branches in Tanzania and the observational unit on this study is employees of Exim bank Tanzania and not other banks which customer relationship strategy.

CHAPTER TWO

LITERATURE REVIEW

2.0. Introduction

In this chapter researcher provide in depth explanation of key concepts used in the study according to the literature reviewed. In this chapter researcher explain definitions of concepts as well as giving detailed explanation on concepts and theories underlying the study. Moreover, researcher provides empirical literatures from the work of other scholars. Empirical review helps to provide an understanding on how other scholars have operationalized the same concepts in the same context or in different context as compared to the context in which this study will be conducted. Also in this chapter researcher provide concise explanations on how various concepts will be measured and then after being operationalized so as to understand the nature and extent of relationships between variables in the study.

2.1. Theoretical literature review

2.1.1. Definition of terms

Customer Relationship Management (CRM) “is the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is grounded on high-quality customer data and enabled by IT” (Buttle, 2004). CRM is a business strategy to identify, cultivate, and maintain long-term profitable customer relationships. It requires developing a method to select your most profitable customer relationships (or those with the most potential) and working to provide those customers with service quality that exceeds their expectations.

Moreover, Customer Relationship Management (CRM) appears to be a simple and straightforward concept, but there are many different definitions and implementations of CRM. At present, a number of different conceptual understandings are associated with the term "Customer Relationship Management (CRM). There understanding range from IT driven programs designed to optimize customer contact to comprehensive approaches for the establishment and design of long-term relationships. The effort to establish a meaningful relationship with the customer is characteristic of this last understanding (Barnes 2003).

CRM is a holistic process of acquiring, retaining and growing customers. It includes all in-line and off-line relationship management. (Strauss et al. 2003). As gray and Byun (2001) expound; CRM is an abbreviation for customer relationship management, not customer relationship marketing. Management is a broader concept than marketing because it covers strategic management, human resources management, marketing management, service management, knowledge management, sales management and research management and development management. Thus CRM requires organizational and business level approaches, which are customer centric, to doing business rather than a simple marketing strategy.

2.1.2. Importance of CRM in Banking Industry

Delivering superior customer value has become a matter of ongoing concern in building and sustaining competitive advantage by driving CRM performance (Wang et al., 2004; Farokhian, 2010). CRM facilitates developing relationships with differentiated customers via interdependent collaboration with those of highest value to the company (Lowe, 2008; Sadeghi and Farokhian, 2010). As many researchers suggested, if companies want to improve the performance of their CRM they must regulate their activities based on best value creation thought (Ahmad and Hashim, 2010).

Moreover, CRM can improve customer data and develop customer-centric (Berger and Bechwati, 2000; Kim et al., 2003; Mithas et al., 2005; Seeman and O'Hara, 2006). From the customer behavior perspective, CRM performance can increase customer loyalty, retention and satisfaction (Kim et al., 2003; Fitzgibbon and White, 2005; Lari, 2008; and Irfan et al., 2009).

In line with the above argument CRM enables business to measure the behavior of customers after they contact with the organization, such as decreasing of customer complaint, repurchasing (Yoo and Park, 2007), and increases the volume of purchases (Colleen and Yeol, 2007; Mashinchi and Selamat, 2008). CRM projects are located in the commercial sector of information technology projects (Haghighat, 2008; Fasanghari et al., 2008).

Also scholars argue that, the success of any organization primarily depends on how effectively the organizations manage relationships with the customers that lead to lifetime customers (Jagdish et al., 2008). Customer relationship plays a major role in the competence development of business. Managers have found that the enhancement of existing customer relations cause the benefit of profitable and sustainable revenue growth (Lin et al., 2006).

Massey et al. (2001) argued that acquiring new customers can cost five times more than it costs to retain current customers. Furthermore, repeat customers can generate more than twice as much gross income as new customers (Winer, 2001; Fasanghari and Habibipour Roudsari, 2008). The key to build lasting customer relationships is to create superior value and satisfaction (Zangoueinezhad et al., 2009; Quee Ling et al., 2010).

CRM involves building and maintaining profitable customer relationships by dealing with all aspects of acquiring, keeping and growing customers (Kotler and Armstrong, 2010). The overall purpose of CRM is to improve marketing productivity and to enhance mutual value forthe parties involved in the relationship.

Improving marketing productivity and creating mutual values can be achieved by increasing marketing efficiencies and/or enhancing marketing effectiveness (Sheth and Parvatiyar, 1995a; Sheth and Sisodia, 1995). By seeking and achieving such operational goals as lower distribution costs, streamlining order processing and inventory management, reducing the burden of excessive customer acquisition costs and by considering the economics of customer retention, firms can achieve greater marketing efficiencies. They can also enhance marketing effectiveness by carefully selecting customers for their various programs, by individualizing and personalizing their market offerings to anticipate and serve the emerging needs of individual customers, by building customer loyalty and commitment; by partnering to enter new markets and develop new products, and by redefining the competitive playing field for their company (Sheth and Parvatiyar, 1995).

Furthermore CRM serve specific role in banking sector. In this end, CRM consists of a historical view and analysis of all the acquired or to be acquired customers. This helps in reduced searching and correlating customers and to foresee customer needs effectively and increase business in banking industry. CRM contains each and every bit of details of a customer, hence it is very easy for company to track a customer accordingly and can be used to determine which customer can be profitable and which not.

In CRM, customers are grouped according to different aspects according to the type of business they do or according to physical location and are allocated to different customer managers often called as account managers. This helps in focusing and concentrating on each and every customer separately.

Secondly, CRM is not only used to deal with the existing customers but is also useful in acquiring new customers. The process first starts with identifying a customer and maintaining all the corresponding details into the CRM which is also called an 'Opportunity of Business'.

The Sales and Field representatives then try getting business out of these customers by sophistically following up with them and converting them into a winning deal.

Moreover, the strongest aspect of Customer Relationship Management is that it is very cost-effective. This means, all the details in CRM is kept centralized which is available anytime on fingertips thus, reduces the process time and increases productivity.

Fourth, efficiently dealing with all the customers and providing them what they actually need through CRM strategy increases the customer satisfaction which in turn increases the chance of getting more business which ultimately enhances turnover and profit of an organization.

Lastly but not least, CRM led to customer satisfaction, and therefore, satisfied customer will always be loyal to the organization and will remain in business forever, resulting in increasing customer base and ultimately enhancing net growth of business and increase in profit and turnover of the entity.

2.1.3. Characteristics / features of good CRM in banking industry

Customer Relationship Management is a strategy which is customized by an organization to manage and administer its customers and vendors in an efficient manner for achieving excellence in business. In particular these features can be categorized into five aspects namely;

Customers Needs: This means, an organization can never assume what actually a customer need. Hence it is extremely important to interview a customer about all the likes and dislikes so that the actual needs can be ascertained and prioritized. Without modulating the actual needs it is arduous to serve the customer effectively and maintain a long-term deal.

Customers Response: This means, the reaction by the organization to the queries and activities of the customer. Dealing with these queries intelligently is very important as small misunderstandings could convey unalike perceptions.

Customer Satisfaction: This is about the measure of how the needs and responses are collaborated and delivered to excel customer expectation. In today's competitive business marketplace, customer satisfaction is an important performance exponent and basic differentiator of business strategies.

Customer Loyalty: This is the fourth aspect which refers to the tendency of the customer to remain in business with a particular supplier and buy the products regularly. This is usually seen when a customer is very much satisfied by the supplier and re-visits the organization for business deals, or when he is tended towards re-buying a particular product or brand over times by that supplier.

Customer Retention: This refers to a strategic process to keep or retain the existing customers and not letting them to diverge or defect to other suppliers or organization for business.

Customer Complaints: Always there exists a challenge for suppliers to deal with complaints raised by customers. Normally raising a complaint indicates the act of dissatisfaction of the customer.

Customer Service: In an organization Customer Service is the process of delivering information and services regarding all the products and brands. Customer satisfaction depends on quality of service provided to him by the supplier.

2.1.4. Barriers of CRM in banking industry

Scholars have identified the barriers to Customer Relationship Management which are categorized with regards to their effect on CRM strategy in a particular organization as follows;

Lack of Skills regarding the mechanics of CRM is the first hindrance factor. The personnel of the modern organizations are not trained in the management of corporate communication which also includes human relationship development. The art and craft of public relations are not taught formally or informally to the personnel who handle various aspects of Customer Relationship Management including application of information communication technology and ultimately jeopardize gains expected to be accrued from CRM.

Inadequate Investment is the second barrier to CRM in an organization. Gaining adequate funding for CRM requirements is an important issue for organizations, particularly as many of the projects expanded dramatically in cost and sometimes in scope. Some organizations had overcome the problem of funding by adopting what was referred to as a ‘quick wins’ Approach.

Poor Data Quality and Quantity is the third barrier for best CRM. Organizations at different stages of CRM development experience different issues with respect to data quality and data quantity. Moreover, failure to understand business benefit; low initial awareness of the benefits of a marketing database among senior management is also a barrier for companies which are less advanced in CRM implementation. This problem tends to be overcome as the data warehouse goes live and begins to deliver results.

Functional Boundaries; Managers at the functional or business unit level may be reluctant or unwilling to cooperate at the early stages of the CRM project.

It may require considerable organizational effort to make functional and business unit managers aware of the benefits of greater company-wide operations and Cross-functional working.

Lack of Leadership and Top Management Involvement; Experience also reveals that the top management is least involved in the CRM activities which are normally handled by the managers, supervisor and workers of the organizations concerned. Their role is to ensure a high level executive, ideally at Board level, acts as a sponsor and champion for the company's CRM activities and that the importance of transforming the company's relationships with customers through CRM is understood and shared by the Board and senior management.

2.2. EMPIRICAL LITERATURE REVIEW

2.2.1. Determinant of CRM

CRM represents a strategy for creating value for both the firm and its customers through the appropriate use of technology, data and customer knowledge (Payne and Frow 2005). This strategy requires focus, training, and investment in new technology and software to aid in the development of value adding CRM systems (Van den Bulte, 2010). Hence, CRM brings together people, technology and organizational capabilities to ensure connectivity between the company, its customers and collaborating firms.

Leonard (2008) found four distinct factors that affect CRM in an organization namely; technological capabilities, technical systems, human skills, managerial systems, and values. Moreover, Tippins and Sohi (2009) provide a consistent argument regarding factors that affect the level of CRM in an organization.

They argued that, CRM capabilities have been defined based on: employee values, behaviors and mindsets; customer information availability, quality and depth; and the supporting organizational structure.

The first determinant factor of CRM is IT technology and infrastructure capabilities. This represents the CRM technology that underpins the availability, quality and depth of customer information. The second determinant factor is human analytic based capabilities comprising the diverse skills and experience of employees that are necessary to interpret and use CRM data effectively. The third determinant factor of CRM is the business architecture and structural capabilities that embody action in the form of incentives and controls for employee behavior that supports CRM. This conceptualization is similar to prior definitions of CRM in the marketing literature (Day 2003).

IT Infrastructure is the first determinant of CRM strategy in an organization. This is due to the fact that, rapid advances in hardware and software provide firms with a wide range of solutions designed to support CRM. The key IT components are the front office applications that support sales, marketing and service, a data repository that supports collection of customer data, and back office applications that help to integrate and analyze the data (Greenberg, 2010).

When IT systems become embedded in the firm's business architecture, human skills and capabilities can merge and lead to a level of structural complexity that competitors find hard to imitate, thereby enhancing the firm's potential for sustainable competitive advantage (Dierickx et al. 1989). A number of studies have demonstrated that complementary organizational and human resources mediate the impact of IT on firm performance. For example, Francalanci and Morabito (2008) identify that the link between information systems and firm performance is mediated by the absorptive capacity of the firm.

Brynjolfsson and Hitt (1996) argue that the business value from IT is only generated when the IT is absorbed within the firm, as a routinized element of a company's value chain. Ray et al (2005) also provide empirical evidence that performance improvements derive not from IT expenditure alone, but when firms use embedded IT to support customer service processes. According to Ray et al (2005), IT infrastructure includes embedded hardware and software in such a way that, IT infrastructure can support human and organizational capabilities.

The second determinant factor of CRM strategy is human analytics. Human analytic based capabilities comprising the diverse skills and experience of employees that are necessary to interpret and use CRM data effectively. Human analytics play very significant role in the case of CRM. This is due to the fact that, it is unreasonable to expect that an IT capability alone is sufficient to generate performance outcomes. Customer data needs to be interpreted correctly within the context of the business, informing the decision-making process sufficiently so that good decisions can be made. In this respect, the skills and know-how that employees possess in converting data to customer knowledge is also crucial to success. For example, managers must increasingly cope with vast amounts of rapidly changing and often conflicting market information. While analytic algorithms and data mining techniques can assist this, making sense of such data often requires human judgment.

Viewed from the resource perspective, this human ability enhances CRM in the followings dimensions namely; (1) Human analytics enables companies to manage the technical and business risks associated with their investment in CRM programs (Bharadwaj 2000), (2) Human analytics is based on accumulated experience that takes time to develop, and (3) Human analytics results from socially complex processes that require investment in a cycle of learning and knowledge codification. This makes it difficult for competitors to know which aspects of a rival's know-how and/or interpersonal relationships make them truly effective (Mata et al. 2005).

Although it may be possible for competitors to develop similar skills and experience, it takes considerable time for these capabilities to mature (Lado and Wilson 2004).

Building on the resource-centered perspective, the knowledge-based view emphasizes that humans with unique abilities to convert data into wisdom can create competitive advantages that enhance firm performance (Grant 2006). In the context of customer relationships, such knowledge may include the experience and skills of employees, the models they develop to analyze data, procedures and policies they derive to manage these relationships, and so forth.

Business architecture is the third factor that affects CRM strategy in an organization. Possession of sophisticated CRM systems, and complex human skills and experience will have little impact on the business performance unless action is taken. In other words, to improve performance the outputs of any CRM program have to be deployed at scale across the business. Many firms will own the same basic technology and possess similar skills. However, few will possess the organizational architecture of control systems and incentive policies required to fully exploit these resources (Barney and Mackey 2005). This ability to exploit investment in CRM is observed in an overall business architecture that supports action before, during, and after implementation. Business architecture not only ensures that customer knowledge is effectively generated, but more importantly, it ensures that the information is used within the organization to influence competitive advantage. For example, front-line employees are motivated to act on reports generated by the CRM system when making tactical decisions about customers. In the context of CRM, other aspects of this architecture could include training in systems and policies, or control systems that focus on a relationship rather than a transactional view of the customer.

Moreover, empirical findings indicates that the management of process (the fit between organisational strategy and CRM strategy), people (management of users, user satisfaction and access to the software), technology (ubiquitous access points to users and management of the technology deployment and usage) and information (management of quality of customer information captured and knowledge generated from the information) seem to be the crucial factors of CRM success. In addition, there is indication that ability to address the environmental factors resident outside the organisation also impacts the successful deployment and usage of CRM (Zablah et al, 2004).

Other scholars such as (Mendoza et al, 2006; Gefen and Riding, 2002) pointed out that IT, long-term relationship, higher profitability, significant investment in technology are the factors influencing CRM. Also they divided CRM into three folds namely; operational, analytical, and collaborative. Operational CRM, known as front-office CRM, enables communications and involves the areas where direct customer contact occurs. Operational CRM attempts to provide integration of back-office transactions with customer interfaces. Collaborative CRM is the communication centre and it is also the coordination network that provides the neural paths to the customer and supplier.

2.2.2. Impact of CRM on performance of banks

There are sound financial reasons for the growth of CRM. Research has shown that the cost of attracting a new customer is estimated to be five times the cost of keeping a current customer happy (Jackson 2002). From the research conducted, it has been observed that CRM has a place in the banking industry especially in the area of customer satisfaction and retention. This will directly impact the performance of the organization and increase the financial bottom line. CRM is a concept that has been given international prominence, and forward looking organizations are at one stage or the other implementing several variants of the model with success.

The study conducted by Adejoke and Adekemi (2012) reveals that, CRM significantly affects performance of banks in Nigeria. Their study shows that, CRM can explain variation on bank performance by 77.3%. This means, an increase in CRM led to increase in performance of banks in Nigeria. The result revealed that top management and marketing managers place more premiums on relational benefits followed by relationship quality for better Bank performance than other relationship marketing construct.

Customer loyalty is referred as customer's repeat purchase behavior that is triggered by a marketer's activities. Customer loyalty today is usually viewed as comprising both behavioral and attitudinal components (Day 1999; Jacoby and Kyner 2006). Loyalty is a primary goal of relationship marketing and sometimes even equated with the relationship marketing concept itself (Sheth, 2006). The connection between loyalty and profitability has been the focus of both theoretical and empirical studies (Oliver 1999; Payne and Rickard 1997; Reichheld and Sasser 1990). This body of research has found customer loyalty to positively influence profitability through cost reduction effects and increased revenues per customer (Berry, 1995). With regard to cost reduction effects, it is widely reported that retaining loyal customers is less cost intensive than gaining new ones and that expenses for customer care decrease during later phases of the relationship life cycle due to the growing expertise of experienced customers. Customer loyalty is also reported to contribute to increased revenues along the relationship life cycle because of cross-selling activities and increased customer penetration rates (Dwyer, Schurr, and Oh 2007).

In line with the same argument, Ismail (2009) conducted a study to find the effect of relationship marketing on organizational outcome and found that, relational benefits, internal marketing and relationship quality significantly affects profitability of insurance companies in Jordan. The significant positive impact revealed by Ismail (2009) is stated at 95% level of confidence.

Thus, managers can increase profitability of their organization if they adopt properly CRM strategies and allocate their resources more efficiently.

The overall purpose of CRM is to improve marketing productivity and to enhance mutual value for the parties involved in the relationship. Improving marketing productivity and creating mutual values can be achieved by increasing marketing efficiencies and/or enhancing marketing effectiveness (Sheth and Parvatiyar, 1995a; Sheth and Sisodia, 1995). By seeking and achieving such operational goals as lower distribution costs, streamlining order processing and inventory management, reducing the burden of excessive customer acquisition costs and by considering the economics of customer retention, firms can achieve greater marketing efficiencies. They can also enhance marketing effectiveness by carefully selecting customers for their various programs, by individualizing and personalizing their market offerings to anticipate and serve the emerging needs of individual customers, by building customer loyalty and commitment; by partnering to enter new markets and develop new products, and by redefining the competitive playing field for their company (Sheth and Parvatiyar, 1995a). Thus, stating the objectives and defining the purpose of CRM in a company helps clarify the nature of the CRM programs and activities that ought to be performed by the partners.

2.2.3. Challenges that faces banks in implementing CRM practices

The following are said to be challenges faced by many of the banks whilst implementing CRM. They are classified into the following main categories namely; getting management sponsorship; quality of customer data; alignment of people and processes; lack of skilled people; determining the right time for customer needs; using customer data more intelligently; incorporating customer data and customer preferences to the customer data base; using right technologies; and real time data across all customer channels.

The retail banking market is fiercely competitive and saturated (Pili 2006). The competition is forcing banks to find new ways of satisfying customers and quick adaptation to changes. The competition among the banks itself is also very major domestic players on the arena. Banks are aware of this fact and exploit new trends to continue their existence in the market. CRM is one of these trends that are highly adopted by many banks.

The satisfaction level of customers who agree that they are treated as a valued customer is the measuring part for CRM's success in the bank. This could be attributed to the distinctive communication capabilities, which target to establish an emotional link with the customer. This is highly related with organizational learning philosophy and adaptive culture of the banks.

2.3. Conceptual Framework

2.3.1. Variables and their measurements

As it has been pointed out in the first chapter of this report, the first aim of this study was to determine the impact of customer relationship management on performance of banks. In this end, bank's performance is considered as dependent variable which is explained by customer relationship management and other factors. In order to be able to specify the influence of CRM on bank performance, first researcher operationalizes variables relevant for each model. The sections that follow provide the explanation of the variables and their measures.

2.3.1.1. Dependent Variables

The dependent variable is response variable or output. The dependent variable is that factor which is observed and measured to determine the effect of the independent variables. It is the variable that will change as a result of variations in the independent variable. It is considered dependent because its value depends upon the value of the independent variable. It represents the consequence of change in the person or situation studied. In this particular study, performance of Exim bank is referred as dependent variable. In large companies, there is a separation between ownership and management, and in such companies growth seems to be the most plausible goal of managers while owners are most interested in profit maximization (Baumol 1997; Penrose 1999). Based upon the literature, researcher measured performance of Exim bank by using two proxies which are net profit and return on assets. Therefore, net profit of Exim bank and return on assets was used as dependent variable in this study.

2.3.1.2. Independent Variables

Independent variable is a stimulus variable or input operates either within a person or within environment to affect his behaviour. It is that factor which is measured, manipulated or selected by the experimenter to determine its relationship to an observed phenomenon. The following are characteristics of independent variables namely; they cause for change in other variables and they are always interested only when they affect another variable.

In this particular study, performance of banks can be explained by various factors CRM being one of them. Together with CRM the following control variables also was used in this study to filter out their effect on variations of dependent variable namely; age of the bank, size of the bank and level of skills (human capital) possessed by the management team of the bank.

Age of the bank is a control variable in this study. We expect that older firms will outperform the younger ones. An old firm may grow faster and earn a higher rate of return because it has established itself in the market and has certain core skills and experiences, which its younger counterparts may not have.

Researcher used number of years that have passed since the bank has started operations as proxy for the age of the bank.

Moreover, size of the bank is regarded as another control variable in this study. There have been several studies of the relationship between size and financial performance. Big firms have been considered to be endowed with certain advantages such as lower costs and higher returns on account of access to capital market (Hall and Weiss 1967), as well as economies of scale (Montgomery 1979). Hence, generally a positive relationship is set for a size-performance relationship. In this study researcher measured size of the bank by taking the natural logarithm of the values of assets of the bank.

Skill: From sometime back, importance of human capital is being realized in the field of economic development and growth. Salary, status, power and security of personnel employed in the company have been considered to have a linkage with corporate growth (Barna 1962; Penrose 1959). Various researchers in their studies of performance analysis have postulated a positive association between the skill of employees and financial performance of the organisation (Siddtharthan and Dasgupta 1983). Caves (1974) considered the high skill levels of firm's employees in the industry to be an important source of monopolistic advantages. It is expected that training expenditure on employees would increase their efficiency. Hence a positive relationship is expected between the training expenditure on employees and financial performance of the firm. Below is the summary of variables used to measure different concepts used in this study.

Therefore in order to estimate the Impact of customer relationship management on bank performance, we specify the econometrical model as follows:

(i) $$Bp = \beta_0 + \beta_1 IT + \beta_2 Hm + \beta_3 Bacht + \beta_4 Bsize + \beta_5 Bage + \varepsilon_0$$

Whereby ; εit is the error term, that explain variations on explained variable due to un-observable effects, β0 is the constant term; whereas β1; β2; β3; β4 and β5 represent coefficients of Independent variables which are IT technology and infrastructure (IT), Human analytics (Hm), Business architecture (Bacht), Bank size(Bsize), and Age of the bank (Bage). In order to determine impact of CRM on bank performance, all data collected were treated as observation at a single point on time.

In order to estimate the impact of independent variables on dependent variable, researcher will use the ordinary least square (OLS) technique to estimate the model. Researcher will use OLS technioques because our data contain continuous values and errors are independent and identically distributed (errors have equal variance), therefore according to Carter-Hill et al.(2001), suggest that, the model that contain continuous values as well as with residual that are uncorrelated and with equal variance can be correctly estimated by using the OLS regression analysis

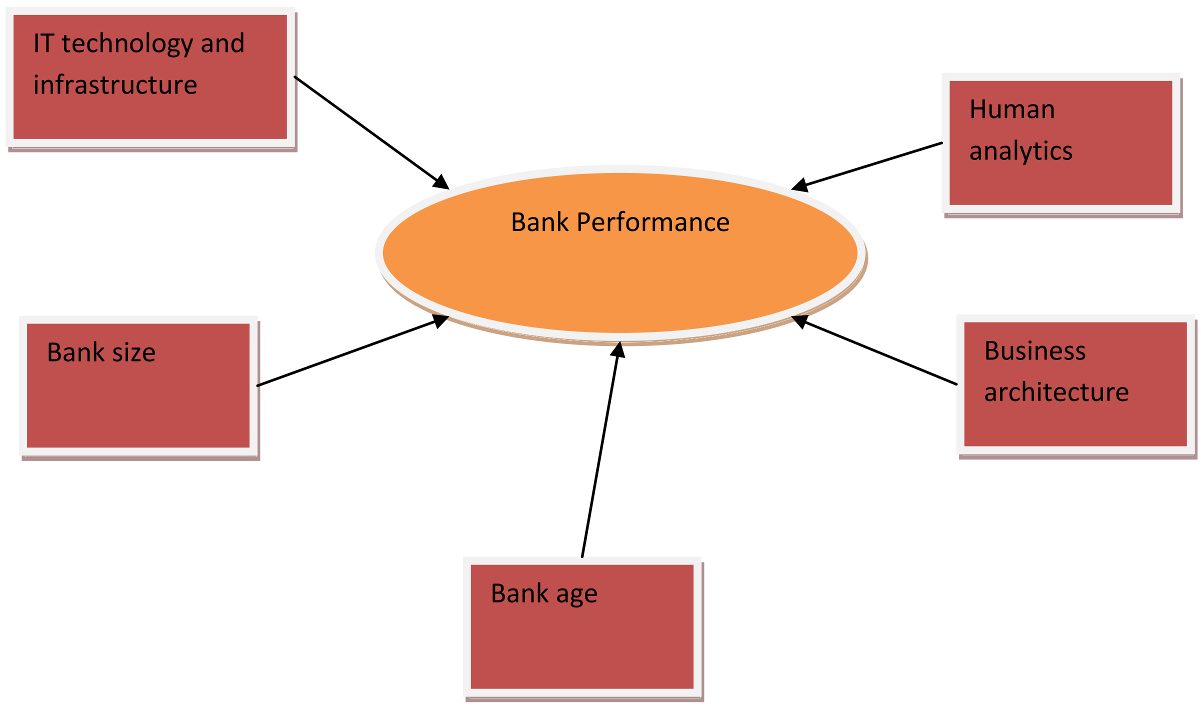
Table 2.1: Summary of variables used in the study

S/No	Concepts	Variables	Name
1	IT technology and Infrastructure	Our company has a computer system efficiently to handle customer's information	C1
		Our company is capable of using computer system to categorize targeted markets.	C2
		Our company's computer system is capable of organizing and classifying interaction between sale representatives and customers.	C3
		Our company computer system can deliver products /service to customer promptly and reliably	C4
		Customers can access our service via cheap means of technology e.g. mobile phone with no internet facility.	C5
2	Human analytics	Our staff have strong knowledge and skills to use IT technology	C6
		Our company have staffs with enough experience on the use of technology	C7
		Our company has staffs competent to interpret data collected by the system into business context and make informed sound decisions	C8
		Our staff are capable of managing technical and business risks associated with CRM programme	C9
		Our staff are capable of managing relationship with customers properly and promptly	C10
3	Business architecture	Our organization policies and controls enable fully exploitation of CRM resources	C11
		Organization has incentive policies to reward committed and self motivated employees	C12
4	Financial performance	Our Company's profit rate is higher than the average level of the industry.	P_1
		Our Company's growth rate is higher than the average level of the industry	P_2

2.3.2 Pictorial representation of relationships among variables

The study on the impact of CRM on performance banks in Tanzania can be conceptualized as per fig 1 below.

Fig .2.1 Conceptual framework



Source: Researcher’s own data-2013

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methodological approach used in this study. In this chapter, the researcher explains also how the variables are operationalized. Econometric models are also specified in this chapter. The chapter consists of five sections. The first section explains the research designs, followed by data type and collection procedures in section two. The third section is about operationalization of variables. Specifically this section explains how the variables used in the model are defined and measured. Section four presents the econometric framework. In this section different models are specified by using the variables explained in section three. Estimation methods are also explained in this section.

3.2. Research Design

Research design is the arrangement of conditions for collections and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedures (Kothari, 2004). It constitutes a blue print for the collection, measurement and analysis of the data (ibid). Research design represent a logical and systematic plan prepared for directing a research study and specifies the objectives of the study, the methodology and techniques to be adopted for achieving objectives of the study (Krishna swami, 2006). Therefore this study adopted case study design because it led into in depth understanding of the phenomenon.

3.3 Population of Study

Population of study is a group of individuals who have one or common characteristics that are of interest to the researcher (Best and Khan, 1998).

In addition population is referred as a full set of cases from which a sample is taken (Saunders, 2007). Therefore, population for this particular study was branches of EXIM Banks in Tanzania.

3.4 Unit of analysis of the study

Unit of analysis of a study refers to a specific case / item that researcher must specify where the level of investigation will focus on the collection of data about organisations, departments, work groups, individuals, or objects. In this particular study, Exim Bank was a u unit of analysis because it's Exim bank that decides whether to adopt CRM or not to adopt and the effect of adopting or not adopting CRM can be captured from Exim bank.

3.5. Observational Unit

Observational unit is defined as the entity on which measurements are obtained. The unit of analysis and observational unit are the same for most of the research, but not always. With regards to this particular study, in order to capture the effect of CRM on bank performance, questionnaire was used to collect information from key informants who are employee of the bank and therefore unit of observation for this particular study was employees of Exim bank. These employees includes current branch managers, assistant branch managers, branch controllers, IT managers / administrators, human resource managers, and staffs of the bank.

Table 3.1. Shows branches and location where they are situated.

S/No	Name of the branch	Location
1	Morogoro branch	Morogoro municipal
2	Mwanza	Mwanza city
3	Dar es Salaam	Ilala, and Kinondoni Municipal
4	Arusha	Arusha city
5	Zanzibar	Zanzibar
6	Mbeya	Mbeya city
7	Tanga	Tanga
8	Mtwara	Mtwara
9	Kigoma	Kigoma
10	Shinyanga	Shinyanga

Source: Exim Bank annual report, 2012

3.6. Sample size

Sample size is the total number of units or items used to represent the characteristics of whole population (Kothari, 2004). Sample size must satisfy some requirements such as representativeness, efficiency, flexibility and reliability. Other factors such as desired precision, acceptable confidence level for estimate, budgetary and time constraints play a crucial role in deciding sample size. According to Sakaran, (2000) sample sizes larger than 30 and less than 500 are appropriate for most research. For this study particular study researcher planned to have a sample of 160 respondents however a total sample of 136 respondents in the following categories; 25 branch managers; 25 assistant branch managers, 25 operations managers; 25 human resource officers; 25 IT administrators and 11 bank officers.

3.7. Sampling procedure

Sample is a segment of population in which the researcher is interested in gaining information from and drawing conclusion (Brian, 1992).

In this study researcher used purposive sampling to select sample for key informants. Researcher used purposive sampling so as to get first hand information regarding the impact of CRM on bank performance these key informants are the ones who have access of information regarding strategic decision undertaken by the bank, and choice of strategy to use is one among number of strategic decision made by the bank.

3.8. Data type and collection procedures

In this sub section, researcher explained various tools employed in due course of collecting data to suffice the need of this study. This study uses both quantitative and qualitative data. Researcher employed the following tools to collect data namely; documentary review in various branches of Exim bank to extract data. Then after, researcher administered questionnaires to respondents obtained through purposive sampling procedures conducted by researcher. Lastly interview was conducted to respondents as well.

3.8.1 Questionnaires

Questionnaires were of two types; open-ended and closed ended. Close-ended questionnaires were used to guide the respondents to give clear and precise answers while open-ended questionnaires were adopted in order to allow the respondent to give up more option and freedom to say what he/ she know about the problem at hand. As a method of data collection, questionnaires save time and they are easy to administer to a large number of respondents at a time. In this study, researcher used questionnaire to collect data from key informants specifies on section 3.7 above.

3.8.2 Documentary Review

Documentary review was used to collect data patterning to the level of assets of the bank and the level of net profit of the bank. Documentary schedules helped the researcher to collect data from selected branches of Exim bank.

3.9. Data Analysis

The data collected were analyzed on basis and this involved editing, classification and tabulation so that they are amenable for analysis and being interpreted into logical meaning and information. Moreover, researcher used SPSS soft ware and Stata SE soft ware to analyze data. Moreover in order to control other explanatory variable researcher employed linear regression analysis (OLS).This technique enabled the study to find out causal effect relationship between customer relationship management and bank performance.

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSION

4.0. Introduction

In this topic researcher present findings obtained after analyzing data collected from respondents so as to respond to the research questions highlighted on section 1.4 of this report. This study was guided by three specific research objectives. The first research objective aimed to assess the effect of human analytics, business architecture and IT technology and infrastructure on profitability of banks in Tanzania. The second research objective aimed to assess challenges that face banks in implementing CRM activities. The third research objective aimed to determine the way forward in improving CRM in Tanzania banking industry. In presenting findings, researcher organizes the topic as follows; descriptive findings with regard to each research question / objective starts, followed by estimation results obtained from research models specified by research in section 2.3.

4.1. Descriptive statistics analysis

Descriptive statistics is concerned with numerical description of a particular group observed. Descriptive statistics provides valuable information about the nature of a particular group or class (Kothari, 2004). Descriptive statistics mostly do provide information concerned with frequency distribution usually in percentages of items under study, information about normality of distribution skewness and kurtosis of data, measures of central tendency (i.e. mean, median and mode), measures of dispersion (i.e. standard deviation) and measures of relationship (i.e coefficient of correlation).

In this section researcher presents descriptive statistics with regard to the following key concepts namely; age of the business (BusinessAge), Size of the bank, business architecture (Bacht), bank's human analytics (Hm), bank's level of IT technology (IT) and bank performance.

4.1.1. Descriptive analysis regarding the effect of IT Infrastructure on bank performance

In this section, researcher presents findings regarding the effect of IT Infrastructure on bank's profitability. Analyses on variables for IT Infrastructure are here by presented by researcher. The first variable assessed by researcher was presence of computer system to handle information. The argument by various scholars such as Payne (2005) is basing on the fact that, an entity cannot manage transaction properly if it does not know precisely customers who are consuming its products. Moreover, Payne (2005) argue that, organizations cannot benefit with the customers unless they understand them, and perceive their values, and know precisely what kinds of services are useful for them, and how or when they intend to use such product or service.

In view of the importance of customer's information, researcher assessed the presence of computer system to handle customer information at Exim Bank. Table 4.1 below shows results of descriptive analysis performed by researcher.

Table 4.1. Presence of computer system to handle customer information

Response category	Frequency	Percent
Otherwise	22	16.20
Yes	114	83.80
Total	136	100.0

Source: Field Data (2013)

IT Infrastructure is the first determinant of CRM strategy in an organization. This is due to the fact that, rapid advances in hardware and software provide firms with a wide range of solutions designed to support CRM. The key IT components are the front office applications that support sales, marketing and service, a data repository that supports collection of customer data, and back office applications that help to integrate and analyze the data (Greenberg, 2010).

In view of the above argument, analysis shows that, 83.80% of respondents (114/136) confess that, Exim bank possess computer systems to accommodate customer information while 16.2% of respondents were having different opinion regarding presence of computer system to handle customer information.

Therefore, by having computer system to handle customer information, then Exim Bank will be able to set smart strategies and serve its customer because they will be having enough information to use in setting their strategies from database established through computer system. Moreover, prior research has observed that the degree to which a firm will prosper is, in part, dependent upon the extent to which they possess capabilities and resources that can be employed to enhance the competitiveness of the business. Moreover, studies in this stream have reported positive relationships between IT investment and organizational performance (Brynjolfsson and Hitt 1996).

Apart from having computer system to handle customer information, researcher also examined capability of staffs of Exim Bank to use computer system to categorize customers into their respective segments to ease delivery of services. Findings shows that 79.4% of respondents (108/136) confess that, computer systems of Exim Bank are capable of categorizing customers into various segments which simplify management of customers by the bank and enhances performance of banks to meet customer’s expectation.

Furthermore, 20.6% of respondents (28/136) were found to have different opinion with regards to the ability of computer system to categorize customers. Table 4.2.2 below clearly shows findings about capability of the system to categorize customers.

Table 4.2. Capability of using computer system to categorize customer

Response category	Frequency	Percent
Otherwise	28	20.6
Yes	108	79.4
Total	136	100.0

Source: Field Data - 2013

Categorizing customer enables banks to have in-depth understanding of the need and expectation of the customer which is very crucial for the bank in planning for strategies to serve its customer. The most critical role of marketing in financial institutions is to blend the element of the marketing mix optionally in coherent form in which it can be used to further the realization of the institution's marketing objectives. Therefore, banks try to employ strategies in making their services get to the customers. Achumba (2000) found that, the extent of success of an organization to a large extent depends upon how well it formulates its policy and strategy in the light of its changing environment. In this end, it is evident that Exim Bank will be able to formulate policy and strategies that best suits the environment because its computer system enables acquisition of information from each group of customers well categorized by the computer system.

The way a company deliver its product to customer is another important aspect to be considered by prudent company particularly in a view to maintain customer relationship with their customers. In this study researcher examine how IT infrastructure can enables Exim Bank to achieve this important goal of maintaining relationship with customer.

Researcher asked respondents whether computer system possessed by the bank can deliver service to customers promptly and accurately. Table 4.2.3 below shows results of descriptive analysis of data.

Table 4.3. Speed and clarity with which service is delivered to customer

Response category	Frequency	Percent
Otherwise	34	25.0
Yes	102	75.0
Total	136	100.0

Source: Field Data – 2013

In line with findings depicted on table 4.2.3 above, the study reveals that, 75% of respondent confess that Exim bank is having computer system that can deliver service / product to customers promptly and accurately whereas 25% of respondents do not support the argument that computer system possessed by Exim Bank can deliver service / products efficiently, quickly and promptly. Some of respondents said that, "It worth a million to transact through computer system either through cell phone / through e banking rather than through bank tellers as machine are very precise, fast and free from psychological destruction". This implies that, customers do trust much computer systems in acquiring services rather than getting the same service through human beings (tellers) because computer systems are more accurate, fast and free from social chaous/ destructions.

Efficiency and effectiveness in service delivery is very pertinent for prosperous of business particularly in the current globalised business world. Payne and Frow (2005) argues that, more importantly in service business is to emphasize on internal marketing approach, combined with customer-focused staff training and education to improve employee quality and performance which in turn will sustain superiority in service delivery and ultimately led to improved business performance. In view of Payne's findings, it is evident that, Exim Bank will benefit from CRM by having adequate IT infrastructure that enable prompt and reliable delivery of various services / products to customers and hence led into satisfaction of customers as their expectation could be met by the Exim Bank.

Adequacy of services is another crucial factor in maintaining relationship marketing in today's business environment. In order to assess adequacy of services researcher category of services accessible through computer system as proxy for adequacy of services. In this study researcher assessed types / categories of services that Exim Bank offers to its customers via IT Infrastructures. Table 4.2.4 below shows descriptive analysis of categories of services accessible through I.T Infrastructure.

Table 4.4. Types of product delivered by computer system

Respond Category	Frequency	Percent
Balance Enquiry	136	100
Fund Transfer	136	100
Recurring deposit	136	100
Payment of utilities/ bills	136	100
Internet Banking	136	100
Mobile Banking	136	100

Source: Field Data - 2013

Findings depicted on table 4.2.4 above shows that, computer systems possessed by Exim Bank enable customer to access various services such as transfer of money from owner's account to some else account, to enquiry account balance, to enquiry mini statement from the bank as well as to deposit cash in their account through the use of I.T Infrastructure such as cell phone or internet.

Furthermore, the use of mobile phone in accessing services from bank has increased human potential to a greater extent. This is due to the fact that, the use of mobile phone to access services from the bank has led to saving quite a lot of time previously spent in queue at the bank waiting for service. Time saved due to invention made to integrate IT and banking practices, increased productivity of people because they can now use the time saved to work for other productive activities. Moreover, the use of IT Infrastructure (viz. mobile phone) removes barriers which were impeding utilization of human resources as well as financial resources. The need to move with a bundle of cash in executing business transaction is now resolved as IT Infrastructure has created a cashless society were by all purchases and payment can now be effected via electronic fund transfer. Also the barriers accrued from institution frame that banks serve customer only during working hours in now resolved because transaction can be effected at any time when the need arises whether it is beyond normal working hours or during weekends. In other words transactions are now effected in all 24 hours of the day and in all 7 days of the week.

Profitability of the bank depends on earnings of the bank and expenses of the bank. By having IT Infrastructure integrated in operations of the bank, apart from serving customers at any point they need service, but also have pecuniary benefits to the bank. According to the TCRA (2013), currently there are 27, 598, 698 subscribers. This implies that there are 13,799,349 people who possess mobile phone assuming that one person has subscribed at least two simcards. This translates to increase in number of transactions that can be effected by customers through mobile phones, and therefore increase in earnings to the bank because increased transaction fetch bank charges. In this end, you can find that, bank will realise increase in profit due to increase in earnings following increase in transaction performed.

4.1.2. Descriptive analysis regarding the effect of Human Analytics on bank performance

The second determinant factor of CRM strategy is human analytics. Human analytics refers to the diverse skills and experience of employees that are necessary to interpret and use CRM data effectively. Human analytics play very significant role in the case of CRM. This is due to the fact that, it is unreasonable to expect that an IT capability alone is sufficient to generate performance outcomes. Customer data need to be interpreted correctly within the context of the business, informing the decision-making process sufficiently so that good decisions can be made. In this respect, the skills and know-how that employees possess in converting data to customer knowledge is also crucial to success. For example, managers must increasingly cope with vast amounts of rapidly changing and often conflicting market information. While analytic algorithms and data mining techniques can assist this, making sense of such data often requires human judgment.

Viewed from the resource perspective, this human ability enhances CRM in the followings dimensions namely; (1) Human analytics enables companies to manage the technical and business risks associated with their investment in CRM programs (Bharadwaj 2000), (2) Human analytics is based on accumulated experience that takes time to develop, and (3) Human analytics results from socially complex processes that require investment in a cycle of learning and knowledge codification. This makes it difficult for competitors to know which aspects of a rival's know-how and/or interpersonal relationships make them truly effective (Mata et al. 2005).

Building on the resource-centered perspective, the knowledge-based view emphasizes that humans with unique abilities to convert data into wisdom can create competitive advantages that enhance firm performance (Grant 2006).

In the context of customer relationships, such knowledge may include the experience and skills of employees, the models they develop to analyze data, procedures and policies they derive to manage these relationships, and so forth.

In view of the above literatures, regarding the importance of human analytics as a component / determinant of CRM in enhancing bank performance, researchers assessed the following variables as proxies for human analytics at Exim bank. Variables captured by researcher were; IT proficiency of bank staff, adequacy of staffs with experience on IT, the level of experience of bank's staff on technical proficiency. Also researcher captured staff capability of managing risks as well as staff capability of managing relationship promptly with customers. Herewith are findings obtained by researcher in relation to the variables mentioned by researcher to assess human analytic aspect of Exim Bank.

The first assessed by researcher was IT proficiency of Bank Staff. Table4.xx below shows results of the descriptive analysis performed by researcher.

Table 4.5. IT proficiency of Bank staff

Response category	Frequency	Percent
No	17	12.5
Yes	119	87.5
Total	136	100.0

Source: Field Data 2013

With regard to CRM strategy, Information Technology in the key driver for the whole process. Section 4.3.1.above reveals that, Exim bank have invested a lot in IT Infrastructure to spearhead the CRM strategy. The aim is to build its own competitive advantage over other competitors.

It goes without saying, that, benefits expected to be accrued from investment in IT infrastructure cannot be realised unless the bank is having staff who are proficient in IT. This is due to the fact that, operationalization of IT Infrastructure so as to benefit the bank depends on proficiency of bank staff in utilizing IT Infrastructure established by the bank. Moreover, proficiency of bank staff will serve a crucial role to the bank. This is due to the fact that, it is staff's proficiency which will enable conversion of data collected from customers and from the market into wisdom and thereafter being used in making decisions that will enhance performance of the bank.

The above table show that, 87.5% of staffs of Exim Bank (119/136) have commanding proficiency in IT whereas 12.5% of staff do not have commanding proficiency in IT. This implies that, majority of staffs are very resourceful to the bank as they can convert data collected by IT Infrastructures into wisdom and knowledge that will be used by management and other stakeholders in making strategic decision for the bank which in turn will enhance performance of the bank.

Apart from having staff with commanding proficiency in I.T. to serve the interest of the bank, but also, the need to have adequate staffs with commanding skills in IT technology is of paramount importance. This is due to the fact that, by having adequate staff the bank becomes less vulnerable to risks such as; risk of collusion of staffs, risks of errors due to fatigue of staffs due to excessive working and the risks of dependent on few experts to manage operations of the bank. Table 4.xx below shows findings regarding adequacy of staffs at Exim Bank.

Table 4.6. Adequate staffs with experience on IT

Response category	Frequency	Percent
Otherwise	20	14.7
Yes	116	85.3
Total	136	100.0

Source: Field Data - 2013

Table 4.6 above shows findings from analysis of response from respondents of the study. Findings shows that, 85.3% of respondents (119/136) confess that, Exim bank is having adequate staffs who are proficient in IT to manage operations of the bank. 14.7% of respondents (20/136) argue that Exim bank do not have adequate staffs who are proficient in IT to manage operations of the bank. In view of the above findings, Exim bank is far better with regards to adequacy of staff who are proficient in IT to take charge in operating IT Infrastructures established by the bank. Descriptive findings give evidence to believe that, Exim bank is prepared to sustain CRM strategy so that CRM can become strong competitive advantage of Exim bank over the others.

Moreover, findings show that, Exim bank is less vulnerable to risks associated with inadequate staffs with commanding proficient in IT. Risks such as; risks of collusion of staff to perform illegal transaction is very low because Exim bank is having adequate staff proficient in IT and therefore the bank can establish controls that can be properly managed. Also the risk associated with fatigue is also low and less likely to happen. By having adequate staff proficient in IT, then it becomes possible for the check and balance practice to be administered by the bank to ensure correctness and authenticity of transaction unlike if there would have been inadequate staff proficient in IT to operate IT Infrastructures possessed by the bank.

Experience is a word that refers to knowledge and skills acquired over time and mostly associated with practical empirical observation of facts or events. It worth a lot to have adequate number staff with commanding proficiency in IT, but it is more enticing to have staff that are proficient in IT as well as experienced in banking industry. By having experience in banking, they can use their experience to translate challenges into opportunity that can be exploited by using IT Infrastructure. Also by having experience in banking it becomes more feasible to use IT Infrastructure to increase satisfaction of customers.

Thus, researcher assessed the level of experience of staffs of Exim bank in this particular study. Table 4.xx below shows results of the analysis regarding the level of experience of staffs of Exim bank.

Table4.7 Level of experience on technical proficiency

Response category	Frequency	Percent
Low	20	14.8
Moderate	58	42.6
High	58	42.6
Total	136	100.0

Source: Field Data - 2013

Findings depicted by table 4.7 above shows that, 42.6% of staffs (58/136) of Exim bank have high experience in banking industry whereas staffs with moderate experience at Exim bank constitute 42.6% as well (58/136). Moreover, analysis shows that, 14.8% of staffs (20/136) of Exim bank have low experience. This means, highly experienced staffs will take time in due course of working to mentor those with moderate experience to ensure sustainability of CRM strategy to the organization.

In line with the same argument, staffs with moderate experience and those with high experience together will be training and mentoring those staffs with low experience who are presumably newly recruited employees to the organization. Proportions of staff experience is quite enticing as no staff can be left with a duty at once and accomplish that duty properly without the guidance from those with high /moderate experience with the said task.

Therefore staffs with low experience will be put under supervision of those with experience so that they can be mentored to become future resources for the organization.

In this end, we can say that, human analytic potential of Exim bank is found to be very potential in enhancing performance of the bank.

Apart from the level of experience acquired by staffs of Exim bank, also, capability of staffs to manage risks that can arise in due course of serving customers was another variable measured by researcher. Descriptive statistics obtained from analysis are being shown hereby in table 4.3.3 below by researcher.

Table 4.8. Staff capable of managing risks

Response category	Frequency	Percent
Otherwise	34	25
Yes	102	75.0
Total	136	100.0

Source: Field Data - 2013

Risk management refers to organized method for identifying and measuring risk and for selecting, developing, and implementing options for the handling of risk. It is a process, not a series of events. Risk management depends on risk management planning, early identification and analysis of risks, continuous risk tracking and reassessment, early implementation of corrective actions, communication, documentation, and coordination.

All members of the enterprise must understand the need to pay attention to the existence and changing nature of risk. Consequences that are unanticipated can seriously disrupt a development effort. The uneasy feeling that something is wrong, despite assurances that all is fine may be valid. These kinds of intuitions have allowed humanity to survive the slings and arrows of outrageous fortune throughout history. Though generally viewed as non-analytical, these apprehensions should not be ignored. Experience indicates those non-specific warnings have validity, and should be quantified as soon as possible.

Therefore, analysis regarding the capability of staffs employed by Exim Bank to manage risks shows that, 75% of respondents (102/136) shows that, staffs of Exim bank are capable of managing risks and therefore keeps the bank freely to escape / mitigate lossess arising due to poor management of risks. On the other hand, 25% respondents (34/136) shows were found to be incapable of managing risks associated. In summary we can say that, majority of respondent shows that Exim bank do have staffs with capabilities to manage risks appropriately.

4.1.3. Descriptive analysis regarding the effect of Business architecture on bank performance

Business architecture is the third factor that affects CRM strategy in an organization. Possession of sophisticated CRM systems, and complex human skills and experience will have little impact on the business performance unless action is taken. In other words, to improve performance the outputs of any CRM program have to be deployed at scale across the business. Many firms will own the same basic technology and possess similar skills. However, few will possess the organizational architecture of control systems and incentive policies required to fully exploit these resources (Barney and Mackey 2005). With regards to the importance of business architecture in facilitating CRM strategy to enhance performance of organization, below are findings depicting status of business architecture at Exim bank.

The first variable captured by researcher with regards to business architecture adequacy of organization policies and controls to exploit CRM resources at full capacity. Table 4.4.1 below shows adequacy of business architecture at Exim bank.

Table 4.9. Adequate policies and controls to exploit CRM resources fully

Response category	Frequency	Percent
Otherwise	41	30.10
Yes	95	69.90
Total	136	100.00

Source: Field Data - 2013

Findings revealed by researcher on table 4.4.1 above shows that, 69.90% (95/136) of respondents said that Exim bank is having adequate policies and controls established to facilitate fully exploitation of CRM strategy. On the other hand, 30.10% of respondents (41/136) said that Exim bank do not have adequate policies and controls to facilitate implementation of CRM strategy so as to enhance performance of the bank.

Ability to exploit investment in CRM is observed in an overall business architecture that supports action before, during, and after implementation. Business architecture not only ensures that customer knowledge is effectively generated, but more importantly, it ensures that the information is used within the organization to influence competitive advantage. For example, front-line employees are motivated to act on reports generated by the CRM system when making tactical decisions about customers. By having adequate policies, Exim bank can utilize human potential at higher level and hence will impact performance of organization positively.

In line with the argument above, researcher examine types of policies that are available at Exim bank to facilitate implementation of CRM strategy. Researcher found that, Exim bank is having the following policies in relation to CRM strategy such as customer service policy i.e. know your customer policy (KYC), incentive policies to reward staffs who are working hard for the betterment of the bank.

Incentive policy cover among other things aspects such as; bonus to employees in relation to score of employee in his / her for performance undertaken, provision of certificate to acknowledge exemplary performance, salary promotion to employees and promotion of employees to higher cadre in relation to performance in discharging operational duties.

Proper organization structure was another variable assessed by researcher as a proxy for business architecture. In this context, organization structure refers to chain of command and relationships among units in an organization. Clearly defined organization structure is important for smooth running of activities in an organization. Moreover, if undertakings of CRM strategy will be well articulated in the organization structure of the entity, then, no doubt that CRM strategy will work effectively and efficiently where organization structure underscore the strategy and incorporate the strategy in the organogram.

Table 4.4.2 below shows findings regarding articulation of CRM strategy in the organization structure of Exim bank.

Table 4.9 Proper organization structure to accommodate CRM strategy

Response category	Frequency	Percent
Otherwise	51	37.5
Yes	85	62.5
Total	136	100.0

Source: Field Data - 2013

Findings in the above table 4.9 shows that, organization structure of Exim bank incorporate activities pertaining to CRM by 62.5 % whereas 37.5% of activities being left out of control of the organization structure. By having 62.5% of activities being incorporated in organization structure it suggests the degree of commitment of the management in implementing CRM in undertaking operations at Exim bank.

By doing so performance of Exim bank becomes positively affected by CRM strategy, however, there is remaining 37.5% of activities related to CRM are not incorporated in the organization structure of Exim bank. The large proportion of activities (37.5%) not incorporated in the organization structure jeopardize benefits that can be obtained from CRM strategy due to incomplete articulation of activities related to CRM on the organization structure.

4.2. Estimation results

In this section researcher presents estimation results with regards to the statistical test performed in favour of the first specific research objectives which aimed to assess impact of CRM on profitability of Exim Bank. Dependent variable was measured in linear scale whereas independent variables were mixture of dichotomous variables as well as continuous variables. According to Gujarati (2004) linear regression models are appropriate models to be employed when regressand is also linear in nature. Therefore, researcher used linear regression models as test statistics, in furnishing objectives of the study. In this end, objective of the researcher was to find the cause effects relationship among variables employed in the study.

4.2.1. Estimation results regarding the Impact of CRM on profitability of Exim Bank.

In this study, CRM was the variable of interest. In this section researcher presents results of regression analysis performed by researcher to examine impact of CRM on profitability of the bank. Table 4.10 below shows results of the test statistics performed by researcher.

Findings obtained shows that, there is no sufficient evidence to prove that Information technology and Infrastructure (IT Infrastructure) have an impact on the level of profitability of Exim bank.

Variables such as presence of computer systems to handle customer information (CompSystem); capability of the system to categorize customers (Capability_1); capability of the system to organize and classify interactions (Capability_2); as well as capability of the system to delivery products promptly and precisely (Servdelivery) shows, neither of them significantly affect profitability of the bank. However, analysis shows positive correlation between profitability of the bank and IT Infrastructure.

Table 4.10: Estimation results as regarding impact of CRM on profitability of the Bank

LnBankProfit	Coefficients	Std Error	t	P>| t |
CompSystem	0.8054	1.4410	0.56	0.577
Capability_1	0.2152	0.3770	0.57	0.567
Capability_2	0.0987	0.4141	0.24	0.812
Servdelivery	0.3813	0.4036	0.94	0.347
IT Proficiency	0.5813	0.5826	1.00	0.320
Staff Experience	0.3836	0.8050	0.02	0.080*
ExperienceLevel	0.1857	0.4312	0.42	0.676
RiskMGT	0.1801	0.6187	0.29	0.771
RelationshipMGT	1.0848	1.0460	1.04	0.302
CRMResoExploit	0.083	0.4811	0.17	0.863
CrmResoExploit_1	0.2660	0.5194	0.51	0.609
IncePolicies	0.0171	0.4944	0.03	0.972
RewardEmplo	0.1463	0.1780	0.82	0.412
CrmOrganStruct	0.2119	0.3859	0.56	0.584
CrmSpirit	0.4262	0.4563	0.93	0.352
BankSize	0.0456	0.0946	0.48	0.0923*
Age	0.278	0.2853	0.10	0.6923
_Constant	18.2502	2.2951	7.95	0.000*

Source: Field Data – 2013

Findings regarding impact of IT Infrastructure on profitability of banks implies that, Exim bank do not benefit from its investment in IT infrastructure financially the fact that triggers a need for the management to start thinking on best ways from which the bank could benefit financially out of investment made on IT Infrastructure. In addition, findings imply that, Exim bank could be facing a threat of decrease in its market share because of nonperforming assets of the bank. Expectation of the bank was to increase its customer database as a result of using sophisticated devices to track customer information which in turn could enhance bank's operational efficiency in serving customers and then increase the level of customer satisfaction and decrease costs of maintaining customer, which would translate into increase in profitability of the bank. By having assets that do not perform, impairs ability of the bank to compete against other players in the market and therefore pose a threat of losing customer who are always fetching for best services in the market.

Regarding the impact of human analytics on profitability of the bank, findings show that, human analytics has positive correlation with profitability of the bank although correlation is not significant. Specifically, analysis show that, the level of IT proficiency of bankers, adequate staff with experience on IT, adequate staff capable of managing risks as well as prompt response on customers complain were used as proxies to capture impact of human analytics on profitability of the bank.

Analysis shows that, the variable IT proficiency of staffs of Exim bank has positive correlation with profitability of the bank although this relationship is not statistically significant. Adequate staff with experience on IT was also used as proxy for human analytics. Findings on table 4.10 above shows that, this variable has significant positive correlation (*P-Value = 0.08*). This implies that experience of staffs on IT have contributed significantly on profit earned by the bank.

The significant impact of IT experience on level of profit earned explain the fact that, Exim bank used human potentials of these expert employees in designing products that can be accessed by customers through the use of modern technological devices such as mobile phones and computers. Also positive correlation may be explained by the fact that, Exim bank has managed to serve its customers via sophisticated channels (e-banking services) and therefore increases the level of satisfaction of its customers which in turn may increase its ability to retain its customers and ultimately increase in profitability of the bank.

Risk management capability was another variable used to capture the influence of human analytics. In this end the focus was to assess how Exim bank is prepared to managed risks associated with its operation through the use of human personnel. Findings obtained shows that, the variable risk management capability of personnel has positive correlation with profitability of the bank although the correlation between the two variables is not significant. Financial services are currently faced by serious problem of organized crime because their operations depend on the use of internet to a greater extent and hackers tend to organize crime aiming at stealing from these banks. Therefore by having positive correlation, it shows that, banks can enhance their profitability by having personnel who are trustworthy and capable of managing risks particularly risks associated with information technology advancement.

Managing relationship with customers is the most important activity of modern business entities. Researcher assessed capability of personnel of Exim bank to manage their business relationship with customers so as to capture the impact of their relationship with customers on the level of profit earned by the bank. Though findings show the relationship between profitability and relationship management capability is not significant but being positive brings very important empirical insight with regards to the importance of managing relationship with customers.

Findings implies that, managing business relationship with customers tend to create business ties between the bank and its customers and therefore customers become free to express their concern to the bank and give the bank more opportunity to serve its client accordingly, and therefore customers may not think of looking for another service provider the fact that ensure Exim bank to have reliable customers and market for its product in future. Thus, the above findings shows that, human analytics as a second attribute of CRM has positive impact on profitability of the bank although the impact is not significant in a number of aspects as explained in preceding paragraphs.

With regards to business architecture, findings show that, incentive policies established by Exim bank to reward highly performing employees seems to enhance labour productivity per employee although its impact on labour productivity is not significant. However, by having incentive policies that provide framework, through which highly performing employees are rewarded, tend to encourage employees to increase their productivity which in turn will improve profitability of the bank. In addition, organization structure of Exim bank provide best environment for implementing CRM strategy because the organogram provide the framework through which CRM activities can be performed. In this study, analysis shows that, there is positive correlation between profitability of Exim bank and CRM working environment although the correlation between the two is not significant.

In addition to CRM working environment, analysis shows that, the spirit of the top management of Exim bank to support CRM strategy has positive impact on profitability of bank. This implies that, CRM strategy can flourish and enhance profitability of the bank if the organization machinery is streamlined to support CRM strategy.

Moreover, researcher used the variable bank size to control for the effect of size of the bank on profitability of the bank. Analysis shows that size of the bank have significant positive impact on profitability of the bank at 10% level of significance (*P-values = 0.0923*).

This fact conveys the message that, when the bank increases in size, it enjoys economies of scale in discharging its operations and in turn it led into decrease in cost of operations and increase in profitability of the bank.

With regards to the control variable age of the bank, analysis shows that, age of the bank has positive correlation with profitability of the bank. This implies that, when the age of the bank increases, also, profit of the bank tend to increase as well although this correlation was found to be insignificant. Despite of the insignificant correlation, this fact conveys the message that, when the age of the bank increases, also the market share of the bank tends to grow as time goes, and therefore increases its ability to earn more profit from the increased market share. Also, as the time goes, ability of the bank to penetrate market increases as well and therefore led into increase in profitability of the bank. In view of this findings, branch ,managers should ensure that the age of the bank can be interpreted in terms of market share of the bank, profit level earned by the bank and goodwill created into the public.

To sum up the above discussion, it goes without saying that, effective and efficient implementation of CRM strategy in banking industry bring positive impact on the level of profit earned by the bank and therefore it is high time for every personnel in the banking industry to embrace the strategy for the betterment of the organizations as well as for the sake of achieving individual goals.

CHAPTER FIVE

SUMMARY, CONCLUSSION AND POLICY IMPLICATIONS

5.0. Introduction

This chapter presents summary, conclusion and policy implications in relation to the study that aim to determine impact of Customer Relationship Management (CRM) on performance of banks in Tanzania. Section 5.1 presents summary of the main findings obtained in the study, whereas the next section is about conclusion made out of the study by researcher and the last section is about policy implication in relation to the study. It highlights areas where future researcher can dwell on.

5.1. Summary of Findings

In this study researcher aimed at determining Impact of Customer Relationship Management on bank performance. Specifically the study aimed to determine impact of human analytics, business architecture and IT technology and infrastructure on profitability of banks in Tanzania and to determine challenges that faces banks in implementing CRM activities.

With regard to the first research question, the study reveals that, in general all variables studied have impact on performance in Exim Bank. Findings reveal that, customer relationship management at EXIM BANK can be influenced by Information Technology (IT) Infrastructure. In this study researcher’s analysis shows that the presence of computer system shows that 83.8% of respondents agree that Exim bank possess IT Infrastructure to facilitate operationalization of the bank duties whereas 16.2% of respondents where having different opinions. Moreover, researcher assesses capability of computer system to categorize customers.

Analysis shows that, 79.4% of respondents assert that IT Infrastructure can categorize customer information whereas 20.6% of respondent disagree the argument that IT Infrastructure can categorize customer information. With regard to clarity of service delivered to customer, analysis shows that 75% of respondents confess that IT Infrastructure precisely deliver products to customer while 25% respondent said IT Infrastructure are incapable of delivering products to customers precisely.

With regard to the human analytics the researcher found that 87.5% of staffs of Exim Bank have commanding proficiency in IT whereas 12.5% of staff do not have commanding proficiency in IT. This implies that, majority of staffs are very resourceful to the bank as they can convert data collected by IT Infrastructures into wisdom and knowledge. Findings shows that, 85.3% of respondents confess that, Exim bank is having adequate staffs that are proficient in IT to manage operations of the bank. 14.7% of respondents argue that Exim bank do not have adequate staffs who are proficient in IT to manage operations of the bank. There is also level of experience the staff with high experience 42.6% moderate 42.6% and low 14.8%.Not only that but it shows staff capable of managing risk 75% of respondent argue whereas 25% of respondent dis agree. That means CRM helps performance of Exim Bank in Tanzania.

In Business Architecture analysis shows that, 69.90% of respondents said that Exim bank is having adequate policies and controls established to facilitate fully exploitation of CRM strategy. On the other hand, 30.10% of respondents said that Exim bank do not have adequate policies and controls to facilitate implementation of CRM strategy so as to enhance performance of the bank.

Findings show that, organization structure of Exim bank incorporate activities pertaining to CRM by 62.5 % whereas 37.5% of activities being left out of control of the organization structure. By having 62.5% of activities being incorporated in organization structure

With regards to the estimation results, analysis shows that, IT infrastructure as one of the attribute of CRM strategy has positive correlation with profitability of the bank although the correlation is not significant. In addition, analysis shows that, human analytics as the second attribute of CRM strategy has significant positive impact on profitability of the bank at 10% level of significance. Moreover, analysis shows that, business architecture has positive impact on the level of profitability of the bank particularly incentive policies established to reward high performing personnel as well as smart organization structure that streamline the CRM strategy. Also findings shows that size of the bank have significant positive impact on the level of profitability of Exim bank.

5.2 Conclusion

Customer relationship management suffers when it is poorly understood, improperly applied, and incorrectly measured and managed. This study reveals the combination of investment commitments in human, technological and business capabilities required to create a superior CRM capability. The exact extent of these capabilities is indeterminate and should be guided by a strategic emphasis that combines customer intimacy and operational excellence. By integrating two schools of thought—capabilities and strategic emphasis—we build a more managerially relevant theory of CRM

5.3 Recommendations.

With regard to the findings obtained by researcher in this study, researcher is hereby put forward the following recommendation as reflections of what have been observed in the study undertaken at EXIM BANK.

In the future I recommend the research to be done for more than ten banks in order to get different answers from other banks in Tanzania lather than getting from one bank.

We expect that more examples of how IT supports other capabilities can be found and future research should seek to extend upon the work in this paper.
Researchers in IT acknowledge that despite considerable investigation, the nature of the complex relationship between IT infrastructure and organization performance remains only partially understood (Oh and Pinsonneault 2007)

5.4. Policy Implications

This study employ case study design when assessing the impact of CRM on bank performance, however, the study suffers from the limitation that they cannot be generalized into the entire population (Ndunguru, 2007). Therefore, future area of research could investigate impact of CRM on performance of banks by employing survey design whereby results obtained from that study can be generalized to the entire population of banks in Tanzania.

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APPENDECIES:

1.0 APPENDIX

1.3.2. Specific Research Objective

iv. To determine impact of human analytics, business architecture and IT technology and infrastructure on profitability of banks in Tanzania
v. To determine challenges that faces banks in implementing CRM activities
vi. To provide recommendation for improving CRM in Tanzania Banking Industry

1.4. Research questions

iv. How human analytics, business architecture, and IT technology and infrastructure does affects profitability of banks in Tanzania?
v. What are challenges that face banks in implementing CRM activities?
vi. What should be done to improve CRM in Tanzania Banking Industry?

Introduction

Dear respondent (s) this questionnaire is solely given to you for the purpose of collecting data that will that will be used strictly for academic purpose. As per Mzumbe University bylaws, every master's student should conduct a dissertation as a partial fulfillment for the award of master's degree. With regards to the requirement from Mzumbe University, I hereby request your cordial response to fill this questionnaire and all information that will be collected will be treated at high level of confidentiality and solely for academic

SECTION A

1. What is your age?

i. 18 – 30 years old
ii. 31 – 45 years old
iii. 46 – 60 years old
iv. 61 – and above

2. What is the level of your education?

i. Primary level
ii. Secondary level
iii. Certificate holder
iv. Diploma holder
v. Degree holder
vi. Holder of post graduate degrees

3. What is your occupational?

i. Professional employed person
ii. Self employed person
iii. Civil servant
iv. Labourer
v. Farmer
vi. Student
vii. Other

SECTION B (To Officials of Exim Bank only)

Does Exim Bank possess a computer system efficiently to handle customer's information? YES / NO.
If the answer is YES, please mention type of system used.

Does Exim Bank capable of using computer system to categorize targeted markets? YES / NO
If the answer is YES, please mention type of system used.

Does Exim Bank's computer system capable of organizing and classifying interaction between sales representatives and customers? YES / NO
If the answer is YES, please mention classes of information generated

Can Exim Bank computer system deliver products /service to customer promptly and reliably? YES / NO
If the answer is YES, please mention type of product / service delivered to customers.

Can Exim Bank customers access our service via cheap means of technology e.g. mobile phone with no internet facility? YES / NO
If YES, to what extent can they access?

About human analytics

Do Exim Bank staffs have strong knowledge and skills to use IT technology? YES / NO
If YES, what is the level of their proficiency? If NO, why?

Does Exim Bank have staffs with enough experience on the use of technology? If YES, what is the level of their experience? If NO, why?

Does Exim Bank have competent staffs to interpret data collected by the system into business context and make informed sound decisions? If YES, please explain their level of competence? If NO, why?

Does Exim Bank staff capable of managing technical and business risks associated with CRM programme? If YES, what is the level of their proficiency? If NO, why?

Does Exim Bank staff are capable of managing relationship with customers properly and promptly? If YES, what is the level of their proficiency? If NO, why?

About business architecture

Do Exim Bank policies and controls enable fully exploitation of CRM resources? YES /NO. If YES, please mention them, and if no why?

Does Exim Bank have incentive policies to reward committed and self motivated employees? YES /NO. If YES, please mention them, and if no why?

Does Exim Bank have proper organization structure to accommodate CRM strategy? YES /NO. If YES, please explain vividly, and if no why?

Does Exim Bank leaders and top management eager to spearhead CRM strategy? YES /NO. If YES, please mention them, and if no why?

About customer relationship

Does Exim Bank promptly respond to customer’s problems, suggestions, and complaints? YES /NO. If YES, please explain, and if no why?

Does Exim Bank actively respond to customer's enquiries of our services? YES /NO. If YES, please explain, and if no why?

Does Exim Bank apply customer information in the marketing planning? YES /NO. If YES, how do you make use of them? And if no why?

Does Exim Bank actively provide price discount for loyal customers? YES /NO. If YES, why? At what rate? If no why?

About Bank performance

Does Exim Bank profit rate higher than the average level of the industry? YES /NO. If YES, at what rate does Exim bank lead the other?

Does Exim Bank growth rate higher than the average level of the industry? YES / NO. Please explain your answer