

**ASSESSING THE IMPORTANCE OF CUSTOMER
RELATIONSHIP MANAGEMENT PRACTICE ON BANKING
SECTOR IN TANZANIA: THE CASE STUDY OF SELECTED
BANKS IN TANZANIA
(BARCLAYS BANK, BANK M & CRDB BANK)**

By

Lameck Zacharia Kazula

**A Dissertation Submitted in Partial Fulfillment of Requirements for the Award
of the Degree of Master of Business Administration in Corporate Management
of Mzumbe University**

2015

CERTIFICATION

We, the undersigned, certify that have read and hereby recommend for the acceptance by Mzumbe University, a dissertation entitled **Assessment of Customer Relationship Management on Banking Sector in Tanzania; A Case of Selected Commercial Banks in Tanzania** in partial fulfillment of the requirements for the Masters Degree of Business Administration in Corporate Management of Mzumbe University.

.....

Major Supervisor

.....

Internal Examiner

Accepted for the Board of School of Business.....

DEAN/DIRECTOR,FACULTY/DIRECTORATE/SCHOOL/BOARD

DECLARATION

AND

COPYRIGHT

I, Lameck Zacharia Kazula, declare that the thesis is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

Signature _____

Date _____

©2015

This dissertation is a copyright material protected under the Berne Convention, the Copyright Act 1999 and other international and national enactments, in that behalf, on intellectual property. It may not be reproduced by any means in full or in part, except for short extracts in fair dealings, for research or private study, critical scholarly review or discourse with an acknowledgement, without the written permission of Mzumbe University, on behalf of the author.

ACKNOWLEDGEMENT

I am faith fully presenting my special thanks to my almighty GOD for his blessing during the whole period of conduction this research. I would like to thank my wife Flora Lameck and our son Luckson Lameck for their love, encourage and support which they granted to me to provide enough time for preparation of this paper. Great thanks to my parents Mr Zacharia Kazula and Mrs Maria Kazula as wellas my best friend francis Nyonyi for their guidance.

I convey my heartfelt gratitude to my Supervisor Dr Emmanuel Chao, his cooperation and full support and support since the begin up to the end of this paper. Thank you a lot. I would like also to express my great thank to Barclays bank, Bank M and CRBD managements and their staffs for their time and support.

DEDICATION

I dedicate the work to my beloved parents, wife, children, relatives and friends.

LIST OF ABBREVIATIONS AND ACRONYMS

CRDB	Corporative Rural Development Bank
CRM	Customer Relationship Management
IFM	International Fund Monetary
UN	United Nations
URT	United Republic of Tanzania
WB	Wage Board
WHO	World Health Organisation

ABSTRACT

This research report assessed the importance of customer relationship management on banking sector in Tanzania; a case of selected commercial banks in Mwanza city. The study explored sharp decrease application of customer relationship management under customer satisfaction and marketing productivity. This was pursued under the specific objectives; which were to analyze the importance of Customer relationship management practice in bank sector under competitive market, to find out the relationship between customer relationship management and customer satisfaction and to examine the effect of customer relation management practices on marketing productivity.

Both case and survey research design were used to quantitatively assess the relationships among variables; (Glasow, 2005). A number of 3 commercial banks were selected operating in Nyamagana district, Mwanza city. The purposeful sampling technique and simple sampling technique were used to select the 75 respondents from the particular formal commercial bank sector that were the sample size required for the research study. In the study report both quantitative and qualitative methods were used to analyze data from the selected respondents. Data were coded and processed using the Statistical Package for Social Science.

Findings from the field reveals that, there was a more coordinated and professional approach to customer contact, with up to date customer information. The field data conclude that, banks offers more personalized service, targeting and serve customer on individual basis. To examine the effect of CRM practices on banking sector the study found that marketing productivity, customer retention, attracting new customer and satisfaction increases banks performance. Provisioning the facilities attending the needs without delay in time, meeting the changing needs, creating the database, employee approach, customer awareness and fulfilling the promise provided can make the customer satisfied.

The study recommended that, the banks to be successful in the intensively competitive environment, they should bound to attach importance of customer

satisfaction. Banks have started acknowledging the importance of CRM in developing their business. They have essential to protect and grow its customer base and ultimately increases profitability. Moreover, the CRM should base on the positive staff attitude, productive advice, and delivery of the promised service, consistent delivery of superior quality service simplicity and easiness of doing business.

TABLE OF CONTENTS

CERTIFICATION	i
DECLARATION AND COPYRIGHT	ii
ACKNOWLEDGEMENT	iii
DEDICATION	iv
LIST OF ABBREVIATIONS AND ACRONYMS	v
ABSTRACT	vi
TABLE OF CONTENTS	viii
LIST OF TABLES	xiii
LIST OF FIGURES	xiv
CHAPTER ONE	1
INTRODUCTION AND BACKGROUND INFORMATION	1
1.1 Introduction.....	1
1.2 Background of the Problem	1
1.3 Statement of the Research Problem	2
1.4 Objective of the Study	3
1.4.1 Main Objective	3
1.4.2. Specific Objective.....	3
1.5 Research Questions.....	3
1.6 Significance of the Study	4
1.7 Limitation of the Study	4
1.8 Delimitation (Scope) of the Study	4
CHAPTER TWO	5
LITERATURE REVIEW	5
2.1 Introduction.....	5
2.2. Theoretical Literature Review	5
2.2.1 The Concept of Customer Relationship Management.....	5

2.2.2 CRM in an Organization.....	6
2.2.3 CRM Dimensions	7
2.2.3.1 Customer Orientation.....	7
2.2.3.2 CRM Organization.....	8
2.2.3.3 Knowledge Management	10
2.2.3.3.1 Knowledge Ability.....	10
2.2.3.3.2 Attitude	11
2.2.3.3.4 Technology Based CRM.....	12
2.2.4 Issues Related to Customer Relationship Management on Banking Sector ...	13
2.2.4.1 Marketing Implementation Capability.....	13
2.2.4.2 The Influence of CRM Practices on Organizational Competitiveness.....	13
2.2.4.3 Customer Relationship Management Practices on Marketing Productivity	14
2.2.4.4 Marketing Productivity on Organization Competitiveness	15
2.2.4.5 Customer Satisfaction and Customer loyalty	15
2.2.4.6 Success and Failure Factors of CRM Implementation	17
2.3 Empirical Literature Review.....	18
2.4 Research Gap	23
2.5 Conceptual Framework.....	24
CHAPTER THREE.....	26
RESEARCH METHODOLOGY	26
3.1 Introduction.....	26
3.2 Research Design	26
3.3 Population of the Study	26
3.4 Sampling Procedures	26
3.4.1 Sampling Technique	27
3.4.2 Sample Size Determination	27
3.5 Types and Source of Data.....	28
3.6 Data Collection Methods	29
3.6.1 Interview	29

3.6.2 Questionnaires	30
3.6.3 Observations	30
3.6.4 Documentary Review	31
3.7 Data Analysis	31
3.7.1 Quantitative Data Analysis	31
3.8 Reliability and Validity of Research Design	31
3.8.1 Validity	32
3.8.2 Reliability	32
3.9 Ethical Considerations	32
CHAPTER FOUR	34
PRESENTATION OF THE FINDINGS, ANALYSIS AND DISCUSSION	34
4.1. Introduction.....	34
4.2 Characteristics of the Respondents	34
4.2.1 Sex Distribution of the Respondents	34
4.2.2 Age Categories of Respondents.....	35
4.2.3 Respondents Level of Education	36
4.2.4 CRM Experience with Respondents	37
4.3 The Importance of Customer Relationship Management Practice in Bank Sector	38
4.3.1 Importance of CRM to the Bank	39
4.3.1.1 Banks Mission and Strategies on the Importance of Customer Needs	39
4.3.1.2 The Value of CRM in Banking Sector	40
4.3.1.3 Working Environment in Supporting the Implementation of CRM Practices	41
4.3.2 Importance of CRM to Employees	42
4.3.2.1 The Ability of Banks to Give Excellent Customer Services at any Point of Contact.....	42
4.3.2.2 Handling Complains Processes to Satisfy Customers	43
4.3.2.5 Customer Relationship Survey on Understanding a Customer Need	44
4.3.2.6 Weaknesses Addressing CRM Practice in Banking Sector	45

4.3.3 Importance CRM to the customers	45
4.3.3.1 Bank Creation of Customer Segments for Customer Relationship Management.....	46
4.3.3.2 Information of Customers Storage on Banks Database for Fulltime Usage	47
4.4 Relationship Between Customer Relationship Management and Customer Satisfaction.....	48
4.4.1 Bank Satisfaction	48
4.4.1.1 Banks Promises on Quality Service Delivery.....	49
4.4.1.2 Bank Promises to Provide Services at Right Time	49
4.4.2 Employees Satisfaction.....	50
4.4.2.1 Bank Employees Provisions of Prompt Services.....	50
4.4.2.2 Bank Employees Consistence Courteous with Customers	51
4.4.2.3 Bank Employees Provisions of Personal Attention	52
4.4.2.4 Bank's Employees Willingness to Help.....	53
4.5 The Effect of Customer Relation Management Practices on Marketing Productivity	54
4.5.1 Bank Access Communication Network Irrespective Location.....	54
4.5.2 Performance of Bank Services at Right Time and First Point.....	56
4.5.3 Bank Sincere Interests on Solving Customers Problems.....	56
4.5.4 The Bank CRM Practices on Attracting New Customers	57
4.5.5 The Bank CRM Practice on Retaining Old Customer.....	58
4.5.6 The Effect of CRM on Reputation.....	59
4.6 Suggestions For Improving CRM Practice on Banking Sector	60
4.6.1 The Areas of Improvement in CRM Practice in Banking Sector	60
4.5.6.2 The Way Bank Improves its Customer Relationship Management.....	61
CHAPTER FIVE	63
CONCLUSION, RECOMMENDATION.....	63
5.1 Introduction.....	63
5.2 Conclusion	63
5.3 Recommendations.....	65

5.5 Further Research	67
REFERENCE.....	68
APPENDIX ONE	73
AN INTERVIEW GUIDE FOR BANKING SECTOR CUSTOMERS	78

LIST OF TABLES

Table 3.1: Units of Respondents and Sample Size	28
Table 4.1: The Importance of CRM in Banking Sector.....	39
Table 4.2: Banks Mission and Strategies on the Importance of Customer Needs...	40
Table 4.3: The Value of CRM on Banking Sector	41
Table 4.4: Working Environment in Supporting the Implementation of CRM Practices	42
Table 4.5: The Ability of Banks to Give Excellent Customer Services at any Point of Contact	43
Table 4.6: Handling Complains Processes to Satisfy Customers	44
Table 4.7: Customer Relationship Survey on Understanding a Customer Need.....	44
Table 4.8: Weaknesses Addressing Customer Relationship Management Practice in Banking Sector	45
Table 4.9: Bank Creation of Customer Segments for Customer Relationship Management	47
Table 4.10: Information of Customers Storage on Banks Database for Fulltime Usage.....	48
Table 11: Bank Employees Provisions of Prompt Services	51
Table 4.12: Bank Employees Consistence Courteous with Customers.....	52
Table 4.13: Bank Employees Provisions of Personal Attention.....	53
Table 14: Bank's Employees Willingness to Help.....	54
Figure 4.9: Bank Sincere Interests on Solving Customers Problems	57
Figure 4.10: The Bank CRM Practices on Attracting New Customers	58
Figure 11: The Bank CRM Practices on Retaining Old Customer.....	59
Figure 4.12: The Effect of CRM on Reputation	60
Table 4.15 The Areas of Improvement in CRM Practice in Banking Sector	61
Table 4.16: The Way Bank Improves its Customer Relationship Management	62

LIST OF FIGURES

Figure 2.1 : The Conceptual Framework Model	25
Figure 4.1: Sex Distribution of the Respondents	35
Figure 4.2: Age Categories of the Respondents	36
Figure 4.3: Respondents Level of Education.....	37
Figure 4.4: CRM Experience with Respondents	38
Figure 4.5: Banks Promises on Quality Service Delivery	49
Figure 4.6: Bank Promises to Provide Services at Right Time	50
Figure 4.7: Bank Access Communication Network Irrespective Location	55
Figure 4.8: Performance of Bank Services at Right Time and First Point	56

CHAPTER ONE

INTRODUCTION AND BACKGROUND INFORMATION

1.1 Introduction

This chapter introduces the study with the background of the problem, statement of the problem, research objectives both main and specific. It also provide the research questions, significance of the study, limitation of the study and delimitation of the study.

1.2 Background of the Problem

In recent years there has been an increase of competition in banking sector in which every bank struggling to retain customers by adopting customer relationship management practice in the business. Banking sector has always focus society due to its essential role in the finance world and the wellbeing of world's economy. In the banking field a unique relationship exists between the customers and the bank, but because of various reasons and worries like financial burdens, risk of failure, marketing inertia etc. Most banks are still following the traditional ways of marketing and only few banks are making attempts to adapt CRM. The study has made an attempt towards the application of CRM adopted in the banking industry for betterment of banking services. Particularly in banking sector, the role of CRM is very vital in leading the banks towards high level of profits. So there is a need to study the role of CRM in development and promotion of banking sector through the sidelines of the practices, problems and impact of the CRM on banking sector all the time.

Most of the marketers are emphasizing on creating relationship with customers in different model even by investing in relational information technology. Recent literature on marketing theory as well as from practitioners shows an increase mode of designing customer centric strategies and process by organizations management in order to retain valued customers (Coltman 2007;Hunter et al 2007). Traditional marketing theories and concepts such as market segmentation, target market selection and the evolution of marketing mix which are known as 4Ps (product,

price, place and promotion) were developed. With this concept some of the customers in different segments were found with similar needs.

The increase of competition in the market lead to these traditional marketing mix elements become commoditized; (Duncan et al., 1998).

Innovative managers have developed a humanistic relationship based model, which is customer relationship management (CRM). The CRM that emphasize relationship with individual customers as a tool for developing sustainable competitiveness. Rogers (2005) identified some companies and organization, created management positions like chief customer officers, chief relationship officers, and directors of customer experience. Some of companies has gone far and substitute the title of marketing manager for relationship especially in service-oriented producers. Despite of customer relation management initiatives into banking sector, some have been failing, therefore, there is a need to explore the practical part in sales and customer retention.

1.3 Statement of the Research Problem

Significant developments have been experienced in the banking sector. With the improved technology, banks have come to be institutions that offer service for 24 hours through telephone, Internet and ATMs. Besides the classic banking services, they have taken over a number of activities such as automatic bill, which facilitate the lives of the customers. The banks that carry out advertisement and presentation activities based a variety of services offered to their customers undergo high costs for the sake of competition. However, expensive advertisement campaigns are not adequate in competition, for there is a serious need for banks to invest in one-to-one and individualized relationships with their customers, offer privatized services and determine the customers' needs by the use of high technologic substructure and automation support. Despite of the intense growth and acquisition of customer relationship management practice in the banking sector, critics point out that, the customer service culture has not being adopted.

However, much as CRM strategies were initiated by many companies have failed to bring the expected result; more and more organizations continue to implement

customer relationship management strategy; (Young, 2003). Customer relationship management is highly adopted by many organizations as a strategic orientation in the competitive market. Thus the study aim to analyze the design and implementation of CRM in bank, identify the benefit, the problems, as well as the success and failure factors of the implementation and develop a better CRM practices. This leads the impact on banking sector competitiveness as well as provide a greater understanding of what constitutes good CRM practices.

1.4 Objective of the Study

The study categorized the objective of the study into main objective and specific objectives in order to examine the importance of customer relationship management practices in banking sector under competitive market.

1.4.1 Main Objective

The main objective of this study was to examine the importance of customer relationship management practice in banking sector under competitive market.

1.4.2. Specific Objective

- (i) To identify the influence application of customer relationship management practice in bank sector under competitive market.
- (ii) To find out the relationship between customer relationship management and customer satisfaction.
- (iii) To examine the effect of customer relation management practices on marketing productivity.

1.5 Research Questions

The aim of the study was to find out the impact of customer relation management in banking sector, which has been practiced to increase the number of customers retain and satisfying them. That was persuaded after answering specific questions in relation to the study objectives.

- (i) What influences the application of customer relationship management in banking sector under this competitive era?

(ii) What is the relationships between customer relationship management practice and customer satisfaction?

(iii) How does customer relationship management practice influence the marketing productivity?

1.6 Significance of the Study

The proposed research represents a substantial contribution of knowledge on customer relationship management application on banking sector as well as in financial service providers. The study will be helpful to understand the importance of applying customer relationship management schemes. The study will help the researcher acquiring his Masters degree in business administration. Academically, further research based on the findings will add the present pool of knowledge by examining customer relationship management practice in other commercial banks service providers companies. The study will be of potential value to managers responsible for implementing customer relationship management in banking and other service providers as well as to understand reasons for some of companies that fail to operate customer relationship management schemes.

1.7 Limitation of the Study

It was very important to provide some of the study limitations. Only three banks was used study. Therefore, the results were not representative of the situations in other banks. Most information were generated from respondents came from structured questionnaires. Hence biases arose from collected information as opposed to observed behavior.

1.8 Delimitation (Scope) of the Study

The study was concentrated with banks of which are service providers in general. The study was done at Barclays bank, Bank M and CRDB bank in Mwanza region. The study based on banking sector due to their provisions of customer relation management practices service.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapters enriched the researcher with what other researcher have investigated and wrote about the problem. This chapter defines the important concept related to the study. It provides the overview of previous studies in customer relationship management. Besides that, it introduces certain terms, clarifies concepts and gives operational definitions for the constructs used in the study. In this regard, the research included the theoretical literature review, empirical literature review, conceptual frame work and end up with conceptual frame model.

2.2. Theoretical Literature Review

The study basing on the theoretical literature review concentrated on the concepts of customer relationship management on banking sector, issues related to, research gap and the theory that guides the study.

2.2.1 The Concept of Customer Relationship Management

According to Baran et al., (2008) CRM is a strategic approach that enables organization to use internal resources (technology, people, and process) to manage the relationship with customers in order to create a competitive advantage and improve an organization's performance. Thus CRM is a strategy that can help them to build long-lasting relationships with their customers and increase their profits through the right management system and the application of customer-focused strategies. The phrase CRM appeared in the literature after the evolution in the relationship marketing philosophy. Berry (1983) defined relationship marketing as attracting, maintaining and enhancing the customers' relationships in multi service organization. After a few decades, the evolution in relationship marketing philosophy changed the word relationship marketing to CRM.

According to Brown (2000) CRM is a process of acquiring new customers, retaining the existing ones, and at the same time understands, anticipates and manages the needs of an organization's current and potential customers. Furthermore, Mylonakis (2009) described CRM as an innovative process to create a

long-term relationship and gaining trust.

Further, a clear vision of CRM along with appropriate strategies if applies in banking sector found out that beneficial in maintaining the customer service quality, customer satisfaction and customer retention which ultimately leads to the growth of the organization and profitability; (Bansal and Sharma, 2008). Girdhar (2009) observed that by satisfying the internal customers and building good relationship, with the external customers could be retained and satisfied by the banks.

Kumar & Rajesh (2009) reveals that any bank that wishes to either grow in size of its banking operation or improve its profitability must consider the challenges affecting its customer relationship. The challenge before the banks is not only to obtain updated information for each customer, but also to use the information to determine the best time to offer the most relevant products (Lau et al.,2003). It is also important to understand that if customers bring in profits for the bank, it becomes imperative for the bank to provide excellent services to those customers; otherwise they switch to other banks (Ray, 2007). Service quality in banking implies consistently anticipating and satisfying the needs and expectations of customers.

2.2.2 CRM in an Organization

Despite the fact that CRM brings lasting benefits to organizations, as a whole, some of them gain profits from implementing it more than others; CRM brings benefits to the organizations that generate a lot of information about customers; (Kotler, 2002). Accordingly, CRM will be ideally suited to the banking industry, especially when implementing it successfully and effectively, taking into our account that banks receive a lot of data about customers. Such data can be transformed into useful knowledge about them (Kotler, 2002; Lin and Su, 2003; Mgyuen et al., 2007; Nasution and Mavondo, 2008; Dev and Olsen, 2000). Suffice it to say that banking industry, like any business sector has to be highly competitive to be able to do well in the business environment, therefore, it is of vital importance for it to encourage behavioral patterns of continuous re-purchase and to retain customers last longer.

Thus, it is evident that such ambitious aims can only be achieved through implementing CRM, which will result in establishing fruitful relationship between organizations and their customers; (Papastathopoulou et al., 2007).

2.2.3 CRM Dimensions

It is a proven fact that the multi-dimensions concept of CRM can be considered relatively new, because of the only few studies, which are made on the CRM dimensions of some service sectors such as banking (Sadek et al.,2011; Sin et al.,2005; Yim, Anderson, and Swaminathan, 2005) and contact centers, thus the range of information on this concept is quite limited. To drive the point home, it can be said that CRM consists of four broad behavioral dimensions (Sin et al.,2005; Yim et al.,2005).

These behavioral dimensions are: key focus, CRM organization, knowledge management and technology –based CRM. It is essential that all of these dimensions must work systematically in an organization to guarantee its improved performance (Fox and Stead, 2001; Sin et al.,2005; Yim et al.,2005). In this regard, Abdullateef et al. (2010) investigation on the impact of CRM dimensions on call –centers in Malaysia can be taken as a typical example. He declares that customer orientation, as one of the CRM dimensions, is more comprehensive than key customer focus.

His argument receives much support from several studies that consider customer –orientation as one of the most important dimensions of CRM (e.g. Wang, Huang, Chen, and Lin, 2010). Furthermore, several researches highlight the important effects of conducting studies on CRM dimensions in the banking sector (Akroush et al.,2011; Sadek et al.,2011: Sin et al.,2005). Consequently, this study saw a gap to fill in that has been left because of the attention given to the mentioned dimensions in the banking industry. Therefore, it was logical to go into details of CRM dimensions as follows:

2.2.3.1 Customer Orientation

It is important in the first instance to confirm that the main purpose behind customer –oriented behaviors is to increase customer long-lasting satisfaction and

to create customer-loyalty. Therefore, studies have demonstrated that good customer oriented behaviors, in an organization, ensure a tremendously positive impact on its performance; (Kim, 2008; Yilmaz et al., 2005). Similarly, King and Burgess (2008) reach the conclusion that, customer orientation is a crucial factor in the successful implementation of CRM.

Moreover, current researches have revealed that service firms, like banks, require a better understanding of customer orientation and its great importance to such firms and their performance; (McNaughton et al., 2002; Sin et al., 2005). As in the service oriented organization, the delivery of service in a banks occurs when there is interaction between service providers and the service encounter; (Ki Lee et al., 2006). Hence in order to enhance service experience, bankers need to focus on customer interaction. Customer oriented can be achieved through a positive relationship between customer and service provide. Research has supported that customer orientation leads to increase organization performance; (Asikhia, 2010). Furthermore customer orientation is also one of the market beneficial sources, it helps organization to understand customer, and hence it helps in delivering an appropriate plan to satisfy customer needs.

Furthermore, several studies revealed that there is a relationship between customer orientation and marketing planning capabilities (Morgan et al., 2009). Besides this, the beneficial influence of customer orientation strategy on marketing-planning capabilities, this strategy also influences the successful implementations of marketing actions or innovations; (Slater and Narver,1998). Hence, we note that despite the numerous positive impacts of customer orientation on organizations performance, the fact remains that there is still a shortage of literature about customer – orientation impact on bank performance; (Tajeddini, 2010).

2.2.3.2 CRM Organization

First and foremost, to enhance service employees to conduct customer – oriented behaviors, organizations have to develop an appropriate working environment for service in work, for instance, providing staff with the modern tools, and technology, customer-satisfaction tracking and complaints management systems, inspirational

leadership, and appropriate rewards systems. As a result of the previous supportive working conditions, organizations can ensure the required customer oriented behaviors of their employees; (Mechinda and Patterson, 2011).

The researchers also argue that CRM cannot be successful even if the organizations enjoy the most advanced technology and adapt a customer oriented approach, unless the project is completely integrated; (Tajeddini, 2010).

Further, as confirmation for this point Ku (2005) stress that CRM success does not only require technological quality or systems, but it also requires an effective service concept as well as suitable operation procedures. Thus, the success of CRM implementation relies on the active involvement of the employees in the organization itself; (Boulding, Staelin, Ehret, and Johnston,2005; Payne, 2006; Tamilarasan, 2011). Therefore, CRM organization has to be an essential means through which firms effect fundamental changes in the way they organize their actual business processes for employees and customers.

Inevitably, all the organization resources (such as marketing capabilities, policies, culture, and organization structure) have to be integrated in order to implement CRM successfully and in turn, to improve organizations performance. Previous studies also declare the positive impact of CRM organization on customer retention, financial and marketing performance; (Akrouch et al.,2011; Sin et al.,2005). Moreover, Richards and Jones (2008) argue that CRM organization may influence future marketing decisions, such as brand differentiation, price, communication, and distribution.

In this regard, it has also been reported that many organizations chains cleverly and flexibly quote their products prices according to the customer data that were collected previously; (Nunes and Dreze,2006). It goes without saying that knowledge about customers plays a vital role in CRM, taking into considering the fact that the main purpose behind collecting data about customers was to get a clear image from different perspectives. Therefore, organizations can authenticate such data to be able to establish and develop beneficial relationship with their customers; (Zahay and Griffin, 2004).

2.2.3.3 Knowledge Management

The study categorised these knowledge management into ability of knowledge and attitudes about customer relationship management on banking sector.

2.2.3.3.1 Knowledge Ability

Needless to say that useful information about customers can be gathered through interactions with them or from different touch points within the organization itself; (Brohman et al., 2003), and the criterion for deciding whether CRM is successful or not, is to effectively transform customer information into customer knowledge; (Plessis and Boon, 2004). In this connection, we can say that managing knowledge effectively can greatly help an organization to have success in building better customer relationship, resulting in a positive impact on organization performance; (Abdulateef et al., 2010; Akroush et al., 2011; Sin et al., 2005; Yim et al., 2005). We have to take into our account that the success of relationship management is heavily dependent on collecting and analyzing customers' information, as such information is used for developing highly personalized offerings; (Sigala, 2005).

As a matter of fact, it is necessary for organizations to remain competitive, and this aim cannot be achieved unless they enjoy wide knowledge about their market, explore and make use of their existing knowledge about their customers. Hence, Lo et al., (2010) recommend investigating the impact of knowledge management dimension on hotel industry in future research. In this case, researchers state that there is limited research that explains the role of knowledge management in the hospitality context; (Hallin and Marnburg, 2008; Saw and William, 2009). Meanwhile, banks that enjoy a lot of customer's knowledge to be disseminated among their different departments are more likely to implement successful marketing activities for meeting their customer needs; (Noble and Mokwa, 1999). Moreover, Fan and Ku (2010) indicate that customer knowledge management is firmly associated with marketing capabilities, and it greatly enables organizations to take strategic managerial decisions for improving their performance.

In order to develop employees' knowledge ability, a bank can continuously inform all employees of new and changed products and/or services. Employees must be

motivated to notify clients about new and changed products and/or services. Banks should educate their employees about the complex, ever-changing environment in which their bank operates and inform them of all the banking policies and procedures. Bank employees should be immediately informed when banking policies, procedures, rules and/or regulations change. Additionally, a bank should encourage employees to admit clients, who enquire about a product, service, policy and/or procedure if they do not fully understand.

If they are unable to inform them immediately about certain aspects, rather than incorrectly informing a client. The employee should immediately consult the bank manager or another employee, who might be more knowledgeable, in order to correctly respond to the client's query, or the employee should obtain the client's details and contact him/her as soon as possible with the correct response.

2.2.3.3.2 Attitude

Friendliness should be a key value of the bank and should be practically displayed by bank managers to their subordinates and the bank's clients. A bank can apply the principle of job rotation, in other words, employees can be stationed in one position in a bank for a specified time period and then be moved to another position in the bank. For example, a bank employee arranging appointments for consultants may be moved to assist clients at the enquiries desk after six months. This strategy might lead to two benefits for the bank. It might increase the knowledge ability of the employees, but it might also ensure that bank employees do not experience boredom in their jobs. This will lead to job satisfaction, which will ensure a positive attitude displayed by bank employees.

Additionally, other strategies, for example specific incentives schemes, can be used to increase job satisfaction and ultimately ensure positive attitudes. The research findings indicated that banking clients evaluate a bank employee's attitude also according to his/her interaction with fellow bank employees. Bank managers should ensure good relations between bank employees, which will contribute to positive attitudes, in order for clients to view the bank employees as a coherent family, which will ultimately lead to higher levels of CRM. Clients regard a bank's CRM

to be of a higher level if employees display commitment to the bank and seem attached to the institution. Therefore, a bank should ensure high levels of commitment from employees through implementing incentives schemes that motivate employees to deliver their best and ensure job satisfaction.

2.2.3.3.4 Technology Based CRM

Dutu and Halmajan (2011) are of the opinion that CRM strategy will end in failure if the information technology is not used properly, thus the suitable use of technology in marketing is one of the greatest opportunities in banking industry, because of the fact that it is important to get the right information from the right people at the right time, so that the right decisions can be made and / or the services can be rendered; (Dev and Olsen, 2000; Moriarty-Janes et al., 2008). In support with that view, Kasim and Minai (2009) find out that CRM technology dimension is firmly related to banks performance, because banks need to use information technology for improving their performance. In this regard, new technologies are considered as the core drivers for change; (Minghetti, 2003).

Furthermore, several studies, made about the impact of information technology on organization performance report similar findings about the positive role of information technology in CRM strategy. In other words, these studies revealed that many customer-centric strategies couldn't achieve their goals, without the help of information technology (Abdullateef et al., 2010; Eid, 2007; Ozgener and Iraz, 2006; Sigala, 2005; Sin et al., 2005; Yeh et al., 2010). Consequently, CRM based technology enables organizations to plan and implement successful marketing actions for retaining customers long-last and making them more profitable because of the customer database and other information-storing systems (Roberts, Liu, and Hazard; 2005). Additionally, Chang, Park, and Chaiky (20010) confirm that CRM technology improves marketing capabilities by providing valuable information about customers, which in turn, will help both managers and employees to achieve specific marketing goals much more effectively.

2.2.4 Issues Related to Customer Relationship Management on Banking Sector

The study analysed various issues related to customer relationship management on banking sector under marketing implementation capability, influence of customer on organizational competitiveness, customer relationship management practices on marketing productivity, competitiveness, customer satisfaction and customer loyalty and success and failure factors of CRM implementation.

2.2.4.1 Marketing Implementation Capability

Marketing implementation capability is the process that transforms plans into actions; thus, marketing implementation capabilities play a vital role to improve organizational performance through transforming marketing strategy plan to actions (Kotler and Keller, 2009). Krasnikov et al. (2009) refer to the point that successful implementation of CRM can play a key role in developing marketing capabilities. That's mean CRM antecedes the development of marketing capabilities in the organization.

Moreover, Chang et al. (2010) found that marketing capabilities (planning and implementation) have a mediation impact on the relationship between CRM technology and organization performance. Thus, it can be said that marketing capabilities is an integrated process, designed to make use of corporate knowledge, skills and resources. It enables businesses to meet their customer's needs in a better way, through value added services to their products (Azizi et al., 2009).

2.2.4.2 The Influence of CRM Practices on Organizational Competitiveness.

According to Ryals and Payne (2001) the successful adoption of CRM strategy requires a relationship marketing focus in which the organization recognizes that it is long-term relationships with customers and not products that are the primary drivers of customer value. Therefore the relationship is the only key to the performance. Successful implementation also entails cross –functional working and even structural organization change. The firm should effectively utilize captured customer information within its database in banks to build successful Customer Relationship Management strategies.

Baldwin (2006) suggests that CRM is the successful execution of customer –centric strategies through the careful integration of people, process and technology. The end result is a customer centric business model in which organizational functions focus on identified customer needs through integrated process and sharing critical customer information through common tools and information resources. Becoming a truly customer – centric business can help to create a sustainable differentiated competitiveness. Therefore, it is expected that commercial banks with superior CRM practices are likely to be more competitive.

2.2.4.3 Customer Relationship Management Practices on Marketing Productivity

Customer Relationship Management improves marketing productivity by ensuring superior value creation. Relationship marketing has the potential to improve marketing productivity by making marketing more effective and efficient (Sheth and Sisodia 1995) Marketing practices become effective because, on the one hand, the individual customers’ needs are better addressed, and on the other hand, consumer involvement in the development of marketing practices leads to greater consumer commitment to the marketer’s programs.

As concerns achieving marketing efficiency, sheth and Parvitiyar (1995) suggest that three important aspects of relationship marketing lead to greater marketing efficiency. First is customer retention economics suggests that when marketers direct greater efforts towards retaining customers, it should be less expensive to do business.

Second the cooperative and efficient consumer response; marketers will be able to reduce many unproductive marketing resources that are wasted in the system. Third as the cooperative develops the consumer and marketer, the consumer will able to undertake some of the value creation activities currently being performed by the marketer, such as self-service, and co-production. Ryals and Pynes (2001) also argue that adoption of CRM enables and improves marketing effectiveness (by enabling the organization to select more attractive customers) and efficiency (by targeting them with appropriate offers and improving response rate). Therefore

expect that to the extent CRM strategy is extensively implemented, the higher the firm enhance its capacity to create superior customer value through marketing productivity. Thus, CRM practices will be positively associated with a firm's marketing productivity.

2.2.4.4 Marketing Productivity on Organization Competitiveness

The company that systematically concentrates on its productivity is almost bound to gain competitive advantage. Woodruff (1997) suggested that creating value, and more specifically customer value, is increasingly seen as the next source of competitiveness. In maximizing their subjective expect value, customers may decide to engage in a variety of relational behaviors. The decision to build a relationship with an organization will be associated with behaviors such as increased usage, positive word of mouth, multi-product purchases and customer advocacy in order to maximize on the value derived from the firm.

Wilson (2000) concurs with the argument that relationship marketing can also lead to a competitive positional advantage by enabling the firm to perform various value activities at a lower cost and/or in ways that lead to advantageous differentiation. Baldwin (2006) suggests that getting close to customers enables organizations to be more proactive to customer needs. This improves the level of customer service and hence the chances of retaining customers and increased revenues.

Likewise, Andrade (2003) argues that effective CRM benefits business through customer loyalty as a result of more personal and efficient service, more effective sales efforts through better management of the sales process and improved success rates for making campaigns through better target. Consequently, we expect that to the extent a firm can create superior customer value through enhanced marketing productivity, the more it is likely to attain sustainable competitiveness.

2.2.4.5 Customer Satisfaction and Customer loyalty

Customer satisfaction means that customer needs, wishes and expectations are met or overcome during the product/service period, giving way to re-purchasing and customer loyalty; (Anton, 1996: 23) In other words, "customer satisfaction is the assessment of the pre-purchasing expectations from the product, with the results

reached after the act of purchasing”; (Lemon et al, 2002: 1). A highly satisfied customer; (Kotler, 2000: 48) is the one who continues shopping for a long time, buys more as long as the firm produces new products and the existing products are improved, speaks of the firm and its products with praise, keeps indifferent to the trademarks that are in competition with the products of the firm and does not place the emphasis on the price, and offers the firm suggestions and ideas about products and services.

Customer loyalty is defined with consideration paid to the amount of buying for a given trademark. The level of loyalty is measured by the watching of the frequency of buying; (Javalgi and Moberg, 1997: 165). With the increase in the amount of accessible information in recent years, the conscious level of customers has improved continually. It is possible to secure the customer loyalty through customer satisfaction.

However, the fact that there are many enterprises that offer products and services of the same quality and at the same price interval makes it difficult for the enterprises to secure customer satisfaction. It may even be easy to let the satisfied customer go to the rival enterprises. Today the most important thing to do about the reduced customer satisfaction is the customer-centered practices adapted to each customer’s needs and values. By treating different customers in different manners, firms can achieve customer loyalty; (Tarhan, 2004). Customer loyalty is the long and uninterrupted retention of the relationship by offering service that meets and even goes beyond the customer needs; (Acuner, 2001).

Today’s customers are aware of the power they have on the market and that every activity is realized for them. It is now easier to reach the products and services. Before choosing a given trademark, consumers look at the price, newness, accessibility of the product and the additional services offered. As the alternatives increased, consumers’ loyalty to the products and services decreased; (Tekinay, 2002: 129). Today firms have entered into an effort to present at a lower cost than their rivals the products and services that can meet the customer wishes and expectations fully, so that they can render customers more loyal; (Çoban, 2002).

The tactics that can be employed by the firms to create customer loyalty can be listed as follows (Karan, 2002). Rewarding those who send new customers, sending thank-cards, sending personal letters, reminding by phone, choosing the field in which they are the best, preparing events and occasions peculiar to customer, above all, evaluating the customer complaints in detail and giving quick replies.

2.2.4.6 Success and Failure Factors of CRM Implementation

Customer relationship management should be placed at the heart of the organization and a holistic approach should be adopted because, CRM reaches into many parts of the business. Thus, CRM should be beyond a front-office contact management system. Another issue is that of sourcing, since many organizations have few alternatives but to outsource a significant proportion of their CRM solution as they lack the resources to develop CRM software. Managers have a basic understanding of CRM and the IT department has little time to research CRM or to develop software solutions. That is the reason in many cases, external consultants should be used to acquire knowledge of CRM. In addition, a best-practice example, that is the practical guidelines on how to design and implement CRM successfully are few within an industry.

In CRM implementation, a vision or strategic direction for the project is highly important because else the project may fail. Furthermore, CRM involves business process change to align with the system. Another major problem is the selection of the appropriate project team. The integration of CRM systems is also essential, as well as the selection of a suitable CRM software package, which is able to integrate with many other enterprise applications. Customers should not have to deal with the complexity of the companies and CRM should make things easier.

Process fit, that is the CRM system must be designed around an elaborate understanding of a CRM process so as to leverage the marketing and sales effort. Customer information qualities which make effective use of customer information resources. System support, because only if the system has been implemented and adopted successfully, a firm is able to reap its benefits. Another important factor is

culture, because employees should accept the changes and be prepared for what the implementation of CRM will bring; (Mechalis and Evangelia, 2006).

2.3 Empirical Literature Review

Empirical literature review explains on what others have done on the assessing the importance of customer relationship management practice in banking sector under competitive market. Duygu and Sevca, (2012) did a study on CRM and customer loyalty survey in banking sector. Their result shows banks should make one-to-one and individualized relationships with their customers, offer privatized services and determine the customers' needs. To collect information about the customer and update them are among the important milestones of customer relationship management. Research results show that not only collecting data about the customers but also giving information to them arouses customer loyalty, arousing in him the sense that he is valued. The customer report that they are not kept waiting for long. The fact that banking procedures are fast and customers are not kept waiting much are rather important for customer loyalty. The personnel's knowledge of banking and mastery of the subject accelerate the speed of the service given, so any attempt to train the personnel is necessary for customer loyalty. In their findings they suggested two objectives of customer relationship management in the banks. One of them is to gain customers, namely to activate the potential customers, and the other is to keep the number of the existing customers.

To this end, customer database should be formed and updated frequently. For the communicative success of the personnel with the customers, the use of information systems is the requirement of customer-based understanding. Forming and sustaining healthy and long-term customer relationships have become an important means of competition in the banking sector. The attempt to retain the customer affects the success of the banks due to the fact that one-to-one communication is achieved with the customer especially in field of commercial credit and the rate of profitability is taken from the credit customers.

Sigala, (2005) studied on integrating customer relationship management in hotel operations, and the results shows that, growing customer- acquisition costs, rising

customer expectations, price-sensitive travelers, more sophisticated clients, uncertain market and less brand loyalty are all key factors, which strongly urge hotels to focus on CRM as a useful strategy. It is possible to secure the customer loyalty through customer satisfaction. Needless to say, CRM is widely considered as one of the most effective ways to facilitate developing and expanding the customers' base that, in turn, will assist in enhancing profitability and guest loyalty. Moreover, the study also recommends investigating separately the mediating impact of marketing-planning capabilities and the implementation of marketing capabilities on the relationship between CRM and organizations performance. Therefore, this study intended to clarify the mediating role of planning and marketing capabilities in the relationship between CRM dimensions and hotel performance.

Evangelia and Michalis (2006) conducted a study on the customer relation management, the case study of Greek banks. Under this case study it was found that, CRM helped the bank to come closer to its customers and emphasis was given to customers instead of sales. The bank could provide services 24 hours a day, seven days a week with a success percentage of 92 per cent. The implementation of CRM resulted in a significant, increase in the banks' revenues. In the literature review, it was also mentioned that CRM resulted in high ROI. As the interviewees stated, effective project management, realistic time scheduling, perfect programming and not exceeding the budget are critical success factors for CRM implementation. Another factor is good collaboration between the project team and with the external consultants. The bank used an experienced consultancy firm for CRM implementation.

The need to employ experienced consultants was also emphasized in the literature review, as well as the need for system support to achieve a successful CRM implementation.

In the same realm Abdul and Basri, (2012) did the study on the CRM in hotel, provided a theoretical model to show the firm relationship between CRM dimensions, marketing capabilities and hotel performance. Their study contributes

enormously to the body of knowledge, as it provides a comprehensive framework that is used for explaining the impact of the CRM four dimensions on hotel performance.

It was an accepted fact that the concept of customer relationship management neither has been fully verified, nor empirically assessed to determine the strength of the relationship between dimensions of customer-relationship management and hotel industry performance. Moreover, this study uniquely extends the body of knowledge by explaining the theoretical possibilities of the mediating role of marketing capabilities (planning and implementation) in the relationship between CRM dimensions and hotel performance. It was worth mentioning that the paper raised awareness among hotel managers to pay more attention to CRM dimensions, marketing capabilities, assist in improving hotel performance and competitiveness.

Alokmittal et al, (2003) presented an exploratory study of CRM orientation among Bank employees”. The study aimed at exploring the aspects of the CRM orientation among banks employees of both the public and the private sector. The findings of the research highlighted that there is need for improvement on some of the components of the CRM such as customer communication, customer orientation, customer care and handling of complaints in both public and private sector banks. The aged employees in the public and private banking institutions need to improve their CRM skills in order to compete with their younger counterparts.

Tapan, (2003) in his article “creating customer lifetime-value through effective CRM in financial services industry”, has stressed the importance of the CRM in financial services industry. Customers data management gives clues about the probability of customer demand and technology helps in tracking the characteristics and categorization of customers depending on their past behavior. The study concluded that with increased competition and customers moving very fast from one firm to another, it is essential to have an integrated CRM strategy across the whole organization for generating higher customer’s life-time value.

That was not far from Murugan (2009) on his study customer relationship management in ICIC, strongly supports the fact that CRM is need of an hour and no

business may be its banking business; retailing or something else can ever survive without proper introduction of CRM. This study strongly supports the connection that consumers were more satisfied with professional service provider who engaged in both courteous expressions and personal connections forms of sociality. Moreover, finding revealed that regardless of services context customers expect service provider to be courteous usually, most conversation begin or end with a courtesy expression and includes some form of personal connection content. The important point is that sociality communication can play a pivotal role in moving the provider and consumer for mere encounters to higher degree of relational development.

Rootman, Tait and Bosch (2010), studied the influence of bank employees on customer relationship management. The study pointed out the knowledge ability and attitude of bank employees were considered to be important aspects in a bank client relationship. It was evident from the research findings that the face-to-face personal contact and interaction between banking clients and their bank are very important. Therefore, it is evident that bank employees play a vital role in the CRM of a bank. In relation to Bateman & Snell (2007) observed that CRM was a business process, which results in optimized profitability and revenue generation, while achieving customer satisfaction. Often also known as relationship marketing by marketing academicians, CRM is an information technology assisted process that establishes a collaborative environment for businesses to analyze the buying behavior and product/service requirements of an individual or group of existing as well as potential customers.

Reinartz & Kumar (2002) in a study of success of CRM found that a process oriented strategic approach to connect the operational, informational and the organizational components of CRM are critical for the success of CRM application. They pointed out that, managers need to be careful in differentiating customer loyalty and customer profitability. Enterprises ought to understand the fact that managing customers for loyalty is different from managing them for profits. As per the research note by Gartner Group (2001), more than 75% of enterprises engaged in CRM initiatives are in capable of putting together a comprehensive view of their

customers. Further, it noted that market leadership would be attained by enterprises that achieve maximum value and customer satisfaction within each customer segment being served by them.

Parvatiyar and Sheth (2001) observed that CRM was a comprehensive strategy and process of acquiring, retaining and partnering with selective customers to create superior value for the company with the customers. Day (2000) pointed out that the enterprise has to develop some key marketing competencies for the smooth implementation of CRM. A relationship orientation is the first such thing. Relationship orientation should permeate the mindset, values and norms of the organization. Further, the enterprise needs to continue to increase its knowledge of the customers and ensure that it flows all over the organization. Finally there is a need for alignment and integration of processes.

On the same line of observation Ernest & Young (1999) found that enterprises investing on CRM solutions predominantly focus on technology. The challenge lies in combining people, processes and technologies while implementing CRM solutions. They observed that choice of relevant technology and implementation are keys to successful customer relationship plans. The failure rate of CRM projects has been estimated to be high.

Reichheld & Sasser (1990) found that advancements in information technology, data warehousing and data mining capabilities enable enterprises to manage individualized relationships with key customers. The benefits come by way of lower costs of customer retention, improved profitability and lower defection rates. Parasuraman et al. (1985) also hold the view that high quality service gives credibility to the field sales force and advertising, stimulates favorable word-of-mouth communications, enhances customers' perception of value, and boosts the morale and loyalty of employees and customers alike. Puccinelli (1999) looked at the financial services industry as it is entering a new era where personal attention is decreasing because the institutions used technology to replace human contact in many application areas. Over the last few decades, technical evolution has highly affected the banking industry; (Sherif, 2002). In today's competitive banking

industry, customers have to make a choice among various service providers by making a trade-off between relationships and economies, trust and products, or service and efficiency; (Sachdev et al., 2004).

Roger (1996) conducted a research on customer satisfaction, loyalty, and profitability and found that as compared to public sector, private sector bank customers 'level of satisfaction is comparatively higher. CRM was a key to create a superior customer experience.

It manages the customer relationship by creating a clear understanding by developing services and products based on the added value for target groups. This enabled the actual sale, delivery of services, products through the selected channels, and developing long term profitable relationships with customers after sales services; (Hussain, et.al., 2009). Many researchers have been done in various industries especially in the banking sector that focusing on customer oriented services; (Ndubisietal., 2007; Rootman et al., 2008; and Dutta and Dutta, 2009). The literature on CRM suggests that banks should consider the customer relationship life cycle; (Dwyer et al., 1987). In general, there are three core phases: customer acquisition, customer enhancement, and customer recovery. The acquisition phase describes the initiation of a customer-bank relationship.

2.4 Research Gap

Most of the studies show that customer relationship management on banking sector have multiple attributes which considered more important in customer satisfaction and marketing productivity. However, some of the studies in preceding section were conducted outside Tanzania environment which could be quite different to that of Tanzania. Also, despite of agreeing the importance of customer relationship management on banking sector, none of the studies discussed and assessed the importance of customer relationship management on banking sector under customer satisfaction and marketing productivity of commercial banks. Most of the studies done, looked on the impact of combination of both, customer relationship and its implementation rather than the outcome based on marketing productivity and clients satisfaction. Therefore, there was a need to carry out a research relating to

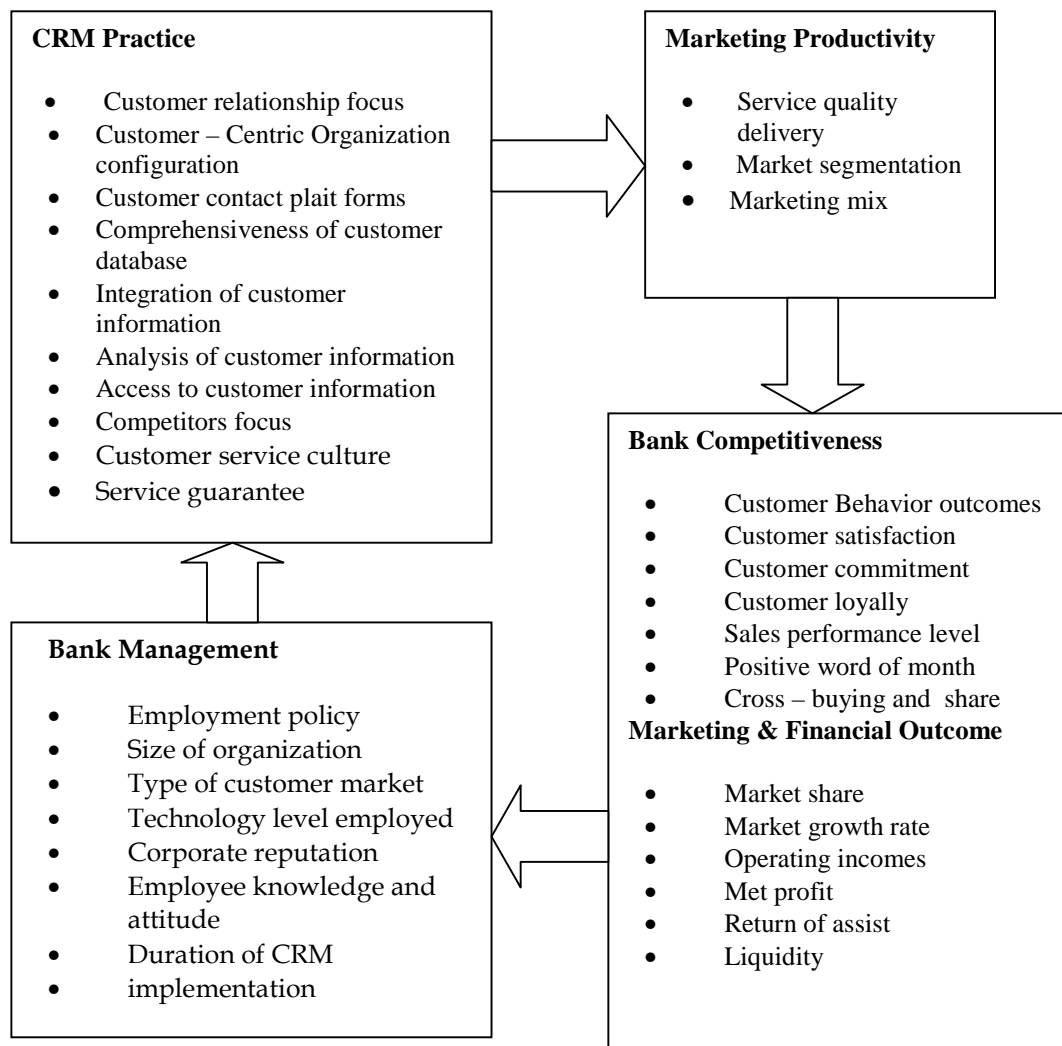
Tanzania context which will focus on the customer relationship management in commercial banking sector.

2.5 Conceptual Framework

Conceptually, the study is based on the concept that when applying customer relationship management practices in corporate bank operation with the influence of marketing productivity will result to a better position in the competitive market by creating customer satisfaction, customer commitment, customer loyalty, sales performance, positive word of mouth. For the market and financial outcome will be market share, market growth rate, operating income, net profit and return on asset and liquidity.

As a whole conceptual framework covers the conceptualized relationships between variables, that is; independent variables (bank management), dependent variables (Marketing productivity and competitiveness) and intervening and moderating variables under the customer relation management practices as analysed in the conceptual frame model in table 2.1. The study assessed different applications of customer relation management practices particularly customer relationship focus, customer centric organization configuration, customer contact plait forms, comprehensiveness of customer data base, integrated of customer information, access to customer information, analysis of customer information, competitors focus and customer services culture and service guarantees.

Figure 2.1 : The Conceptual Framework Model



Source: Researcher, 2015.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter explains the methodologies and methods employed in data collection and in the process of analyzing data. At this stage techniques of obtaining data were discussed. It involves research design, sampling technique, sample size, types of data collection procedures and data analysis procedures.

3.2 Research Design

The study used a case study research design as it enables to obtain both quantitative and qualitative data. Tashakkari and Teddlie (1998) suggest that a mixed method is the one which a researcher tends to avoid biasness inherited in any single method. Survey research design was used to quantitatively assess and examining the relationships among variables; (Glasow, 2005). A number of commercial banks were surveyed. The study was of both qualitative and quantitative nature. The study strategy was of particular interest to the researcher as he wishes to gain a rich understanding of the context of the research and process being enacted; (Mooris & Wood, 1991). It was a very worthwhile of assessing the importance of customer relationship management practice in banking sector in Tanzania in order to gain enough knowledge about the customer relation management. Given that way of thinking, the research was carried at three commercial banks in Mwanza city.

3.3 Population of the Study

The targeted population of this study was commercial banks in Mwanza city. For the purpose of this study three (3) banks were selected and surveyed. These commercial banks were Barclays bank, CRDB and Bank M.

3.4 Sampling Procedures

Commercial banks operating in Mwanza city were the targeted population for this study. However, due to some reasons like scarcity of both customer relation management reports and procedures, it was practically impossible to collect data from every element of the population. Furthermore, study of sample rather than the entire population was also sometimes likely to produce more reliable results;

(Sekaran, 2003). Therefore, the study selected three commercial banks which represented the entire targeted population, from which the conclusion was drawn for generalisation. The study employed purposive and simple random sampling technique to get the representatives of the entire targeted population. Purposive technique was employed so as to incorporate only the representatives which provided the required information from top management team, customer care officials and head of department workers. The simple random method was employed to collect information from individual clients within the commercial banks. A total number of 3 commercial banks were selected for the study which were Barclays Bank, CRDB and Bank M.

3.4.1 Sampling Technique

Simple random sampling and purposive methods were utilized to identify the respondents. This increased accuracy and precision of the sample in representing the characteristics of the population of employees and clients in commercial banks. Simple random sampling was used for the commercial bank stakeholders/clients who were picked randomly. The researcher assumed that these respondents had equal chance to provide the required data due to their experiences in the importance of customer relationship management practice in banking sector. Other respondents were identified through the purposive sampling method to select respondents from top management, head of department, and customer care as they had information about matters related to the importance of customer relationship management practice in banking sector.

3.4.2 Sample Size Determination

In order to assess the importance of customer relationship management practices in banking sector, the targeted population were 75 respondents. The first category was 3 respondents from top management (1 respondent from each commercial bank). The second category included 6 head of departments (2 respondents from each commercial bank). The third category of respondents was comprised of 6 customer care employees (2 respondents from each commercial bank). The fourth category included 60 respondents who were bank customers (20 respondents from each commercial bank) as shown in table 3.1.

However, it should be understood that, the top management, head of departments were persons in commercial banks who also implement and exercise customer relationship management in banking industry. The larger the sample of study increased the rate of accurate; (Kothari, 2004). For purpose of this study, total numbers of respondents were 75 of which customers were 60 respondents while bank staffs were 15 respondents. The screening procedures targeted respondents who met the following criteria; they were working or clients of commercial banks in Mwanza city; they lived in the geographic proximity of Mwanza city; they had working identity or bank cards.

Table 3.1: Units of Respondents and Sample Size

Categories	Barclays	CRDB	Bank M	Total	Sampling Method
Top management	1	1	1	3	Purposive
Head of departments	2	2	2	6	Purposive
Customer care	2	2	2	6	Purposive
Customers	20	20	20	60	Simple Random
Total	25	25	25	75	

Source: Researcher, 2015.

3.5 Types and Source of Data

The study used both secondary and primary data. Secondary data were collected from documentary reviews, articles, and other related information for the study. Primary data were collected from bank employees and customers in order to find out whether there was the importance customer relationship management practices on banking sector. In order to get accurate primary data, a combination of semi structured interview and self administered questionnaires were employed to collect

data. Primary data were collected by the researcher himself from the respondents in the field.

Also primary data were collected from bank employees and customers including top management, head of departments and customer care employees of the selected commercial banks to find out the challenges facing the importance of customer relationship management in banking sector. However, secondary literature were collected through documentary review, a method for data collection that involved deriving information by studying written documents; (Raj, 2002), where as the written materials were in hard copy or soft copy. Secondary data were sourced from government commercial banks relations records. The information included previous manpower plan and training policy, current handbook, various circulars, the publications like books, journals and written documents of customer relationship management and government commercial banks at large.

3.6 Data Collection Methods

The same questions were posed to respondents in interview guide and in the questionnaire. The questions were constructed to answer specific objectives which intended to find out the importance of customer care in banking sector. Also challenges and a way forward about the importance of customer relationship management in relation to banking sector. Most interviews were conducted during the period of April, 2015. Two interviewers were recruited to assist the researcher in collecting data. They were trained before and given a guideline document to follow. The research questionnaires were completed by both categories of the respondents. All the interviews were conducted at the commercial bank premise with each respondent.

3.6.1 Interview

The interviews were conducted to obtain qualitative data that allowed a comparative assessment. Again that was used to facilitate spreading of questionnaires to the right respondent in the field. Semi structured interviews and documentation were conducted with bank . As; (Yin, 1994) the interview tool was very important source of getting information and it helps in handling survey study

matters. It concentrated with the selected workers from the top manager, head of departments and customer care employees as the number was reasonable for the researcher to handle.

Based in semi structured interview the respondents were asked about their opinions on particular importance of customer relationship in banking sector.

The selected respondents were asked about to analyze the importance of customer relationship management practice in bank sector under competitive market. Alike the respondents were asked to find out the relationship between customer relationship management and customer satisfaction. Furthermore, the respondents were asked to examine the effect of customer relation management practices on marketing productivity. The study questions were administered while responses were written in notebooks. The respondents were asked about their own insight about certain occurrences; (Yin, 1994) in respect to the importance of customer relationship in banking sector in order to gain a deep understanding about the research topic.

3.6.2 Questionnaires

The questionnaires were left to respondents at their premises for later collection. Once the data were captured in the questionnaires, a sub sample of a reasonable number from these commercial bank clients were identified for a closely matched comparison of respondents. The respondents came from different personal backgrounds like age, gender, work experiences and educational achievements. This included amongst bank customers or clients. This method provides more information because anonymity attracts respondents to answer the questions; (Babbie, 1983).

3.6.3 Observations

Observations are systematic viewing of a specific phenomenon in its proper settings for a specific purpose of gathering data from a particular study. For the purpose of this study the researcher was able to obtain more information concerning assessment of customer relation management practice in banking. Observing the

employees serving in the banking hall enabled to gather some information, which were not easy to access.

3.6.4 Documentary Review

More information were obtained by reviewing various relevant documents. The researcher reviewed various documents from different sources related to research study. In this study, the researcher used documentary review by gathering information from reports, news papers, journals, brochures and other relevant documents about the importance of customer relationship management in banking sector.

3.7 Data Analysis

Data analysis is defined as a critical examination of the assembled and grouped data for studying the characteristics of the object under study and for determining patterns and relationships among the variables relating to the study topic; (Krishnaswami and Ranganatham 2003). Furthermore, it is necessary to have all relevant data in place for making contemplated comparison and analysis. In this study, both quantitative and qualitative data analysis technique was used.

3.7.1 Quantitative Data Analysis

In this technique, descriptive statistic (such as frequency tables and mean) were conducted on the data collected from returned questionnaires using the statistical package for social sciences (SPSS) software. Thereafter, data was summarized, analyzed in a general way and interpreted as per research objectives. This enabled the researcher to draw out the information about the problem under investigation and made necessary discussion to address the research problem. Qualitative data from interview scripts, notes and statements was systematically coded, and classified into broad descriptive categories regarding themes, meanings and/or issues.

3.8 Reliability and Validity of Research Design

The quality of research depends on the design of research instruments as well as application of these instruments in data collection in the field. There were several

criteria or tests for judging the quality of any empirical research. These included validity and reliability; (Easwaran and Singh, 2010) and how each was achieved.

3.8.1 Validity

Validity refers to the issue whether an indicator (or set of indicators) that is devised to gauge a concept really measure that concept; (Bryman, 2004). To ensure validity of instruments, the questionnaires and interview protocols were developed under close guidance of the supervisor. After the design of the questionnaire, they were pre-tested with participants from target population. This helped to identify ambiguous questions in the instruments; their comments were incorporated into the final version and be able to re-align them to the objectives. Moreover, validity was achieved by specifying the units of analysis and developing the conceptual framework as described in figure 2.1 of chapter two of this study.

3.8.2 Reliability

Reliability is the extent to which results are consistent over time and an accurate representation of the total population under the study, and if the results of the study can be reproduced under similar methodology, the research instrument is considered to be reliable; (Joppe, 2000). For this study, reliability was achieved by ensuring questionnaire were uniformly processed and analyzed using statistical package for social sciences (SPSS) software to ensure consistency of the research results.

3.9 Ethical Considerations

Consideration of ethical issues was an integral part to the research process, therefore, a researcher considered the potential damage the study could cause to themselves. The researcher considered potential damage the study could cause to themselves, the community and to respondents when conducting their research; (Miles and Herberman, 1994). In this study, the following ethical issues were taken into account;

Informed Consent:

In this study, the respondents were informed with all aspects of the research that might influence their decisions to seek their willingness to take part in the study.

Confidentiality and Anonymity:

Respondents' name and their responses were not disclosed to the third party without the informed consent of the respondent. The researcher informed the respondents to the questionnaire that this study was for academic purpose and not otherwise.

Plagiarism and Fraud:

To avoid Plagiarism and Fraud, the researcher did not "cut and paste" but instead source of and authors were acknowledged.

Furthermore, the researcher requested permission letter from the university authorities to show the respondents before conducting the research. By applying the proposed ethical strategies as explained above, the researcher was able to obtain superior and sound data that enabled the research findings to be of high value in addressing the real picture of the phenomenon under the study.

CHAPTER FOUR

PRESENTATION OF THE FINDINGS, ANALYSIS AND DISCUSSION

4.1. Introduction

This chapter seeks to present the findings from the study conducted. The findings presented are mainly based on the survey at three banks in Mwanza Region, which were Barclays Bank Tanzania, CRDB and Bank M. The findings have been presented with reference to the study specific objectives and research questions which were developed by the researcher.

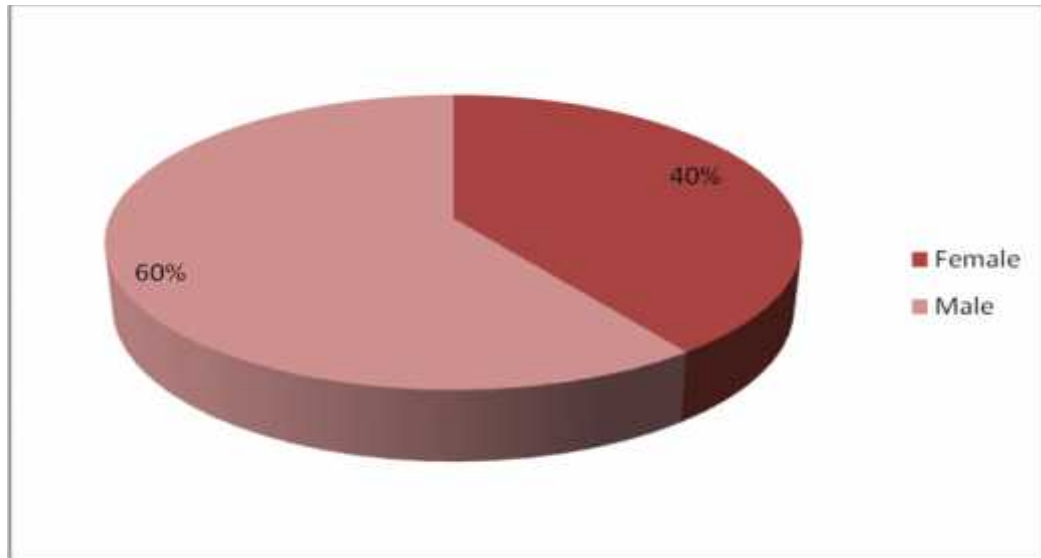
4.2 Characteristics of the Respondents

The study has revealed the characteristics of the respondents such as sex, age and position of respondents. Determining the characteristics of the particular respondents was very significant as the respondents helped the researcher to understand the quality of the information obtained from the field. On that base the study relied only on the experience of respondents with respect to customer relationship management.

4.2.1 Sex Distribution of the Respondents

The figure 4.1 explicitly indicates the respondents' sex involved in the study 40 % were females while 60 % were males. This has further revealed that possibly males were more participating in banking sector while females may be engaging with other various family activities. Sex distribution of respondents helped the study to know the type of respondents involved in the study due to their gender hence assessed the rate of biasness. On the same realm the study revealed that, among the respondents participated in the study female employees were more in number than men in banking sector. Basing on the observation findings, the researcher was comfortable to select male clients rather than female due to their easy access and approaches. In other words female clients were not confident to express their views concerning the study.

Figure 4.1: Sex Distribution of the Respondents



Source: Field data, 2015.

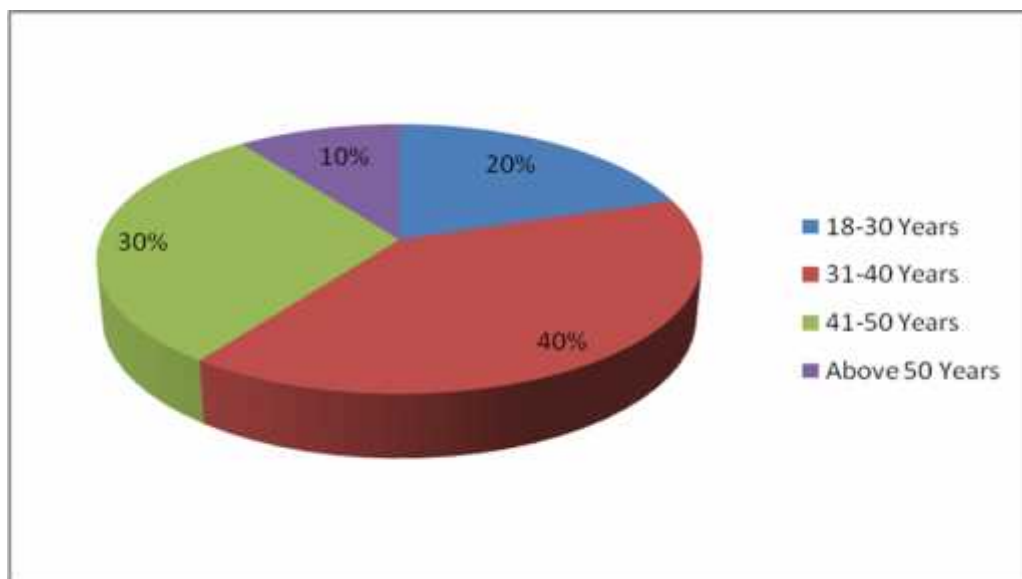
4.2.2 Age Categories of Respondents

The age of respondents were grouped into 18-30 years, 31-40 years, 41-50 years and 51 years and above. According to the report of Tanzania National Bureau Statistical on 2012 census (pg 44), the working age population in the country was between 15-64 years. This was the basis of grouping ages of respondents starting from 18 years to 50 and above.

The age distribution in figure 4.2 indicates that, the first category of respondents with 20 % of respondents were between the ages of 18 to 30 years, followed by 40 % who were between the ages of 31-40 years. The other category was 30 % of respondents aged between 41 to 50 years of age. The last category of respondents with 10 % had the age above 50 years. The result generally suggested that majority respondents were between the ages of 30 to 40 years. This may indicate that majority banking sector employees and clients in Mwanza city were young, more

energetic, enough for the banking sector productivity and development of the Mwanza city hence Tanzania at large.

Figure 4.2: Age Categories of the Respondents



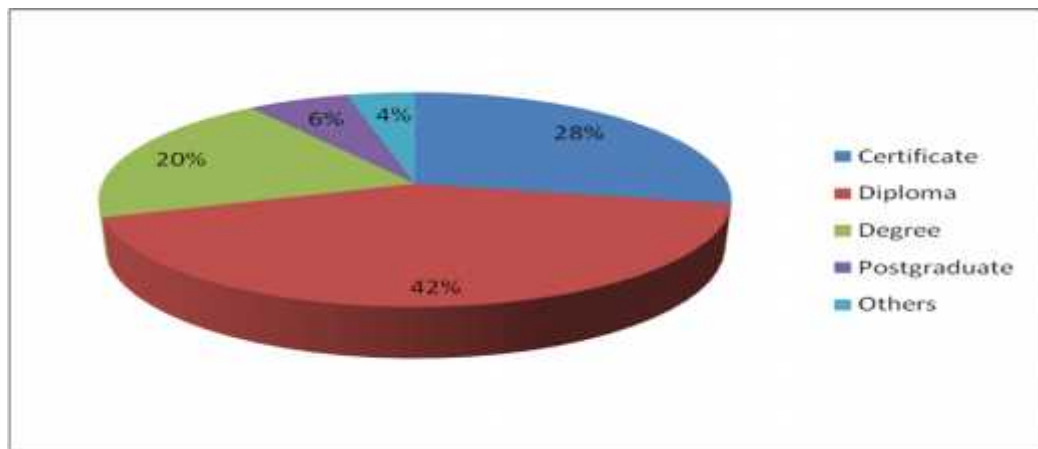
Source: Field data, 2015.

4.2.3 Respondents Level of Education

Since education is very vital for respondents, data from the field in figure 4.3 explicitly indicates the respondent's level of education. Field data from banking sector show that 28 % had certificates, 42 % diploma, 20 % degree, 6 % post graduate and 4 % other levels of education. Therefore the majority of respondents who participated in the study had diploma level of education. That obvious reveals that banking sector had the tendency of employing workers with higher level of education. On the other hand the majority of respondents who were clients had the diploma and certificate level of education. In relation to, managing knowledge effectively can greatly help an organization to have success in building better customer relationship, resulting in a positive impact on organization performance;

(Abdulateef et al.,2010; Akroush et al., 2011; Sin et al., 2005; Yim et al., 2005). As a matter of fact, it is necessary for organizations to remain competitive, and this aim cannot be achieved unless they enjoy wide knowledge about their market, explore and make use of their existing knowledge about their customers.

Figure 4.3: Respondents Level of Education



Source: Field data, 2015.

4.2.4 CRM Experience with Respondents

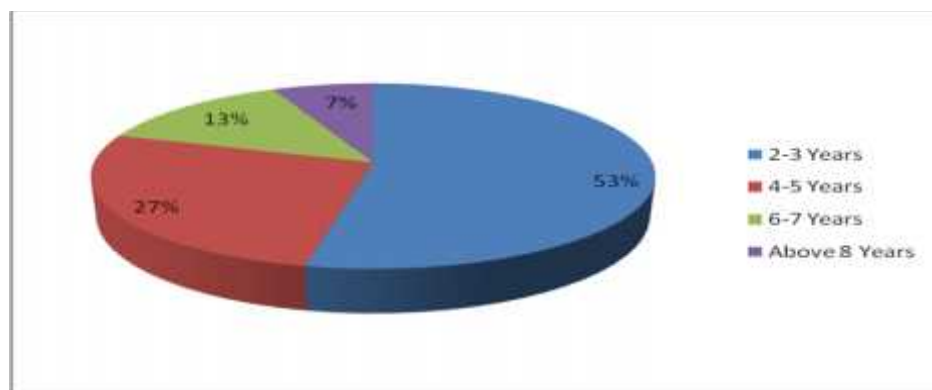
Findings in figure 4.4. shows that 53 % of respondents were having experience with CRM practice for 2-3 years while 27 % were having experience with CRM for 4-5 years. The other categories of respondents from the banking sector had the experience of 6-7 years (13 %) and 7 % above 8 years. Therefore, the majority of respondents have experienced the customer relationship management for 2-3 years. That, indicate they had enough experience to deliver the required information on customer relationship management as per demand. The findings from the field relates with some of literature review comments basing on the experience with customer relationship management on banking sector.

Dutu and Halmajan (2011) are of the opinion that CRM strategy will end in failure if banking sector industry do not have enough experience in CRM practices. This

may be related to the suitable use of technology in marketing which is one of the greatest opportunities in banking industry, because of the fact that it is important to get the right information from the right people at the right time, so that the right decisions can be made and / or the services can be rendered; (Dev and Olsen, 2000; Moriarty et al., 2008). In support with that view, Kasim and Minai (2009) find out that CRM experience and technology dimension is firmly related to banks performance.

On the other hand banks need to use information technology for improving their performance. In this regard, new technologies are considered as the core drivers for change; (Minghetti, 2003).

Figure 4.4: CRM Experience with Respondents



Source: Field data, 2015.

4.3 The Importance of Customer Relationship Management Practice in Bank Sector

In determining the importance of CRM in banking sector questionnaires were distributed to staffs of Barclays, CRDB and Bank M. Field data in table 4.1 reveals that 15 respondents with (100%) agreed on the existence of the problem. Among the 15 questionnaires that were collected all respondents were experienced with CRM and know its importance in banking sector under competitive market. The

researcher grouped this importance of customer relationship practice in banking sector into importance to the bank itself, employees and customers.

Table 4.1: The Importance of CRM in Banking Sector

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Yes	15	100.0	100.0	100.0
No	0	0.0	0.0	100.0
Total	15	100.0	100.0	

Source: Field data, 2015.

4.3.1 Importance of CRM to the Bank

Managers are empowered with information that can help them manage customer relationship and make better decision, optimum use of resources (reduction of costs), customer satisfaction as increased loyalty (customer be one closer to the bank), Improved customer acquisition and cross – selling, It helps in capitalizing on short windows of opportunities in the market, It helps in establishing durable relationship with customer.

4.3.1.1 Banks Mission and Strategies on the Importance of Customer Needs

The study saw the need to assess whether the bank’s corporate mission and strategy gives importance to customer’s needs. Field data in table 4.2 shows the banks mission and strategies on the importance of customer needs. Findings reveals that, 4 (26.7 %) strongly agreed, 7 (46.7) on the importance of banks mission and strategies on the importance of customer needs. The other categories of respondents each with 2 (13.3 %) were neutral and disagreed on the importance of bank's mission and strategies as the importance of customer needs.

Table 4.2: Banks Mission and Strategies on the Importance of Customer Needs

	Frequency	Percent
Strongly Agree	4	26.7
Agree	7	46.7
Valid Neutral	2	13.3
Disagree	2	13.3
Total	15	100.0

Source: Field data, 2015.

4.3.1.2 The Value of CRM in Banking Sector

Findings from the field shows the value of customer relationship in banking sector as one of the importance under banking sector. The study intended to answer whether there is any relationship with customers that gives great value in banking sector.

Field data in table 4.3 explicitly reveals that the first categories of respondents with 40 % each were strongly agreed and agreed on the value of CRM in banking sector. The other category of respondents with 13.3 % were neutral on the value of CRM in banking sector. The least category with 6.7 % disagreed on the importance of CRM value in banking sector. Basing on the findings from the field, the majority of respondents from the banking sector strongly agreed on the value of CRM in banking sector.

Table 4.3: The Value of CRM on Banking Sector

	Frequency	Percent
Valid		
Strongly Agree	6	40.0
Agree	6	40.0
Neutral	2	13.3
Disagree	1	6.7
Total	15	100.0

Source: Field data, 2015.

4.3.1.3 Working Environment in Supporting the Implementation of CRM Practices

Creation of working environment to support the implementation of customer relationship management practices was one of the importance to the banking sector. The study tried to answer whether the working environment can support the implementation of CRM practices in the banking sector. Field data in table 4.4 shows that, bank's system convenience with 13.3 % was the factor that can support the implementation of CRM practices though the same was ignored by respondent with the same value that, it's not supportive at all.

The second categories of respondents with 26.7 % each regard unit segment, up to date software and hardware support the implementation of CRM practices. The third category of respondents with 20 % claimed reliable communication through emails, telephones support the implementation of CRM practices. Thus, basing on the findings from the field conclude that working environment support the implementation of CRM practices under unit segment, up to date software and hardware.

Table 4.4: Working Environment in Supporting the Implementation of CRM Practices

	Frequency	Percent
Valid		
Bank's system convenience	2	13.3
Up to date software and hardware	4	26.7
Reliable communications	3	20.0
Not supportive at all	2	13.3
Unit segment	4	26.7
Total	15	100.0

Source: Field data, 2015.

4.3.2 Importance of CRM to Employees

Clients feel more comfortable if bank employees are positive, display job satisfaction and are self-confident regarding their tasks. Specifically, this indicates that the bank employees at the front enquiry desk and tellers, whom clients directly interact with, should be knowledgeable regarding bank matters and should display positive attitudes towards their working environment and the banking clients. Additionally, clients feel their financial matters are secure if they are satisfied with the bank employees' attitudes.

4.3.2.1 The Ability of Banks to Give Excellent Customer Services at any Point of Contact

Findings in table 4.5 tried to check whether the bank is able to give excellent customer service at any point of contact. Field data reveals that, 5 respondents with 33.3 % affirm the ability of banks to give excellent customer service at any point of contact due to well trained personnel. The second categories of respondents with 20 % each regard that the ability of banks to give excellent customer services at any point of contact were experience in the banking sector and shortage of employees. The last categories with 13.3 % each also regard that the ability of banking sector to

give excellent customer services should be due to customer desires and unreliable network coverage.

Basing on the findings from the field, the majority of respondents conclude that, the ability of banks to give excellent customer services at any point of contact was due to well trained personnel. Therefore, banking clients desire their bank’s employees to be knowledgeable about the bank’s products and/or services.

Table 4.5: The Ability of Banks to Give Excellent Customer Services at any Point of Contact

	Frequency	Percent
Well trained personnel	5	33.3
Experience in the banking sector	3	20.0
Shortage of employees	3	20.0
Unreliable network coverage	2	13.3
Depends on customer desires	2	13.3
Total	15	100.0

Source: Field data, 2015.

4.3.2.2 Handling Complains Processes to Satisfy Customers

Handling complains a process to satisfy customers is one of the factor responsible for banking sector employees. Field data in table 4.6 shows the way employees involve in handling complains processes to satisfy customers. Findings indicate that, 6 (40 %) respondents were very satisfactory, 7 (46.7 %) respondents were satisfactory while 2 (13.3 %) were moderate satisfactory with the handling complains processes to satisfy customers. Therefore, the majority of respondents who participated in the study were satisfactory with the handling complains processes to satisfy customers.

Table 4.6: Handling Complains Processes to Satisfy Customers

	Frequency	Percent	
Valid	Very satisfactory	6	40.0
	Satisfactory	7	46.7
	Moderate	2	13.3
	Total	15	100.0

Source: Field data, 2015.

4.3.2.5 Customer Relationship Survey on Understanding a Customer Need

Bank's employees have to maintain a relationship in order to understand customer needs. The study aimed to know how customer relationship management surveys helps in understanding a customer's needs. Field data in table 4.7 reveals that, 6 (40 %) of respondents agreed that customer relationship survey can help to understand customer needs. The categories with 3 (20 %) each regard that it helps to get new ideas from customers, customers problem solving and not specified. Basing on the findings from the field, the majority of respondents conclude that customer relationship helps on understanding customer needs.

Table 4.7: Customer Relationship Survey on Understanding a Customer Need

	Frequency	Percent	
Valid	Understanding customer needs	6	40.0
	Get new ideas from customers	3	20.0
	Customers problem solving	3	20.0
	Not specified	3	20.0
	Total	15	100.0

Source: Field data, 2015.

4.3.2.6 Weaknesses Addressing CRM Practice in Banking Sector

Employees may influence some weaknesses in addressing customer relationship management practices in the banking sector as shown in table 4.8. Findings reveals that, bad languages, long queue and grading customers due to bulk bases were the weaknesses obtained in the banking sector rated by 6 respondents each with 13.3 %. The other weakness factor was customer detainment and first come first serve rule rated by 2 respondents each with 6.7 %. Not only that, but also 7 respondents with 46.7 % showed that there was no specified factor that create weakness in addressing CRM practices in banking sector. Therefore, the majority of respondents participated in the study concluded that there was no specified factors that indicate weaknesses on addressing customer relationship management practices in banking sector.

Table 4.8: Weaknesses Addressing Customer Relationship Management Practice in Banking Sector

	Frequency	Percent
Bad languages	2	13.3
Customer detainment	1	6.7
Not specified	7	46.7
Valid Long queue	2	13.3
First come first serve	1	6.7
Grading customers due to bulk	2	13.3
Total	15	100.0

Source: Field data, 2015.

4.3.3 Importance CRM to the customers

There is a more coordinated and professional approach to customer contact, with up to date customer information, Banks can offer more personalized service, It target

ad serve customer on an individual basis. It permits one to one marketing as opposed to mass marketing, customer feel empowered if they have great access to products and services. For example 24 HRS banking and targeted products and services offerings can be finding to coincide with customer events and requirements.

Employees are empowered with the information to deliver high quality service and meet customer expectation. Furthermore, employees have more time to serve customers, and employees have higher satisfaction ratings. Clients want to be fully informed about new and changed products and/or services. The importance of customer relationship management helps clients to feel free to share their views and feedback to the banking sector due to their satisfaction. On the other hand customers may receive their appropriate banking products in relation to their demand.

4.3.3.1 Bank Creation of Customer Segments for Customer Relationship Management

The creation of customer segments for customer relationship management was one of the importance of CRM practices. The study aimed to know how does the bank create customer segments for customer relationship management. Findings in table 4.9 shows that, income per month was the segment created by banking sector on customer relationship management with 9 respondents (60 %). The other factors were business income turnover and age of customers both with 3 respondents (20 %) each. Therefore, the majority of respondents regard income per month as the segment created by banks for customer relationship management. Furthermore customer segment is also one of the market beneficial sources, it helps organization to understand customer, and hence it helps in delivering an appropriate plan to satisfy customer needs. This helps also to reach clients in accordance to their needs and helps to serve their satisfaction levels.

Table 4.9: Bank Creation of Customer Segments for Customer Relationship Management

	Frequency	Percent
Valid		
Income per month	9	60.0
Age of a customer	3	20.0
Business income turnover	3	20.0
Total	15	100.0

Source: Field data, 2015.

4.3.3.2 Information of Customers Storage on Banks Database for Fulltime Usage

Collecting information about customers and updating the database is among the important mile stones of customer relationship management. Research results shows that not only collecting data about the customers but also giving information to them arouses customer satisfaction and loyalty.

The personnel's knowledge of banking and mastery of the subject accelerate the speed of the service given, so many attempt to train the personnel is necessary for customer satisfaction. Field data in table 4.10 shows that, 4 (26.7 %) strongly agreed, 8 (53.3 %) agreed, 2 (13.3) were neutral while 1 (6.7 %) was neutral about the information of customers storage on banks database for fulltime usage. Basing on the findings from the field, majority of the respondents from banking sector employees agreed about information of customers stored on banks database for fulltime usage.

Table 4.10: Information of Customers Storage on Banks Database for Fulltime Usage

	Frequency	Percent
Strongly Agree	4	26.7
Agree	8	53.3
Valid Neutral	2	13.3
Disagree	1	6.7
Total	15	100.0

Source: Field data, 2015.

4.4 Relationship Between Customer Relationship Management and Customer Satisfaction

The relationship between customer relationship management and customer satisfaction was the second specific objective of the study. Basing on the CRM strategic approach that enables organization to use internal resources the study saw the need to manage the relationship with customers for the whole of their life cycles, in order to create a competitive advantage and improve an organization's performance.

On that ground the study categorised these customer relationship management and customer satisfaction into banks relationship and employees relationship under customer satisfaction.

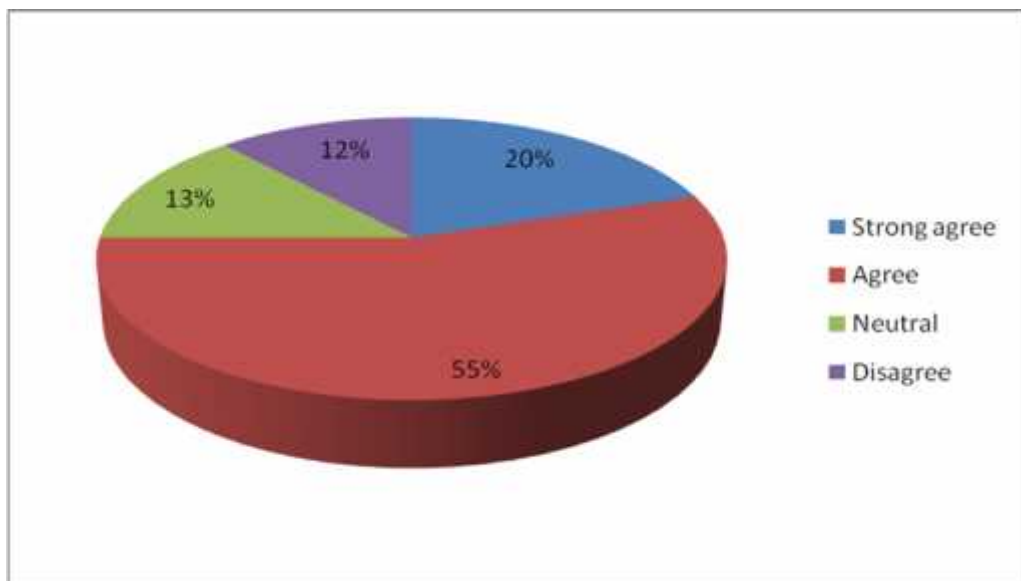
4.4.1 Bank Satisfaction

The study analysed bank satisfaction into promises on quality service delivery and bank promises to deliver services at the right time.

4.4.1.1 Banks Promises on Quality Service Delivery

Banks promises on quality service delivery was one of the relationship of customer relationship on banking sector under banking sector. The study aimed to find out whether the bank always abides by its promises to service quality and delivery. Field data in figure 4.5 reveals that, out of 60 respondents who participated in the study, 12 (20 %) strongly agreed, 33 (55%) agreed, 8 (13 %) were neutral and 7 (11.7 %) disagreed on banking promises for quality services delivery. Thus, basing on the findings from the field the majority of respondents agreed on banks promises under quality service delivery.

Figure 4.5: Banks Promises on Quality Service Delivery



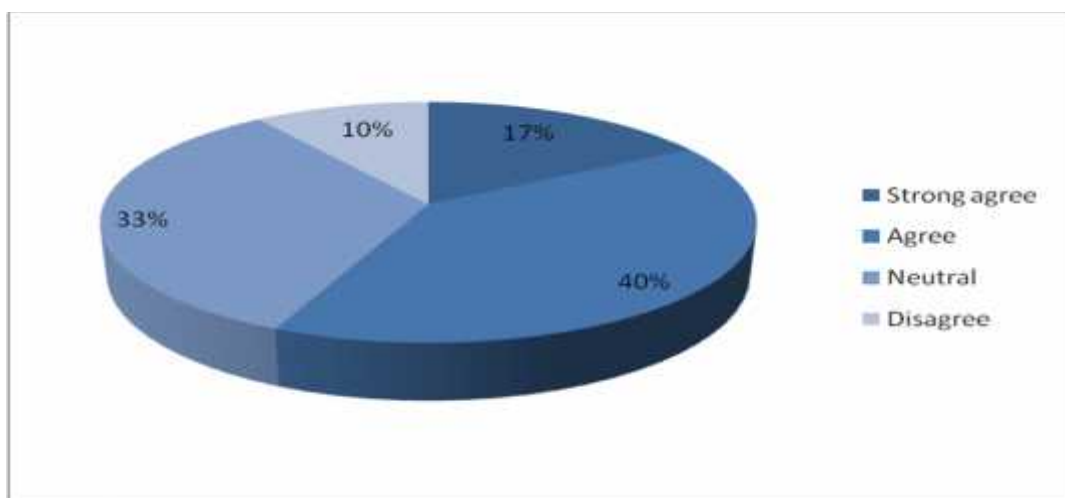
Source: Field data, 2015.

4.4.1.2 Bank Promises to Provide Services at Right Time

Banks promises to provide services at the right time was one of the relationship of customer relationship on banking sector. The study aimed to find out whether the bank promises to service provide services at the right time. Field data in figure 4.6

reveals that, out of 60 respondents who participated in the study, 10 (16.7 %) strongly agreed, 24 (40 %) agreed, 20 (33.3 %) were neutral and 6 (10 %) disagreed on banking promises for provisions of services at the right time. Thus, basing on the findings from the field the majority of respondents agreed on banks promises to provide services at the right time.

Figure 4.6: Bank Promises to Provide Services at Right Time



Source: Field data, 2015.

4.4.2 Employees Satisfaction

Employees satisfaction based on the way banking sector employees perform their roles in relation to customer relationship management implementation. The study categorised these satisfaction factors into bank employees provisions of prompt service, consistence courteous with customers,

4.4.2.1 Bank Employees Provisions of Prompt Services

Banks employees provisions of prompt services was one of the relationship of customer relationship on banking sector. The study aimed to find out whether the bank employees can provide prompt services in order to satisfy customers. Field data in table 4.11 reveals that, out of 60 respondents who participated in the study, 14 (23.3 %) strongly agreed, 32 (53.3 %) agreed, 10 (16.7 %) were neutral

and 4 (6.7 %) disagreed on bank employees to provide prompt services in order to reach customer satisfaction. Thus, basing on the findings from the field the majority of respondents agreed on bank employees provisions of prompt services.

Table 11: Bank Employees Provisions of Prompt Services

	Frequency	Percent
Strong agree	14	23.3
Agree	32	53.3
Valid Neutral	10	16.7
Disagree	4	6.7
Total	60	100.0

Source: Field data, 2015.

4.4.2.2 Bank Employees Consistence Courteous with Customers

Banks employees consistence courteous with customers was among the relationship of customer relationship on banking sector. The study aimed to find out whether the bank employees were courteous with customers in order to satisfy customers. Field data in table 4.12 reveals that, out of 60 respondents who participated in the study, 8 (13.3 %) strongly agreed, 31 (51.7 %) were neutral, 6 (10 %) disagree and 4 (6 %) strongly disagreed on bank employees to be consistence courteous with clients in order to reach their satisfaction. Thus, basing on the findings from the field the majority of respondents agreed on bank employees to be courteous with customers.

Table 4.12: Bank Employees Consistence Courteous with Customers

	Frequency	Percent	
Valid	Strong agree	8	13.3
	Agree	31	51.7
	Neutral	12	20.0
	Disagree	6	10.0
	Strong disagree	3	5.0
	Total	60	100.0

Source: Field data, 2015.

4.4.2.3 Bank Employees Provisions of Personal Attention

Banks employees to provide personal attention was among the relationship of customer relationship on banking sector. The study aimed to find out whether the bank employees were able to provide personal attention when clients enter into the banking hall till they completely receives their service. Field data in table 4.13 reveals that, out of 60 respondents who participated in the study, 10 (16.7 %) strongly agreed and were neutral each with the same value. The other categories of respondents, 31 (51.7 %) agreed, and 9 (15 %) disagreed on bank employees to provide personal attention to its clients when entering the bank hall till they depart. Thus, basing on the findings from the field the majority of respondents agreed on bank employees provisions of personal attention in order to satisfy them.

It is important in the first instance to confirm that the main purpose behind customer oriented behaviors is to increase customer long lasting satisfaction and to create customer loyalty. As in the service oriented organization, the delivery of service in a banks occurs when there is interaction between service providers and the service encounter; (Ki Lee et al.,2006). Research has supported that customer orientation leads to increase organization performance (Asikhia,2010). Furthermore customer orientation is also one of the market beneficial sources, it helps

organization to understand customer, and hence it helps in delivering an appropriate plan to satisfy customer needs.

Table 4.13: Bank Employees Provisions of Personal Attention

		Frequency	Percent
Valid	Strong agree	10	16.7
	Agree	31	51.7
	Neutral	10	16.7
	Disagree	9	15.0
	Total	60	100.0

Source: Field data, 2015.

4.4.2.4 Bank's Employees Willingness to Help

It is important for the bank employees willing to help customers since the main purpose behind customer oriented behaviors is to increase customer relationship satisfaction. The study aimed to find out whether the bank employees were willing to help customers whenever they face difficulties. Field data in table 4.14 reveals that, out of 60 respondents who participated in the study, 16 (26.7 %) strongly agreed, 32 (53.3 %) agreed, 8 (13.3%) were neutral, 2 (3.3 %) disagreed and strongly disagreed each with the willingness of bank employees to help customers during operations. Thus, basing on the findings from the field the majority of respondents agreed on bank employees willing to help customers in order to satisfy them.

Table 14: Bank's Employees Willingness to Help

	Frequency	Percent	
Valid	Strong agree	16	26.7
	Agree	32	53.3
	Neutral	8	13.3
	Disagree	2	3.3
	Strong disagree	2	3.3
	Total	60	100.0

Source: Field data, 2015.

4.5 The Effect of Customer Relation Management Practices on Marketing Productivity

The effect of customer management practices on marketing productivity was the third specific objective of the study. The study aimed to find out the way banking sector improves its marketing productivity due to competitive edge in relation to customer relationship management. The effect of customer relationship management improves marketing productivity by ensuring superior value creation. Relationship marketing has the potential to improve marketing productivity by making marketing more effective and efficient; (Sheth and Sisodia 1995). Marketing practices become effective because, on the one hand, the individual customers' needs are better addressed, and on the other hand, consumer involvement in the development of marketing practices leads to greater consumer commitment to the marketer's programs. As concerns achieving marketing efficiency, sheth and Parvitiyar (1995) suggest that there are important aspects of relationship marketing lead to greater marketing efficiency.

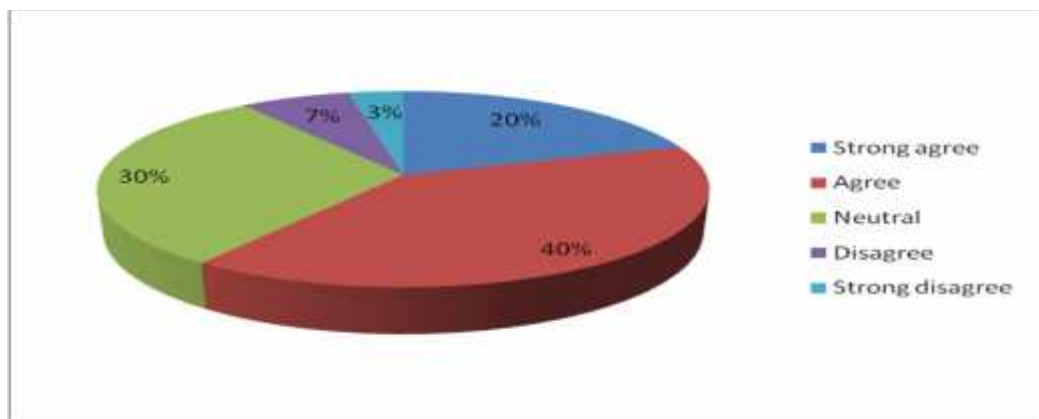
4.5.1 Bank Access Communication Network Irrespective Location

Access of communication network regardless of clients location is among the bank strategy to compete well in the market and increases productivity. Field data in

figure 4.7 reveals that, out of 60 respondents participated in the study through interviews who were bank clients 12 (20 %) strongly agreed, 24 (40 %) agreed, 18 (30 %) were neutral, 4 (6.7 %) disagreed and 2 (3.3 %) strongly disagreed on the bank access communication network regardless of customers location. Therefore, the majority of respondents agreed on the access of communication network regardless of customers location.

In relation to the field data, the company that systematically concentrates on its productivity is almost bound to gain competitive advantage. Woodruff (1997) suggested that access of bank communication network and creating value, is increasingly seen as the next source of competitiveness. In maximizing their subjective expect value, customers may decide to engage in a variety of relational behaviors. The decision to build a relationship with an organization will be associated with behaviors such as increased usage, positive word of mouth, multi-product purchases and customer advocacy in order to maximize on the value derived from the firm.

Figure 4.7: Bank Access Communication Network Irrespective Location

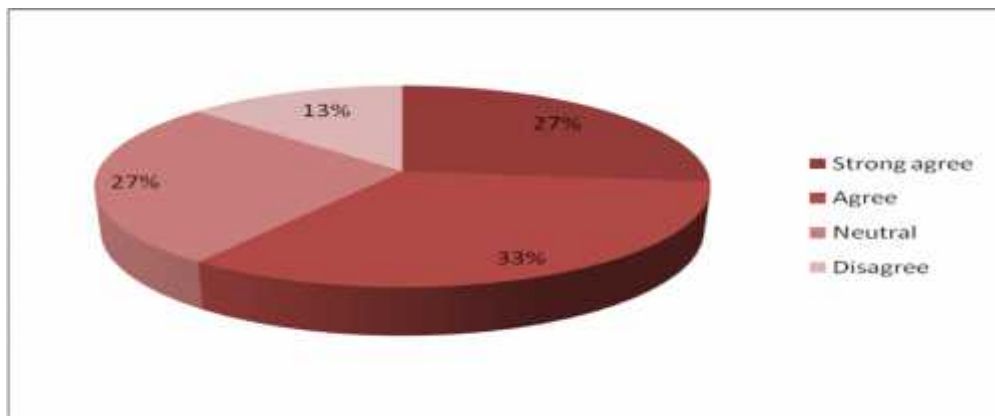


Source: Field data, 2015.

4.5.2 Performance of Bank Services at Right Time and First Point

Performance of bank services at right time and first point is among the bank strategy to compete well in the market and increases productivity. Field data in figure 4.8 reveals that, out of 60 respondents participated in the study through interviews who were bank clients 16 (26.7 %) both were neutral and strongly agreed, 20 (33.3 %) agreed hence 8 (13.3 %) disagreed on the bank performance services at right time/first point. Therefore, the majority of respondents agreed on the bank performance due to right time and first point services.

Figure 4.8: Performance of Bank Services at Right Time and First Point

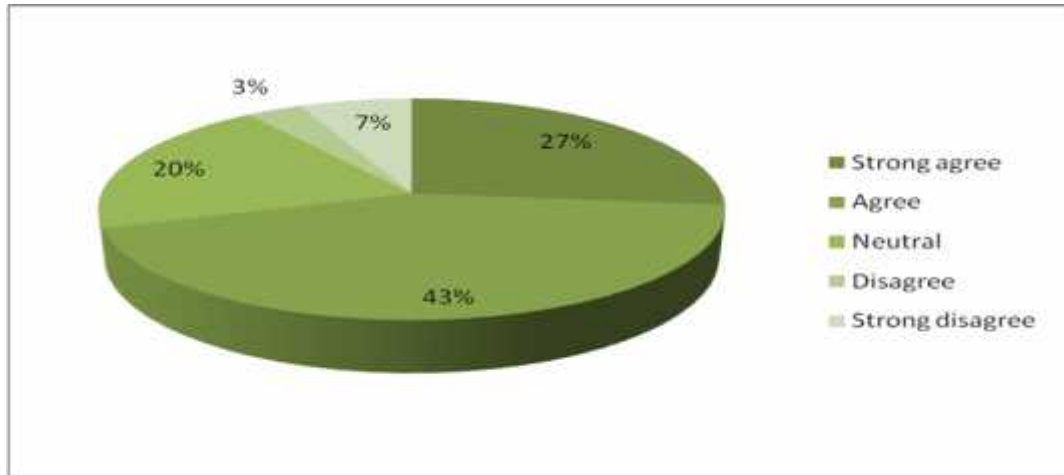


Source: Field data, 2015.

4.5.3 Bank Sincere Interests on Solving Customers Problems

Banks sincere interests on solving customers problems increases performance and marketing productivity. The aim of the study aimed at assessing whenever customers face problems or difficulties whether the bank shows any interest on solving them. Field data in figure 4.9 reveals that, out of 60 respondents participated in the study through interviews who were bank clients 16 (26.7 %) strongly agreed, 26 (43.3 %) agreed, 12 (20 %) were neutral, 2 (3.3 %) disagreed and 4 (6.7) strongly disagreed on the bank performance services at right time/first point. Therefore, the majority of respondents agreed on the bank interests on solving customer problems. Therefore, basing on the findings from the field the majority of respondents who were interviewed agreed on the bank sincere interests on solving customers problems.

Figure 4.9: Bank Sincere Interests on Solving Customers Problems



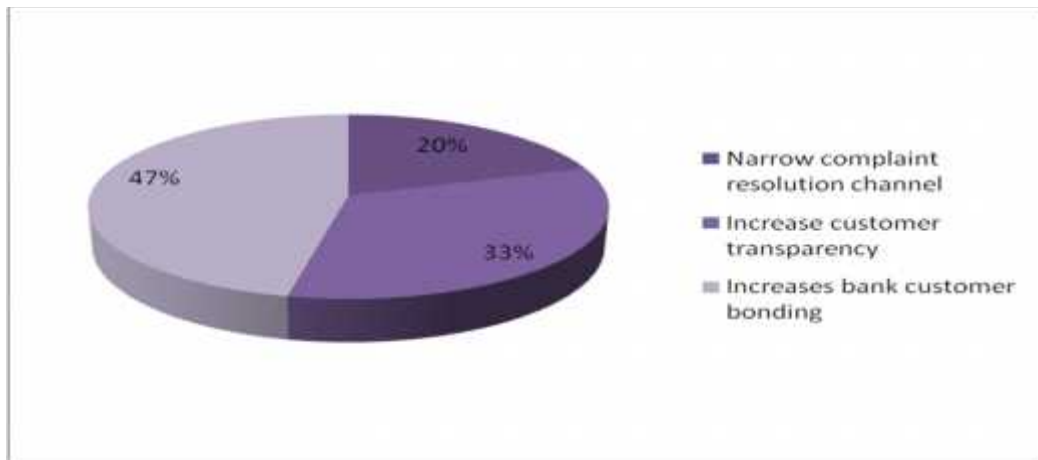
Source: Field data, 2015.

4.5.4 The Bank CRM Practices on Attracting New Customers

The bank ability to gain new customers depends on accurate customer relationship management at this point, listening to customer's demands and complaints and producing solutions with consideration paid to the customer differences are very important in creating customer satisfaction and thus customer loyalty.

Field data in figure 4.10 shows the bank customer relationship management on attracting new customers. Findings shows that 3 (20 %) of the respondents consider narrow complaint resolution channels on attracting new customers. The second category of respondents 5 (33.3 %) regard an increase of customer transparency attracts new customers. The last category of respondents 7 (46.7 %) insist the increase customer bonding to attract new customers. Basing on the findings obtained from bank employees the majority conclude that increase of bank customer bonding attracts new customers in the banking sector.

Figure 4.10: The Bank CRM Practices on Attracting New Customers



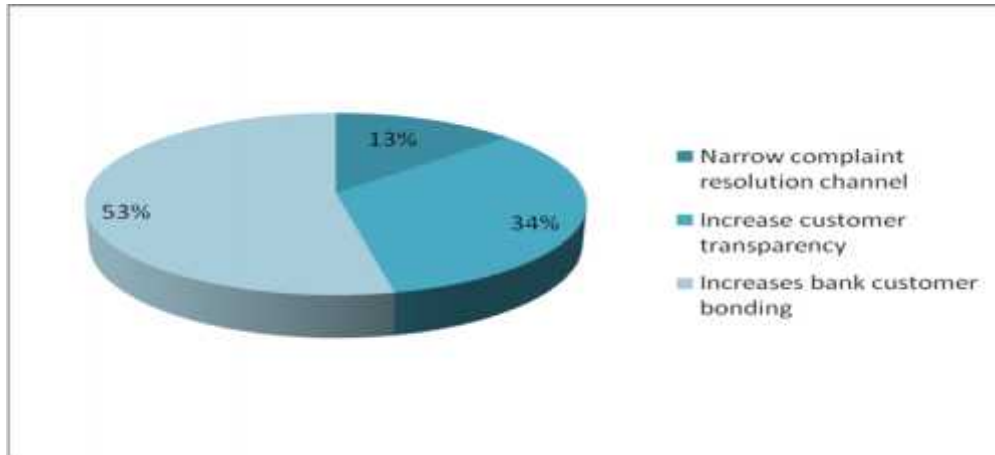
Source: Field data, 2015.

4.5.5 The Bank CRM Practice on Retaining Old Customer

The bank ability to retain their existing customer depends on accurate customer relationship management at this point, listening to customer’s demands and complaints and producing solutions with consideration paid to the customer differences are very important in creating customer satisfaction and thus customer loyalty. The study aimed to find the importance of CRM on retaining old customers. Findings from the field in figure 4.11 shows that, 2 (13.3 %) consider increases narrow complain resolution channels, 5 (33.3 %) increases customer transparency and 8 (53.3 %) increases customer bank bonding.

Basing on the findings from the field, the majority of respondents from all selected commercial banks concluded that increase of bank customer bonding retains old customers.

Figure 11: The Bank CRM Practices on Retaining Old Customer

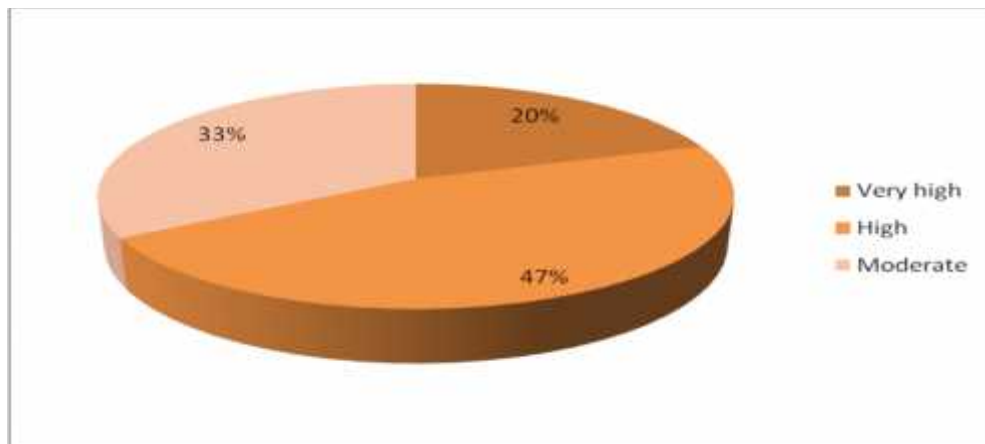


Source: Field data, 2015.

4.5.6 The Effect of CRM on Reputation

Findings from the field shows the effect of customer relationship on reputation. Field data in figure 4.12 shows that, (20 %) very high, 7 (46.7 %) and 5 (33.3 %) moderate effect of CRM on reputation. Therefore the majority of respondents considered that, there was a high effect of CRM on reputation. Moreover, finding revealed that regardless of services context customers expect service provider to be courteous usually, most conversation begin or end with a courtesy expression and includes some form of personal connection content. On that regard, since the bank operates within the society there is a need to maintain customer relationship management so as to avoid customer reputation. The important point is that sociality communication can play a pivotal role in moving the provider and consumer for mere encounters to higher degree of relational development.

Figure 4.12: The Effect of CRM on Reputation



Source: Field data, 2015.

4.6 Suggestions For Improving CRM Practice on Banking Sector

The study saw a need to focus on various suggestions in so as to improve customer relationship management in the banking sector. Some of the improvements based on the area for CRM practice and the way banks handle maintain its relationship with customers.

4.6.1 The Areas of Improvement in CRM Practice in Banking Sector

The areas of improvement was one of the factor that helps to shape CRM practices in the banking sector. Ryals and Pynes (2001) also argue that adoption of CRM enables and improves marketing effectiveness (by enabling the organization to select more attractive customers) and efficiency. The findings rooted from questionnaires supplied to 15 bank employees who were respondents in the study. However, field data in table 4.15 shows that, 3 (20 %) both decision making and transactions alternatives channels were the areas to improve in CRM practice. The other categories of respondents 7 (46.7 %) regard additional employees at customer care unit and 2 (13.3 %) airtime provisions for ease of communication. Basing on

the findings from the field majority of respondents regard additional customer care unit employees improvement in order to implement CRM practices.

Table 4.15 The Areas of Improvement in CRM Practice in Banking Sector

	Frequency	Percent
Decision making centralisation	3	20.0
Additional employees at customer	7	46.7
Valid Transactions alternative channels	3	20.0
Airtime for ease communication	2	13.3
Total	15	100.0

Source: Field data, 2015.

4.5.6.2 The Way Bank Improves its Customer Relationship Management

The way bank handle its customers relationship management was the other factor for improvement. Field data in table 4.16 shows that, 4 (26.7 %) regard both current employees training and recruitment of customer relationship personnel as factors for improvement. The other categories of respondents with 1 (6.7 %) solve current needs and 6 (40 %) not specified. Therefore, basing on the findings from the field, majority of respondents claims that there were not specified factors for improvement. On that regard, the banking sector needs to improve all its necessary techniques in order to improve the implementation of customer relationship management.

Table 4.16: The Way Bank Improves its Customer Relationship Management

	Frequency	Percent
Valid		
Train the current employees	4	26.7
Solve the current needs	1	6.7
Recruit customer relations personnel	4	26.7
Not specified	6	40.0
Total	15	100.0

Source: Field data, 2015.

CHAPTER FIVE

CONCLUSION, RECOMMENDATION

5.1 Introduction

The chapter provides the conclusion and recommendation based on the study results whose objective was to assess the importance of customer relationship management practice in bank sector under competitive market, to find out the relationship between customer relationship management and customer satisfaction and to examine the effect of customer relation management practices on marketing productivity. The chapter starts with the introduction followed by the conclusion and recommendations. The chapter finally highlights areas for further researches hence limitation of the study.

5.2 Conclusion

Basing on the discussion it indicates that customer relationship management practice in banking sector started earlier however still requires increasing attention to the value of more applied research, innovative, relevant processes, regulations frame works, laws, controls and evaluation to the local, regional, national, global, public and private sectors. Such strategies facilitates through creating linkages between the customer relationship management and bank sector performance. In recent decades, there has been significant progress toward the goal of universal customer relationship management under banking sector customer satisfaction and marketing productivity, even while improvements in access have not necessarily been matched by quality of its application in the implemented stages.

Banks have started acknowledging the importance of CRM in developing their business. They have recognized that it is essential to protect and grow its customer base and ultimately its profitability. The banks can build a strong relationship with customers through customer relationship management practices. To meet the customer needs and beat the competitive, they must deliver superior quality service. The CRM adopted by banks should focus on maximizing the value of customer and the bank. Moreover the CRM should be based on the positive staff attitude,

productive advice, and delivery of the promised service, consistent delivery of superior quality service simplicity and easiness of doing business.

Furthermore, a fair efficient complaints resolution, honestly, integrity and reliability. The general discussion concludes that there was a need to develop an integrative approach which focused on the customer needs and to deliver services basing on the implementation of customer relationship management. As shown by the study, the bank is struggling in developing a customer centric approach both for the customer as well as for the employee. Thus, for customer relationship management to deliver to the expectations, should play an integrative role within the bank and ensure that all processes are integrated in the bank global strategy.

Findings from the field reveals that, there is a more coordinated and professional approach to customer contact, with up to date customer information. Banks offers more personalized service, targeting and serve customer on an individual basis. It permits one to one marketing as opposed to mass marketing, customer feel empowered if they hear great access to products and services. For example 24 HRS banking and targeted products and services offerings to coincide with customer events and requirements. Employees are empowered with the information to deliver high quality service and meet customer expectation. Employees have more time to save customers, and employees have higher satisfaction ratings. Managers were empowered with information that helps them manage customer relationship and make better decision, optimum use of resources, customer satisfaction as increased loyalty. Improved customer acquisition and cross selling, helps in capitalizing on short windows of opportunities in the market hence helps in establishing durable relationship with customer.

To examine the effect of CRM practices on marketing productivity under this objective the research aimed on market productivity on customer retention, attracting new customer and satisfying them. From the data analysis 55.6% of respondents argued about transparent of information from banks to customers. Particularly in marketing approach, considering customer retention is a big challenge. Provisioning the facilities attending the needs without delay in time,

meeting the changing needs, creating the database, employee approach to customers, customer awareness, fulfilling the promise provided and other things that happen in daily banking operation can make the customer not satisfied. Findings shows that banks need to conduct several training on customer service and to introduce service guarantee on all solution provided by bank.

In terms of retention of existing key customers, enhancing customer loyalty, providing technological infrastructure, bank location, existence of CRM approaches, coverage of CRM by e-marketing and making the customer delight, customer confidence were found quite satisfactory and in good condition with each bank. It is very clear from the observation that the approach of CRM by banks to some extent is the same and one, but the reach is quiet distinguishable. It is due to the profile, their capability and the strategy of CRM in making it and reaching down to customers. Hence CRM is an inevitable tool of marketing that was considered as critical responsibility of market with regard to banks in present context. The results in this study show the respondents either agree or strongly agree on majority of the statements in the questionnaires used. The bank ability to retain their existing customer and gain new customers depends on accurate customer relationship management at this point, listening to customer's demands and complaints and producing solutions with consideration paid to the customer differences are very important in creating customer satisfaction and thus customer loyalty.

5.3 Recommendations

The study revealed that majority of respondents came from different families background. Men had the higher rate of participation with 60 % compared to women with 40 % from banking secto. It is widely acknowledged that the customer relationship management in banking sector problem strengthens the collective effort of clients, commercial banks, the government and other stakeholders in enabling customers to demand their rights services during operations hence become more satisfied. The researcher recommends the commercial banks to think seriously

about how to satisfy customers through various strategies on customer relationship management. Since the customer relationship management yields little insight about; the barriers to access customer satisfaction and banks marketing productivity, the implementation practice may lead to higher performance. While improving customer relationship management practice, outcomes, and cost effectively, the study suggests an urgent need for new research and development in this field.

The researcher insists the commercial banking sector authorities to focus on good policy formulations, improvement of customer care unit employees, decision making processes and other benefits. Other factors were the access of communication networks, retaining and attraction of new customers. On the other hand the report recommends reform legislation to ensure that old and new clients have equal rights and protections under the law. Therefore, the policy makers, politicians and commercial banks will benefit with the findings of the study since it provides insight on the customer relationship management practice in banking sector in Mwanza city hence Tanzania at large.

In a specific view of the CRM practice, the following recommendation can be adopted.

- (i) In a competitive environment, the Banks should adopt suitable marketing skills rather than depending on the trading skills. Hence new service should be constantly introduced to ensure the growth of the Bank.
- (ii) Employee's relationship management first before customer relationship management.
- (iii) Increase customer experience through the web site.
- (iv) Develop channel integration for effective customer relation management.
- (v) Appropriate training should be given to the bank personnel.
- (vi) More importance should be given to handling on line transaction, mobile banking and internet banking services. It should be noted that customer relationship can't built in one day. CRM should be considered as a continuous relationship management.

5.5 Further Research

Based on the research findings the researcher proposes various study investigations on the following areas; improvement of career training and development opportunities to make bank employees competent in the employment sphere. Moreover, further research on the improvement of wages and other benefits according to current life situations in order to build a better, more inviting working climate for employment. Not only that but also further research to be done on monitoring, evaluation, and controlling of the customer relationship management on banking sector. This may offer more establishment and implementation of customer relationship management practice on banking sector in creating a large satisfaction and marketing productivity.

Due to generalization of findings and complications during the study the researcher keeps proposing on other areas of researches such as effects of customer relationship management performance on financial institutions in relation to other industries. The effects of customer care relationship management of Tanzania commercial banks compared to other countries regarding network coverage, mobile banking, home service delivery, reduction of costs, rate interests conditions and other benefits. Hence other researches on formulation of policy improving the customer relationship management on banking sector including building of training centres, establishment of legal courts for fraud money laundering and initiation practices among legal perspectives, negative attitude towards banking sector customer care unit, openness in all stages of implementation and poor planning.

REFERENCE

- Akan,p (1995). Dimensions of Service Quality: *Expectations of Turkish Consumers from Services*. Bogazici University Istanbul, Turkey.
- Anand, S (2008), *Customer Relationship Management in Indian Banks*. Journal Available: <http://www.crmforum.com/library/aca/aca-07.html>
- Baldwin, E.A (2006). *How to Win using Customer Relationship Management?*. McGraw Hill, New Delhi.
- Berry, M.J.A. & Linoff G.S., (2000), *Mastering Data Mining: The Art and Science of Bholanath Dutta, CRM in Financial Services Marketing*. Journal of Marketing Mastermind, Sept 2008.
- Buttle, F. (2002). *The S. C. O. P. E. of Customer Relationship Management*. McGraw Hill, New Delhi.
- Carmines and Zelle. (1979). *Validity and Reliability*. Retrieved on 24-5 2015 from the web:<http://www.socialresearchmethods.net/kb/analysis>.
- Chary T. Satya Narayana& Ramesh, R. (2012). *Customer Relationship Management*. McGraw Hill, New Delhi.
- Coltman, T(2007) *Can Superior Customer Relationship Management Capabilities Improve Performance in Banking . Journal of Financial Service Marketing*. Customer Relationship Management – Emerging Concepts, Tools and Applications, Tata McGraw Hill, New Delhi, pp. 3-25.Customer Relationship Management, John Wiley & Sons, Inc.
- Cooper, D.& Schindler, P. (2003). *Business Research Methods*. New York: McGraw-Hill. London.
- Cooper, D.R. & Schindler, P.S. (2008). *Business Research Methods*. 10th edition. Boston.

- Davids M (1999). *How to Avoid the 10 Biggest Mistakes in CRM*. Journal of Business.
- Dahlqvist, J. , Davidsson, P. , Wiklund, J. (2000). *Initial Conditions as Predictors of New Venture Performance. A Replication and Extension of the Cooper et al study. Enterprise and Innovation Management Studies*.
- Day GS (2000), *Managing Market Relationship, Journal of the Academy of Marketing Science* Vol. 28 (1), pp – 24-30.
- Dick, A.S. & Basu, K., (1994), *Customer Loyalty: Towards an Integrated Framework*.
- Dunphy, D., (1996), *Organizational Change in Corporate Setting, Human Relations*.
- Durkin, M. (2004). *In Search of the Internet-Banking Customer*. The International
- Ed Thompson et al. (2005), *Organisations are Beginning to Think about CRM again, Management Update*, November, 2005.
- Eisingerich, A. B. and Bell, S. J. (2006). *Relationship Marketing in the Financial*.
- Hunter, G et al., (2007). *Making sales Technology Effective in Banking Sector. A Comparative Study*, KKIMRC IJRHRM, 1 (2), 20-29.
- Jarvenpaa, S.L, Tractinsky, N., Vitale, M., (2000), *Consumer Trust in an Internet Store, Journal of Bank Marketing*, 22 (7), 484-503.
- Journal of the Academy of Marketing Science, Vol. 22, Issue 2, pp. 99-113, Sage.
- Kamzora, J & Adam, F. (2008). *Research Methods for Business and Social Studies: Mzumbe Book Project*, Morogoro.
- Kennedy M. 2004. *Using Customer Relationship Management to Increase Profits. Strategic Finance*, 85 (9):5-37.

- Kimberly, C et al (2005), *CRM Marketing Strategies and Technologies Mature, Management Update*, November, 2005.
- Kotler, P. (1999), *Marketing Management: The Millennium Edition*.
- Kumar M. Ashok and Rajesh R. (2009). *Whether Today's Customers are Satisfied?*
- Lemon, K.N, White, T. and Winer R.S. (2002), "Dynamic Customer Relationship Management: *Incorporating Future Considerations into "The Service Retention Decision"*", *Journal of Marketing*, Vol. 66. Management for Customer Loyalty. *Journal of Financial Services Marketing*, 10 (4).
- Mooris, T.& Wood, S. (1991). *Testing the Survey Method. Continuity and Change in British Industrial Relation* .Work Employment and Society.
- Panda, T.K. (2003).*Creating Customer Lifetime Value through Effective CRM in Financial Services Industry*", *Journal of Services Research*, 2 (2), 157-171.
- Parasuraman, A., Zeithaml. V.A. and Berry, L.L. (1985). A Conceptual Model of Service Quality and its Implications for Future Research. *Journal of Marketing*, Volume 49, Fall, 41-50.
- Parvatiyar A and Sheth JN (2001), *Conceptual Framework of Customer Relationship in Banking Sector*.
- Parvatiyar, A and Sheth, J.N (2000). *The Domain and Conceptual Foundations of Relation Marketing. In Hand Book of Relationship Marketing. California. Sage Publication Inc.*
- Parvatiyar, A., &Sheth, J. N. (2001). Customer Relationship Management: *Emerging practice, Process and Discipline. Journal of Economic and Social Research*, 3 (2), 1-34.
- Payne A, Christopher M, Clark M & Peck H. 1995. *Relationship Marketing for Competitive Advantage*. Oxford: Butterworth-Heinemann.

- Pisharodi R et al (2003), *Relationship Strategy, Effectiveness and Responsiveness in Services Marketing*, *Journal of Relationship Marketing*, Vol 2, No. 1, 2003 pp. 3-22.
- Professional Banker, Dec. 2008 pp 66-70. *Publications*.
- Raj, H. (2002), *Theory and Practice in Social Research*. Third Revised Edition, Second Reprint. India: Surjeet Publication.
- Rajiv Joshi, Customer Relationship Management : *Free and Open Source CRM Software for SMEs*, *Journal of Marketing Mastermind*, Dec. 2008.
- Rangarajan. (2010). *Effective Role of Customer Relationship Management in Banking Sector*, Global Research Review, New Delhi.
- Reinartz, W. J. and Kumar, V. (2003). *The Impact of Customer Relationship Characteristics on Profitable Lifetime Duration*. *Journal of Marketing*, 67 (1), 77-99. Relationship Management of Banks. *Journal of Financial Services Marketing*, 13(1).
- Robson, C. (1993). *Real World Research*, Oxford, Blackwell.
- Rootman C. 2006. *The Influence of Customer Relationship Management on the Service Quality of Banks*. Unpublished M Com dissertation. Port Elizabeth: Nelson Mandela Metropolitan University.
- Rootman, C., Tait, M., & Bosch, J. (2008). *Variables Influencing the Customer*. Global Research Review, New Delhi.
- Rootman, C., Tait, M., & Bosch, J. (2008). *Variables Influencing the Customer Relationship Management of Banks*. *Journal of Financial Services Marketing*, 13(1), 52-62.
- Rwegoshora, M.M.H. (2006), *A guide to Social Science Research*. Mkuki na Nyota Publishers, Dar es Salaam.

- Ryals, L. and Payne, A (2001). *Customer Relationship Management in Financial Services*.
- Sarangapani, A (2008). *Customer Relationship Management in Banking Sector, Journal of Professional Banker*. May 2008 pp 39-47.
- Saunders, M., Lewis P.& Thornhill, A. (2000). *Research Methods for Business Students*. Edinburgh Gate: Prentice Hall.
- Services Industry: *The Importance of Customer Education, Participation and Problem*. Macmillan India, New Delhi, pp 16-29.
- Shainesh G and Sheth JN (2006), *Customer Relationship Management: A Strategic Perspective*, Macmillan India, New Delhi, pp 16-29.
- Sisodia R.S and Wolfe D.B (2000). *Information Technology: Its Role in Building, Maintaining and Enhancing Relationships, in Handbook on Relationship Marketing*. Saga Publications, pp 526-563.
- Strategy, Nov-Dec 1999, pp22-26. *Towards Information Enabled Relationship Marketing. Journal of Strategic Marketing*. Vol. 49, Issue 5, pp. 541-52.
- William, B (2005), *Best Practices for CRM Deployment*, The Forrester, December, 2005. www.smtmag.com.

APPENDIX ONE
QUESTIONNAIRES FOR COMMERCIAL BANK EMPLOYEES
RESPONDENTS

Dear respondent,

My name is Lameck Kazula, from Mzumbe University Conducting a research as part of the requirements for the fulfillment of my Master degree in Business Administration (MBA in Corporate management).

The research study is based on Customer relationship management in banking sector.

The questions are purely for academic purpose, I request you to fill then and return it back to me. Confidentiality is maintained for the information to be provided.

Thank you in advance for your participation.

Name:

Employee / Customer

Department / Business activity

Phone number

Address

Email ID

Gender

Age Range

Experience with CRM

STAFF QUESTIONNAIRE

1. Does your Bank's corporate mission and strategy gives importance to Customer's needs?
 - (a) Strongly disagree
 - (b) Disagree
 - (c) Neither agree nor disagree
 - (d) Agree
 - (e) Strong agree

2. Is the relationship with customers' gives great value in your bank?
 - (a) Strongly disagree
 - (b) Disagree
 - (c) Neither agree nor disagree
 - (d) Agree
 - (e) Strong agree

3. Please can you rate the effect of customer relationship management on reputation of your bank?
 - (a) Very high
 - (b) High
 - (c) Average
 - (d) Low.
 - (e) Very low

4. Are the information about your customers are stored in the bank database for fulltime use?

- (a) Strongly disagree
- (b) Disagree
- (c) Neither agree nor disagree
- (d) Agree
- (e) Strong agree

5. What do you feel about the bank customer relationship management practice on attracting new customers and retaining old ones?

.....

.....

.....

.....

.....

.....

6. What are the bank corporate objectives on customer satisfaction?

.....

.....

.....

.....

.....

7. Does customer relationship management surveys help in understanding a customers needs. How do they help?

.....

.....

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

8. How does the bank create customer segments for customer relationship management?

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

9. Do you think your bank is able to give excellent customer service at any point of contact?

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

10. How does your complain handling process satisfy your customers?

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

11. How does your working environment in your bank support the implementation of customer relationship management practice?

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

12. What are the areas of improvement in customer relationship management practice in your bank?

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

13. What the areas of weakness that needs to be addressed with regard to customer relationship management practice in your bank?

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

14. How can the bank improve its customer relationship management?

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

AN INTERVIEW GUIDE FOR BANKING SECTOR CUSTOMERS

A. General Questions

1. For how long have you been experienced with customer relationship management?

B. Specific questions

2. What influences application of customer relationship management in banking sector under this competitive era?

3. What are the relationships between customer relationship management practice and customer satisfaction?

4. How does customer relationship management practice influence the marketing productivity?

5. What do you suggest in order to improve customer relationship management on banking sector?

6. How would you explain your experience on customer relationship since you started business with your bank?

C. Other questions to customers

CRM: A Competitive Tool for Banking Sector

Customer Perception of Service Quality (Reliability)

SNo	CRM practice	Strongly disagree	Disagree	Neither agree nor Disagree	Agree	Strong agree
		1	2	3	4	5
1.	Do the bank always abides by its promises to service quality and delivery					
2.	Does the bank perform the services at the righttime at first point?					
3.	Do the bank provides the services at the time it promises to do so?					
4.	Does the bank have an easy excess communication network for all its customers, irrespective of their location?					

SNo	CRM practice	Strongly disagree	Disagree	Neither agree nor	Agree	Strong agree
		1	2	3	4	5
1.	Do employee of the bank give you prompt service?					
2	Does the behaviour of the bank employees instill confidence in customer?					
3.	Can employees of the bank be consistently courteous with you?					
4.	Does the bank have employees who give you personal attention?					

CRM: A Competitive Tool for Banking Sector

Customer Perception of Service Quality (Responsiveness)

Customer Perception of Service Quality (Empathy)

SNo	CRM practice	Strongly disagree	Disagree	Neither agree nor Disagree	Agree	Strong agree
		1	2	3	4	5
1.	When you have a problem, does the bank shows a sincere interest in solving it?					
2.	Does employees of the bank are always willing to help you?					
3.	Do employees of the bank are never too busy to respond to your requests?					
4.	Does the bank have your best interest at heart?					
5.	Do the bank has guidance signs indicating as to which counters are offering which services?					
6.	Do employees of the bank understand your specific needs?					

CRM: A Competitive Banking Sector

Customer Perception of Service Quality (Tangibles)

SNo	CRM practice	Strongly disagree	Disagree	Neither agree nor Disagree	Agree	Strong agree
		1	2	3	4	5
1.	When you visit the bank does it have some places to sit and wait?					
2.	When you enter into the bank is it neat and clean?					
3.	Does employees of the bank appear neat?					

Customer Perception of Service Quality (Assurance)

SNo	CRM practice	Strongly disagree	Disagree	Neither agree nor Disagree	Agree	Strong agree
		1	2	3	4	5
1.	Do you feel safe while doing transaction with the bank?					
2.	Does employees of the bank have the knowledge to answer your request?					
3.	Do the physical facilities at the bank are visually appealing?					
5	Does the bank insists on error free records?					

Thanks a lot for your cooperation and participation!

QUESTIONNAIRES TO CUSTOMERS

CRM: A Competitive Tool for Banking Sector

Table 1

Customer Perception of Service Quality (Reliability)

SNo	CRM practice	Strongly disagree	Disagree	Neither agree nor	Agree	Strong agree
		1	2	3	4	4
1.	Do the bank always abides by its promises to service quality and delivery					
2.	Does the bank perform the services at the righttime at first point?					
3.	Do the bank provides the services at the time it promises to do so?					
4.	Does the bank have an easy excess communication network for all its customers, irrespective of their location?					

Questionnaires

CRM: A Competitive Tool for Banking Sector

Table 3: Customer Perception of Service Quality (Responsiveness)

SNo	CRM practice	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strong agree
		1	2	3	4	4
1.	Do employee of the bank give you prompt service?					
2	Does the behaviour of the bank employees in still confidence in customer?					
3.	Can employees of the bank be consistently courteous with you?					
4.	Does the bank have employees who give you personal attention?					

Questionnaires

Table 3 :Customer Perception of Service Quality (Empathy)

SNo	CRM practice	Strongly disagree	Disagree	Neither agree nor Disagree	Agree	Strong agree
		1	2	3	4	4
1.	When you have a problem, does the bank shows a sincere interest in solving it?					
2.	Does employees of the bank are always willing to help you?					
3.	Do employees of the bank are never too busy to respond to your requests?					
4.	Does the bank have your best interest at heart?					
5.	Do the bank has guidance signs indicating as to which counters are offering which services?					
6.	Do employees of the bank understand your specific needs?					

CRM: A Competitive Banking Sector

Table 4: Customer Perception of Service Quality (Tangibles)

SNo	CRM practice	Strongly disagree	Disagree	Neither agree nor Disagree	Agree	Strong agree
		1	2	3	4	4
1.	When you visit the bank does it have some places to sit and wait?					
2.	When you enter into the bank is it neat and clean?					
3.	Does an employee of the bank appear neat?					

Table 5: Customer Perception of Service Quality (Assurance)

SNo	CRM practice	Strongly disagree	Disagree	Neither agree nor Disagree	Agree	Strong agree
		1	2	3	4	4
1.	Do you feel safe while doing transaction with the bank?					
2.	Does an employee of the bank have the knowledge to answer your request?					
3.	Do the physical facilities at the bank are visually appealing?					
5	Does the bank insists on error free records?					

GENERAL INFORMATION

1. How would you explain your experience on customer relationship since you started business with your bank?

.....
.....

How do you find out the quality of service and problems of your bank when compared to other banks?

.....
.....

2. Please give any suggestion or comets on improvement of customer relationship management practices.

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