# CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM AND CUSTOMER SATISFACTION AMONG COMMERCIAL BANKS IN KENYA

BY

JORAM KIPLIMO

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# DECLARATION

This is my original work and has not been presented for any award in any other university.


Sign_____ Date _____

**JORAM KIPLIMO**

**D61/68960/2013**




This Project has been submitted for examination with my approval as university supervisor.

Sign_____ Date _____

**Mr. Joel Lelei**

**Lecturer**

**School of Business**

**University of Nairobi**

# **DEDICATION**

I dedicate this project to my wife for the continuous encouragement and our children for the sacrifices they had to make during the course of my study.

# ACKNOWLEDGEMENT

I wish to acknowledge the support of my supervisor Mr. Joel Lelei for accepting to supervise my project and for the encouragement. I sincerely thank God almighty for his strength and grace to do this work for without Him I can do nothing. Appreciation is extended to my beloved family, friends and employer for financial, emotional and moral support throughout this work.

# ABBREVIATIONS AND ACRONYMS

**CBK**      Central Bank of Kenya

**CR**      Customer Relationship

**CRM**      Customer Relationship Management

**MIS**      Management Information System

**RMS**      Risk Management System

**SPSS**      Statistical Package for the Social Sciences

**TPS**      Transaction processing system

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# ABSTRACT

In the world where there is increasing competition in every sector of the economy. The service sector is flooded with different firms offering different services, such that many customers are spoilt for choice on all products offered at the marketplace. The study sought to assess the relationship of CRM system and customer satisfaction among commercial banks in Kenya. The study was guided by the following specific objectives; to determine the extent of use of customer relationship management system in commercial banks in Kenya; to establish the relationship between CRM use and customer satisfaction in commercial banks in Kenya; to identify the challenges experienced in commercial banks in Kenya in the use of CRM. The study was anchored on the relationship marketing theory and the Commitment-trust theory. A descriptive design was employed in the study. The study targeted heads of customer relationship management who were free to delegate to their CRMs from each of the 44 banks. The study relied on primary data collected by use of questionnaires. The collected questionnaires were examined for completeness before being entered in the Statistical Package for Social Sciences software for analysis. The study used mean, percentages, frequencies and multiple regression analysis. The study found out that use of CRM had a positive influence on customer satisfaction. The study concludes that MIS was used in collecting customer related information from diverse sources by commercial banks. Commercial banks used MIS in generating reports of customers. Customers were delighted by the services offered by their bank. CRM did not have enough provision to private protection. The study recommends that MIS ought to be used in collecting customer related information from diverse sources by commercial banks. Commercial banks ought to use MIS in generating reports of customers. Customers ought to provide constant feedback regarding customer relationship management systems in the banks for improvement. CRM systems used for marketing ought to be improved to reduce the probability of commercial banks being prone to errors. Commercial banks ought to update their CRM banking systems to reduce frequent down time.

# CHAPTER ONE

# INTRODUCTION

## 1.1 Background of the Study

In the world where there is increasing competition in every sector of the economy. The service sector is flooded with different firms offering different services, such that many customers are spoilt for choice on all products offered at the marketplace. The only way to succeed is through developing systems and strategies that ensures customers are satisfied and do not shift and go to the competition (Madeira, Jorge, Sousa, Moreira & Mainardes, 2014). With the increasing competition in the service industry there is need for every service-oriented firm to ensure that they have a competitive advantage over other firms. This revolves around ensuring that customers are retained and not lost to other firms. CRM system is a component of the people, the processes and the adopted technologies that improve customer service efficiency. According to Zhou (2015) developing customer relationship management system, would enable an organization gain a competitive advantage over the others in the marketplace.

Many business organizations in the financial sector have realized the significant role played by Customer Relationship Management (CRM) in enhancing value of the company. Many of the firms in the financial sector today rely on CRM to retain customers and achieve value of the business.

### 1.1.1  Customer Relationship Management System

CRM is developed from the concept of customer relationships which are then managed for optimal mutual benefit for all parties (Mueller, 2010). Customer relationship (CR) is concerned with building a lasting constant contact with customers. It refers to a process and the manner in which businesses come up with, built and maintain relationships with its clients (Sinkovics & Ghauri, 2009). It is important that businesses develop and nurture good relationship with their customers to build customer loyalty through satisfaction by developing products suited for the dynamic needs of their customers (Peppers& Rogers, 2011). This process of developing and nurturing good relationships with clients may involve offering sales support, good customer services, technical support in areas that the client may experience challenges and marketing communication where customers constantly get updated on new developments in the company.

CRM developed following deficiencies in customer relationships (Brink & Berndt, 2009). CRM refers to a business strategy that integrates the human component in an organization, internal processes and information technology to optimize relationship with customers (Goldenberg, 2008). CRM makes use of emerging technology to provide fast and effective customer service through development of a relationship using information collected from customer databases. It aims at bringing on board new clients for the organization, maintaining the existing customer and growing the relationship using the current customers. CRM therefore is made up of systems meant to assist the organization in acquiring new customers, besides collecting information the existing customers so as to establish their consumption patterns, examine their experiences with other organizations

and gather knowledge on their current and future motivations for purchasing an organization's goods and services.

In order to have close relationship with customers, a high level of coordination is required between the departments responsible for marketing activities and the customers of the organizations. According to Anagreh and Abu-Shanab (2015), the advancement in Information and Technology had resulted into rapid adoption of e-CRM in most organizations aimed at improving interrelationship with customers. This increases organizational performance.  The current breed of customers' is no longer willing to wait for three or four days for response or a service, but demand responses within a short period of time, hence adopting electronic systems would solve that issue (Muro, Magutu & Getembe, 2013).

Customer relationship management systems are applied by organizations in identifying new opportunities which provide avenue for business expansion. Ng'ang'a (2017) argues that CRM helps improve customer value, satisfaction and retention. This is because of the intense communication maintained between the organization and its customers which enables sharing information on the changing customers' needs and desires so that the organization can align its operations. Makau (2015) noted that banking sector applied CRM to improve service delivery and product portfolio. Ng'ang'a (2017) established that CRM encouraged firms to reduce operational costs through adoption of online marketing channels in the motor vehicle assembly sector in Kenya.

Singh and Sirohi (2014) reveal that the system can also be used to improve the firm's marketing activities through segmenting the market, simplifying the campaign tolls, insightful analysis of markets and the changes that occur and tracking customer reactions and responses to marketing activities like adverts, road shows and word-of mouth press (Rahi, Ghani & Alnaser, 2017). The system also helps the sales force to increase the value of sales by effectively interacting with customers while accessing more information on competitors.  The CRM system allows for forecasting and planning customer activities. Lastly, through the CRM system, firms create a service portal to increase customer service, offering technical support to staff teams and potential customers, share information on products and effective management of each individual customer account. The results lead to satisfied customers, loyal customers and the firm creates lifetime customers through attentive service delivery.

## 1.1.2 Challenges in Implementation of Customer Relationship Management

Determination of the satisfaction levels of customers is a challenging task as one needs to ensure that the availed products either meet or exceed their needs and wants. Customer satisfaction is one of the measures of performance as indicated by the Balanced SCORE Card (BSC). Customer satisfaction is perceived by customers in view of how the product performs versus the needs and wants of the customers.  Customer satisfaction emerges where performance equals to the expectations of customers.

Malik and Kumar (2013) shares that however, in cases where performance exceeds expectations, the customer is said to be delighted. Izogo and Ogba (2015) noted that it is from the perceived quality by customers that they compare the performance of a given product with their expectations to determine how well the product or service met their needs. The high level of volatility in the economies and markets inform companies to ensure that their customers are always satisfied with the available products. By ensuring satisfaction that customers are satisfied, the new ones are retained and therefore performance of an organization is ensured. This study was conducted more than five years ago when the rate of CRM adoption was low compared to the current period when many organizations have improved utilization of ICT in their operations.

The process of implementing a CRM system poses a number of challenges that need to be overcome in order to realize full benefits. Frygell, Hedman and Carlsson (2017) established that there existed a high failure rate among firms in the implementation of CRM systems. The first challenge could relate to a disconnection between CRM system and the operational strategy in organizations. Failure to link the CRM system with the operational systems leads to lack of communication in the two systems thus leading to double work in capturing one data set into the other system for the purposes of decision making. This disconnection has resulted in high failure rates in many CRM system implementations. Majority of the findings were gained from the banking sectors which the findings may not apply in some other banks.

Inconsistent and inaccurate data have played a big role in bringing about failure of CRM systems across the world. The persons charged with the responsibility of inputting data in

the system are not very accurate or the persons charged with collection of CRM data commit some errors which are transmitted in the system leading to a dysfunctional CRM system. Other challenges include organizational changes and operating environment fluctuations rendering the CRM system ineffective (Momin, 2015). Inadequate technical skills by the teams charged with the process of implementing a CRM system (Thryambakam & Bethapudi, 2013). It is possible that some of the members entrusted with the responsibilities of implementing CRM system may not be well qualified and experienced in CRM maters thus leading to guess work which in turn leads to a high rate of failure. Employees could be comfortable with the status quo which means that they develop some resistance towards implementation of CRM system (Frygell, Hedman & Carlsson., 2017).

### 1.1.3 Customer Satisfaction

Customer satisfaction refers to emotional response by a product or service consumer in terms of how well a given product or service performed in terms of expectations versus the real experience (Pondichery, 2014). It compares the discrepancy in the experience on consumption of a given good or service versus the expectations prior to consumption. According to Honigman (2007), the perceptions held by customers with regard the quality of the products forms the basis of their satisfaction. Customer satisfaction is measured using perceived quality in terms of overall product quality, fairness in pricing, adhering to delivery commitments, responsiveness and ability to deal with complaints as they arise, communication clarity, reliability and the degree to which it meets the customers need (Wang & Feng, 2012).

A satisfied customer is one whose needs are met by a product, manufacturer or company in a timely manner or through the service accorded. Whenever the company is able to meet and exceed customer expectations, the resultant feeling is satisfaction in the customer. According to Kaura, Durga and Sharma (2015), the analysis and determination of customer behavior today is informed by the level of customer satisfaction. It is usually believed that satisfied customers would always return back to buy a given product again and again hence resulting into loyalty (Kipkirong & Rabach, 2013). This would more likely increase the number of referrals and thus causing positive and free advertising chances. Such kind of advertising is more effective and more believable since the one talking is not paid by the company and they speak from experience.

## 1.1.4 Customer Relationship Management System and Customer Satisfaction

Many organizations adopt CRM with different intentions. According to Pondichery, (2014) CRM is used as an offensive strategy used to increase organizational revenue while at the same time minimizing on operational costs. Increased globalization together with developments in information communication and technology has increased the level of competition among firms (Woodcock, Foss & Stone, 2015). To meet the dynamic needs of customers, many firms have adopted CRM which allows them an opportunity to cross market their products and services besides attending to unique needs of individual customers. Customer relationship Management system therefore allows firms to optimally manage their interaction with customers resulting in higher satisfaction levels (Adiele &

Gabriel, 2013). These studies were carried out at a different country; hence the findings may not apply in the current study.

Through CRM system, organizations are able to monitor the consumption patterns of their customers hence develop appropriate parameters for the purposes of building customer profiles, identification of their needs and potential profitability areas which remain untapped (Wachira, 2016). This information could be utilized in direction key decision-making processes to achieve higher customer satisfaction, competitive advantage and thus improve on firm profitability. This is further emphasized by Reinartz and Hoyer (2014) who argues that application of CRM principles and systems in businesses result into positive financial outcomes. Oloko (2015) established that customer acquisition strategies developed through CRM system had a positive and significant influence on overall performance of Savings and Credit Cooperative Societies (SACCOs). These studies were carried out more than five years ago; an indication that the findings were not sufficient for the current study.

## 1.1.5 Commercial Banks in Kenya

There are 44 commercial banks licensed CBK, where 3 are public and the other 41 are private entities. The public banks are majorly owned by the national government (CBK, 2018). The CBK is charged with the responsibility of regulating the entire banking industry by formulating rules and regulations. This helps in ensuring stability and overall performance of the entire banking sector (CBK, 2016).

A bank is a financial institution whose function involves provision of fundamental banking services which primarily involves accepting deposits and creation of credit. It is an institution that creates a match between savers and borrowers to ensure smooth functioning of economies (CBK, 2018). Banks ensure that surplus resources are collected and extended into deficient productive units in a more economical manner. However, not all financial institutions offering part of banking services qualify to be called banks as some do not fit the legal requirement for banks in terms of capital requirements and other provisions. The level of competition among commercial banks has gone high as more and more commercial banks are licensed to operate in Kenya. Banks are therefore forced to form a long-lasting relationship with their customers where they can learn from the relationship to improve their financial services offerings to gain customer loyalty.

There are several issues faced by commercial banks emerging from instability in macroeconomic environment, increased competition, demanding and well-knowledgeable customers, potential customers who are spoilt for choices among the many players in the sector and inefficient customer management strategies and systems. These aspects are likely to affect the customer satisfaction of these commercial banks.

## 1.2 Research Problem

Several studies have looked at CRM and customer satisfaction, such as Amir, Yousof and Asma (2014) noting how CRM system influenced loyalty of customers with reference to the branches of Ansar bank. It was established that application of CRM improved customer loyalty. The study creates a gap by not looking at customer satisfaction concept besides

being done in an international setting. Rahiminik and Shamsadini (2014) focused on the relationship of CRM and customer satisfaction expressed by the value of Samsung audio and video products consumed. The study was limiting by measuring customer satisfaction through consumption of Samsung audio and video products as opposed to financial sector institutions hence create a knowledge gap that this study considers all aspects of customer satisfaction affected by CRM. Frygell, Hedman and Carlsson (2017) established that there existed a high failure rate among firms in the implementation of CRM systems. The first challenge could relate to a disconnection between CRM system and the operational strategy in organizations.

The financial and commercial banking sector of the economy across the globe is under intense pressure from competition and market changes as customers demand better service delivery. Oloko (2015) acknowledge that the levels of competition in the banking sector require that banks rethink their competitive strategies if they are to emerge successful. In Kenya, the customer needs and preferences have kept evolving, which has forced the industry players to develop strategies and systems to gain unique competitiveness. The commercial banks face intense competition, changing macro-economic conditions and advancing in technologies and demanding customers. These aspects have pushed the commercial banks to develop systems to manage their customer relationships and create customer satisfaction. The desired situations of the commercial bank are to reduce the competitive situations of the banks and embrace the better customer relationship management systems to manage clients.

In Kenya, Odhiambo (2015) studied on the challenges in implementing CRM system strategy at Barclays Bank. The study revealed that some employees resist adopting new technologies, the management were concerned with cost, inadequate training, incomplete structure on the implementation of CRM system and lack of real time reports to serve customers faster. This study looked at the challenges in implementing CRM systems failing to link the system to customer satisfaction while also creating a knowledge gap as it did a case study of only one bank, Barclays Bank. Minoo and Musyoka (2013) considered the effect that CRM had on the banking sector in Kenya, revealing that CRM avails information to banks to use in new markets and variety of service items. In order to effectively communicate with customers, banks use personal visits, emails and phone calls. This study considers effect of CRM specifically to customer satisfaction in the commercial banks. Ng'ang'a and Monayo (2017) on electronic customer relationship management strategy and organizational performance, revealing that e-CRM practices allows organizations access to comprehensive, reliable and integrated view of its customer base. The study looked at electronic means of handling CRM and links it to organizational performance in general as opposed to customer satisfaction; this creates a knowledge gap making a need for this study to fill it.

These studies have looked at different aspects of CRM systems, but none has looked at the effect that CRM systems have on customer satisfaction creating a knowledge gap. This study filled this gap by assessing the effect of customer relationship management system on customer satisfaction among commercial banks in Kenya. This study therefore sought

to answer one research question: How does customer relationship management system affect customer satisfaction among commercial banks in Kenya?

## 1.3 Research Objectives

This study sought to assess the relationship of CRM system and customer satisfaction among commercial banks in Kenya.

This study was guided by this main objective:

i. To determine the extent of use of customer relationship management system in commercial banks in Kenya.

ii. To establish the relationship between customer relationship management system use and customer satisfaction in commercial banks in Kenya.

iii. To identify the challenges experienced in commercial banks in Kenya in the use of customer relationship management.

## 1.4 Value of the Study

The study would be of importance to policy makers in the banking sector, government financial units and the leadership of the commercial banks in Kenya. This sight would be of great insight and a source of valuable information to managers and the stakeholders of the commercial banks on the value of CRM system and its usage in improving the satisfaction of customers. The management would therefore be furnished with imperative information that they can use to further develop appropriate strategies to advance the system so as to improve on customer satisfaction in the future. The information will place

the commercial bank management at a better place to formulate strategies that would improve their adoption and usage of CRM system.

This study would be beneficial in informing the national government through the Ministry of Finance and the CBK and the Kenya Bankers Association (KBA) in developing policies that will guide the commercial banks so as to ensure their customers are satisfied. These authorities would guide on the policy formulation and implementation of CRMs.

The study would also be of great value to researchers and scholars as it would act as source of reference and suggest areas for further research especially in instances where the clientele and market dynamics keep shifting. For the scholars, the study would provide insight and knowledge on the current relationship management systems that are adopted in an effort to improve customer satisfaction and also be a source of empirical literature. The findings of this research would therefore add to the existing body of literature on the commercial banks in the Kenyan financial sector.

# CHAPTER TWO

# LITERATURE REVIEW

## 2.1 Introduction

This Chapter captures the theoretical and conceptual discussions on CRM and customer satisfaction by presenting the concentrations of other scholars together with their findings. This is aimed at informing the direction that the current study is supposed to take. The section is arranged in accordance with study objectives.

## 2.2 Theoretical Foundations

The study was anchored on the relationship marketing theory and the Commitment-trust theory. These theories are explained in details below:

### 2.2.1 Relationship Marketing Theory

This theory was advanced by Alexander (1998). According to the theory, relationship marketing is the ability to create and develop relationship with stakeholders that could extent into future. Such a relationship is profitable and beneficial to the parties and can be achieved through relationship advertising. There are three key types of relationship advertising and these include network, data base and interaction marketing (Morgan & Hunt, 1994). When used for internal marketing, database marketing is the utilization of IT to increase consumer satisfaction, profits, and loyalty.

Buttle (1996) stated that when taking a gander at an organization client retailer financial relationship, CRM paradigm considers two things. Firstly, relationship marketing has to be viable and valuable for both organizations and consumers. Secondly, there has to be an increase in the significance of retailers to enhance and maintain the general connections that currently exist with customers because of the relationship between the company and consumer. Clients are likely to communicate with the company, which fulfil their needs (Alexander, 1998).

This theory was relevant to the current study as it shows the important of improving customer relation as it states that the profitability of a customer was most prominent amid the later years of the client relationship because of the accompanying three reasons: incremental buys, the increment in price, and diminishing expenses.

### 2.2.2 Commitment Trust Theory

The theory was proposed by Morgan and Hunt (1994) and posits that two important factors, trust and commitment must prevail for the firm to establish a good relationship with its customers. Adiele, Gabriel, Mukherjee and Nath (2007) postulates a good relationship between customers and the firm builds strong bonds through satisfying their needs and honoring their commitments. Stone, Woodcock and Foss (2015) explains that a customer is confident about a firm from the various interactions had in the past. This assists the firm to attract more customers, increase sales and enhance organizational performance. Commitment is a long-term need to maintain a good relationship. This need is essential in motivating the firm to develop and maintain its relationship with the customers. This is

consistent to MacMillan, Money, Money and Downing (2005), who argued that better relationships are defined through continuous provision of services to the consumers. Rindfleisch and Moorman (2008) posit that customers should be treated in a manner that makes them feel valued; this helps in retaining existing customers and attracting new ones.

Morgan (2005) posits that affective commitment is a kind of commitment that is more personal, it involves social interactions among individuals. The attitudinal aspect of affective commitment is important in developing trust, mutuality, integrity and solidarity which is essential in sustaining long-term relationships between two parties. Social interaction minimizes uncertainty between individuals; this improves the quality of the relationship between the firm and the customers hence contribute to improved customer satisfaction and performance (Friman, Gärling, Millett, Mattsson & Johnston, 2002).

The theory is relevant for the current study since it postulates that relationship commitment is part of customer relationship management which is perceived as a critical component in establishing long-term relationships between parties. This establishes that better relationship between the variables ought to be maintained for better productivity of the firm. This theory is relevant for the study because it identifies the cornerstones for better relationship management which is important in relationship marketing.

## 2.3 The Use of Customer Relationship Management System

Banks apply a number of CRM systems to ensure efficient management of customers for greater satisfaction. It helps organizations in keeping track of their customers and collecting more information about customers so as to align its systems to providing the solutions that

customers are seeking. CRM system combines the strategy of an organization, technology and information system focused on availing better service to customers. Kotler (2006) noted that CRM systems enable an institution to analyze its relationship with its customers with the aim of coming up with products and services that are best suited to their needs. The system application is mainly aimed at attracting new clients, nurturing the existing ones so that they remain loyal to the organization while at the same time enticing clients who may have left to the competition for one reason or another to come back. It is also used in management of operational costs for optimal organizational performance.

Banks have applied CRM systems to improve their productivity by expanding their value offering to customers. Laudon (2006) identified a number of CRM systems as including: management information system, customer service management system, decision support system, transaction processing system, executive support system and risk management system among others. These CRM systems are discussed in detail below:

## 2.3.1 Management Information System

MIS refers to a collection of systems designed to collect information from various sources and avail it in a format that can be read. These systems are important in generation of reports for managers. Such reports normally have comprehensive information needed to make informative decisions that would improve the competitiveness of the organization. These systems are normally dependent on technological applications in collection and presentation of data. The MIS need to have inbuilt capability to generate reports that managers can use to make key decisions in the organization (Laudon, 2015).

Several studies have reviewed the effect of MIS on customer satisfaction. For instance, Laudon and Laudon (2016) reviewed the effect that MIS has on quality of services offered to customers by commercial banks in Saudi Arabia. The results indicate that application of MIS enabled commercial banks improve their competitive positioning.

## 2.3.2 Risk Management System

Existence of uncertainty in business operation creates the chances of an organization to report losses related to business operations. The risks commonly experienced by financial institutions normally range from credit operational, market, reputation among others. The fact that financial institutions engage in the credit process where they extend money to individuals with a promise to have the individual beneficiaries repay the extended amount over a certain period of time. Global statistics indicate that more than 50% of risks in financial institutions relate to credit risk which brings about the need to have a system that would ensure optimal risk management in the Bank. It is important that financial institutions come up with appropriate systems that help in the management of risk identification process, measurement mitigation, real time monitoring and control to reduce the exposure levels.

Several studies have been conducted on risk management systems and performance outcomes of financial institution. For instance, Lalon (2015) examined the extent to which risk management practices affected the overall results posted by commercial banks in Bangladesh. The study indicated that risk management system is important in credit administration because it helps minimize the exposure levels. It is important that key

elements of credit administration be incorporated in the credit administration system especially in regard to approvals, documentation, disbursement, monitoring and recovery.

In another study, Stojanović and Krstić (2017) assessed the management of risk among banks operating in Ukrain. It is noted that development of risk management reporting system with capability of consolidating data was the first step. This followed a close correlation between the regulatory requirements and the recommendations by the Basel III. It was noted that the system should provide room for risk forecast and estimation by availing formulas to compute the likelihood of a given scenario occurring.

### 2.3.3 Transaction Processing System

TPS, refers to an information processing system used in businesses to collect information, modify it and make it available in decision making concerning that transaction ( Valacich & Schneider, 2010). Such systems are designed with the aim of processing user requests of certain information from a large database. It may also be used to update information already contained in a given database. This system allows for the processing of all business transactions in an organization thus bringing about operational efficiency.

Mak'abong'o (2015) sought to find out the key determinants of adopting TPS by the Kenyan Government using the case of the department of Foreign Affairs, Immigration and Registration of Persons Department. From the findings, it was established that internet connectivity together with the cost of computer hardware played a key role in determining the adoption of TPS. This study focused on factors affecting adoption of TPS as opposed

to the effect that TPS application had on customer satisfaction. This therefore avails the research gap that the current study sought to fill.

Ismail and Aboobucker (2011) assessed the risks prominent in TPS using the case of Hatton National Bank owing to the inevitability of this type of risk in banking business. Some of the key systems identified under TPS within the banking industry included: bank cash management system, check management, overall credit transaction processing, and management of corporate clients' cash payments.

## 2.4 Challenges of Using Customer Relationship Management Systems

Mostly the customer relationship system contains a lot of gap information. It cannot either rely on purchase history or basic demographic because it is no longer enough(Parvatiyar & Sheth, 2001).The customer relationship system if they don't have extra basic information like web history or purchasing preferences it can be difficult to inform quality decision making processes. Marketers therefore need to know the requirements, behaviors, tastes and preferences in a usual business process is necessary (Reinartz, Krafft & Hoyer, 2004).Commonly acknowledge challenges in application of CRM have been established to include limited insight among implementation teams. This may be as a result of changes in customer information. Failure to update skills and competencies among personnel engaged to manage CRM systems may make it difficult for the organization to realize full benefits of the system (Nasurdin, Ahmad & Tan, 2015).

The system that they used to for marketing campaigns they should always be accurate from the start (Pondichery, 2014). Most of the marketers rely on information system which most

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of the time is incorrect. For active marketing campaigns, marketers should strive to reach

highly targeted consumers.  If the marketers don't verify the information, the resources and

marketing efforts can be wasted (Reinartz, Krafft & Hoyer, 2004). CRM helps marketing

personnel with sufficient information on customers of the company which makes it easier

for them to be targeted. Such information should be used by marketers to offer quality

products to customers at the right time and place hence increasing performance (Peppers

& Rogers, 2011).

Although CRM can effectively help to reach out recent customers, it might have little value

in reaching out to new customers (Izogo & Ogba, 2015). It is important that customers with

potential of being loyal and long term are reached by the marketing personnel of an

organization. In a society with increased privacy concerns, CRM system has not

responsibility to challenges resulting from multichannel marketing. Thus, marketers should

contact prospective customers based on their unique privacy concerns and requirements

(Rahiminik & Shamsadini, 2014).

Izogo and Ogba (2015) noted that it is from the perceived quality by customers that they

compare the performance of a given product with their expectations to determine how well

the product or service met their needs. The high level of volatility in the economies and

markets inform companies to ensure that their customers are always satisfied with the

available products. By ensuring satisfaction that customers are satisfied, the new ones are

retained and therefore performance of an organization is ensured.   This study was

conducted more than five years ago when the rate of CRM adoption was low compared to

the current period when many organizations have improved utilization of ICT in their operations.

## 2.5 Customer Relationship Management System and Customer Satisfaction

Heydari and Hadiseh, Abaszadeh (2015) conducted a study on how CRM influences satisfaction of customers.  The study established that that all appropriate behavior and customer satisfaction with service received there is a positive relationship. There is a positive correlation between high-quality products with customer satisfaction. The proportion of goods with the wishes and needs of the client there is a practical correlation with customer satisfaction. Finally, the receipt of goods and services there is a positive correlation with customer satisfaction of services received.

A study by Rahiminik and Shamsadini (2014) how CRM relates with customers satisfaction using a case of Kenya's Samsung products established that the real mission of the organization, understanding the needs and demands of the customers and provide solutions that would be in customer satisfaction. Naturally, the need to establish a strategy to manage these relationships well is felt. Therefore, one of the factors considered by managers is the customer relationship management.

Rezghi, Valmohammadi and Yousefpoor (2014) sought to assess how CSR influenced satisfaction of customers. The findings of the study indicated that CRM system had a direct and significant influence on customer satisfaction. Using a case of Small and Medium Enterprises in CZECH, Stoklasa, Pellešová and Starzyczná (2017) looked at how CRM

influenced satisfaction of customers. The study revealed that adoption of CRM system had a significant effect on level of customer satisfaction.

Amir, Yousof, and Asma (2014) studied how CRM system affected the level of loyalty of customers. The findings of the study indicated that CRM system results into no significant influence on loyalty of customers. Simmons (2015) sought to investigate a link between CRM utilization and the level of customer satisfaction. The study established a positive and significant relationship between CRM system and loyalty and satisfaction of customers.

## 2.6 Conceptual Framework

The conceptual framework of the study is as shown in Figure 2.1.
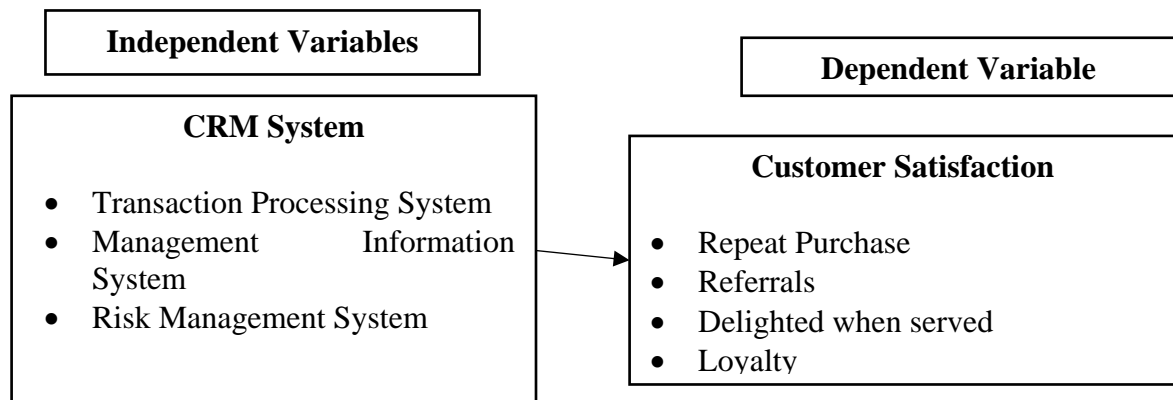


**Figure 2.1: Conceptual Framework**

## 2.7 Summary of Literature Review

The theories forming the basis of the study were reviewed. The conceptual framework showing the interrelationship between variables is also considered.  The study also looks

at the empirical review covering each of the four study variables, the critical review of past studies, summary of literature and research gaps as shown by what other previous researchers have done on CRM and customer satisfaction, thus justifying the need for this study.

The study established that CRM systems allows an institution to analyze its relationship with its customers with the aim of coming up with products and services that are best suited to their needs. CRM systems are used to improve their productivity by expanding their value offering to customers. Management Information System (MIS) are important in generation of reports for managers. Risk management system is important in credit administration because it helps minimize the exposure levels and TPS, System allows for the processing of all business transactions in an organization thus bringing about operational efficiency.

# CHAPTER THREE

# RESEARCH METHODOLOGY

## 3.1 Introduction

This chapter discusses the research design which was used for the study, the target population, data collection and data analysis methods employed to analyze the collected data.

## 3.2 Research Design

A descriptive design was employed in the study. The design was appropriate for the study because it offers a narration of the current state of events without alteration (Fraenkel, Wallen & Hyun, 2011). The design helped the researcher to collect data in both qualitative and quantitative terms. With this, it was easier to determine how CRM had influenced the level of satisfaction of customers with emphasis to Kenyan commercial banks.

## 3.3 Target Population

The target population comprised all 44 commercial banks in Kenya as at December, 2017 (Appendix I). The study targeted heads of customer relationship management who were free to delegate to their CRMs from each of the 44 banks and their customers. Since the unit of study was the banks, only one respondent was targeted from each bank giving a target population of 44. Since the target population of the study was small with each of them having an office in the Capital City of Nairobi, all of the banks were included hence a census study.

**3.4 Data Collection**

This study used primary data. The questionnaire was used to collect the primary data. The questionnaire was divided into distinct Sections each collecting specific information. Section A covered demographic information; Section B covered CRM; Section C covered customer satisfaction; D covered the challenges. The questionnaires were administered to the heads of CRM at their place of work to minimize the level of disruption in their daily schedule. The researcher allowed the respondents one week to fill in the questionnaires after which follow up phone calls were made to improve on the response rate.

**3.5 Data Analysis**

The collected questionnaires were examined for completeness before being entered in the Statistical Package for Social Sciences software for analysis. The study used mean, percentages, frequencies and percentages to analyze close ended questions in Sections B, C and D.

To determine the relationship between CRM application and customer satisfaction, the study carried out a multiple regression analysis. The regression equation is given by:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

**Where Y is =**Customer satisfaction

$\beta_0 =$ Constant

$\beta_1$, $\beta_2$, $\beta_3$ and $\beta_4$ are Coefficients of CRM System

$X_1 =$ Management Information System

$X_2$= Risk Management System

$X_3$= Transaction Processing System

$\varepsilon$= Error Term

# CHAPTER FOUR

# DATA ANALYSIS AND PRESENTATION

## 4.1 Introduction

The response rate of the study, demographic information, descriptive statistics and inferential statistics, discussions of the key findings are presented in this chapter.

## 4.2 Response Rate

Out of 44 questionnaires distributed to the listed commercial banks in Kenya, 34 research instruments were completely filled and recollected by the researcher. Hence, the response rate stood at 77% and this was in line with Mugenda (2003). The data on responses are as shown in Table 4.1.

**Table 4.1: Response Rate**

| Variable | Frequency | Percent |
|---|---|---|
| Response | 34 | 77 |
| Non-Response | 10 | 23 |
| **Total** | **44** | **100** |

## 4.3 Demographic Information

The data collected on demographic information of the respondents included; age bracket, highest level of education, period worked in the institution, years worked in the banking industry, and the position held.

### 4.3.1 Age Bracket of the Respondents

Respondents were requested to indicate their age bracket. The findings are as shown in Table 4.2.

**Table 4.2: Age Bracket of the Respondents**

| Variable | Frequency | Percent |
|---|---|---|
| 25 Years and Below | 4 | 12 |
| 26-35 Years | 11 | 32 |
| 36-45 Years | 13 | 38 |
| Above 45 Years | 6 | 18 |
| **Total** | **34** | **100** |

The study found out that 38% of the respondents ranged from 36-45 years, 32% were 26-35 years old, 18% were above 45 years and 12% were 25 years and below. This shows that majority of the respondents were above 26 years.

### 4.3.2 Highest Level of Education

The findings in the levels of education of respondents are shown in Table 4.3.

**Table  4.3: Highest Level of Education**

| Variable | Frequency | Percent |
|---|---|---|
| Diploma | 2 | 6 |
| Bachelor's Degree | 20 | 59 |
| Post Graduate Degree | 12 | 35 |
| **Total** | **34** | **100** |

As shown, 59% of respondents had bachelor's degrees, 35% had post graduate degree and 6% had diplomas. The findings show that majority of the respondent's highest level of education was bachelor's degree and above.

### 4.3.3 Period Worked in the Institution

The years of experience of respondents are as shown in Table 4.4.

**Table 4.4: Period Worked in the Institution**

| Variable | Frequency | Percent |
|----------|-----------|---------|
| Less Than 3 Years | 5 | 14.7 |
| 3-6 Years | 11 | 32.4 |
| 7-10 Years | 12 | 35.3 |
| More than 10 Years | 6 | 17.6 |
| **Total** | **34** | **100** |

The findings show that 35.3% of the respondents had worked in the institution for 7-10 years, followed by 32.4% who had worked for 3-6 years, 17.6% had worked for more than 10 years and 14.7% had worked for less than 3 years. The findings show that majority of the respondents had worked for more than 3 years in their institution.

### 4.3.4 Years Worked in the Banking Industry

The researcher requested the respondents to indicate their length of service in the banking industry; the findings are as shown in Table 4.5.

**Table 4.5: Years Worked in the Banking Industry**

| Variable | Frequency | Percent |
|----------|-----------|---------|
| Less Than 3 Years | 5 | 15 |
| 3-10 Years | 22 | 65 |
| More than 10 Years | 7 | 21 |
| **Total** | **34** | **100** |

The findings show that 65% of the respondents had worked in the banking industry for 3-10 years followed by 21% who had worked for more than 10 years and lastly 15% who had worked for less than 3 years. The findings show that majority of the respondents had worked for more than 3 years.

## 4.3.5 Ownership of the Bank

The researcher requested the respondents to indicate the ownership of their banks, the findings are as shown in Table 4.6.

**Table 4.6: Ownership of the Bank**

| Variable | Frequency | Percent |
|---|---|---|
| Local Private Commercial Banks | 19 | 56 |
| Local Public Commercial Banks | 2 | 6 |
| Foreign Commercial Banks | 13 | 38 |
| **Total** | **34** | **100** |

From the findings, majority of the respondents came from local private commercial banks followed by 38% from foreign commercial banks and lastly 6% from local public commercial banks. The findings show that majority of the respondents were local private commercial bank.

## 4.3.6 Position

Respondents were asked to indicate their current positions. The study established that they were heads of customer relationship management who were free to delegate to CRMs from each of the 44 banks and their customers. This shows that the study collected reliable data since the respondents were well conversant with customer relationship management systems application and their influence on customer satisfaction.

## 4.3 Use of Customer Relationship Management System

The study strived to determine the application of CRMS in the studied banks on a scale of 1-5 where; 1= No extent; 2 = Little Extent; 3= Moderate Extent; 4= Large Extent and 5= Very Large Extent. The results are shown in Table 4.7.

**Table 4.7: Use of Customer Relationship Management System**

| Management Information System (MIS) | Mean | Std. Dev |
|---|---|---|
| MIS is used in collecting Customer related information from diverse sources | 4.088 | 1.111 |
| MIS is used to process information to facilitate report writing | 3.794 | 1.409 |
| MIS is used in generating reports of customers | 3.824 | .913 |
| MIS is used in the enhancement of the quality of service delivered to customers | 3.941 | 1.042 |
| MIS is used to improve the accuracy levels among staff | 4.000 | .696 |
| **Risk Management System (RMS)** | | |
| RMS is used in the appraise customer credit applications | 3.705 | 1.487 |
| RMS is used to determine customer approval criteria | 3.970 | .999 |
| RMS is used to improve the loan repayment among borrowers | 3.323 | 1.821 |
| RMS is used in evaluation of module to monitor repayment by order | 3.294 | 1.784 |
| RMS is used in the management of loan administration processes | 4.021 | 1.325 |
| **Transaction Processing System (TPS)** | | |
| TPS is used to collect information on transaction related to customers | 3.891 | .696 |
| TPS is used to analyses transaction related to customers | 3.794 | 1.472 |
| TPS is used to provide an audit trail of transaction related to customers | 3.941 | .982 |
| TPS is used to provide key information to update database banks | 3.470 | 1.673 |
| TPS is used to update data processed transaction related to customer | 3.705 | 1.268 |
| TPS is used to enhance the level of customer service | 3.794 | 1.066 |

From the findings in Table 4.7 on management information systems, the study established that MIS was used in collecting Customer related information from diverse sources (M= 4.088 SD= 1.111). MIS was used to process information to facilitate report writing (M= 3.794 SD= 1.409). Respondents indicated that their banks used MIS in generating reports of customers (M= 3.824 SD= 0.913). The findings is supported by Kotler (2006) who noted that CRM systems enable an institution to analyze its relationship with its customers with the aim of coming up with products and services that are best suited to their needs.

On risk management systems, RMS was used in the management of loan administration processes (M= 4.021 SD= 1.325). RMS was used to appraise customer credit applications (M= 3.705 SD=1.487).  RMS was used in evaluation of module to monitor repayment by order (M= 3.294 SD= 1.784). This is in support of Chornous and Ursulenko (2017) who stated that development of risk management reporting system with capability of consolidating data was the first step.

On transaction processing systems, the study established TPS was used to provide an audit trail of transaction related to customers (M=3.941 SD= 0.982). TPS was used to analyses transaction related to customers (M 3.794 SD= 1.472). TPS was used to provide key information to update database banks. This agrees with the findings of Mak'abong'o (2015) who established that internet connectivity together with the cost of computer hardware played a key role in determining the adoption of TPS.

## 4.4 Customer Satisfaction

Respondents were asked to indicate whether they were satisfied with the customer relationship management system application. The findings were reported in form of Likert scale of 1-5 where; 1= No extent;2 = Little Extent;3= Moderate Extent; 4= Large Extent and 5= Very Large Extent. From the responses, means and standard deviations were determined as per the scale. The results are shown in Table 4.8.

**Table 4.8: Customer Satisfaction**

| | Mean | Std. Dev |
|---|---|---|
| Our customers are always happy to refer their acquaintances to our bank | 3.676 | 1.093 |
| Our customers are delighted to be served by our bank | 3.882 | .977 |
| Our customers are always happy to come back for another service | 3.705 | 1.586 |
| Our customers provide constant feedback | 3.735 | 1.543 |
| Our customers are loyal to our services | 4.329 | 1.022 |

The findings in Table 4.8 established that customers were always happy to refer their acquaintances to their bank (M= 3.676 SD= 1.093). Customers were delighted to be served by their bank (M= 3.882 SD= 0.977).  Customers were always happy to come back for another service (M= 3.705 SD= 1.586). This is supported by Heydari and HadisehAbaszadeh (2015) who established that all appropriate behavior and customer satisfaction with service received there is a positive relationship.

Customers provided constant feedback regarding customers relationship management systems in the banks (M 3.735 SD= 1.543). The study further established that majority of the respondents agreed that their customers were loyal to their services(M=4.329SD= 1.022). This is in agreement with Rahiminik and Shamsadini (2014) who indicated that CRM system had a direct and significant influence on customer satisfaction.

## 4.5 Relationship between Customer Relationship Management System and Customer Satisfaction

In order to clearly establish how CRMs and levels of satisfaction of customers in the banking sector were related, regression analysis was used. The findings are indicated in subsequent sections.

## 4.5.1 Model Summary

Table 4.9 indicates the findings on R, $R^2$ and adjusted $R^2$.

**Table 4.9: Model Summary**

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| 1 | .864ᵃ | .747 | .722 | 2.07946 |

a. Predictors: (Constant), Management Information System, Risk Management System, Transaction Processing System

b. Dependent Variable: Customer Satisfaction

The study established that coefficient of correlation R was 0.864 an indication of strong correlation between customer satisfaction and CRM system applications. The coefficient of adjusted correlation was $R^2$ was 0.722 which explains 72.2% change in customer satisfaction management information system, risk management system, transaction processing system. The remaining 27.8% can be explained by other factors affecting customer satisfaction that was not carried out in the current study.

## 4.5.2 Analysis of Variance (ANOVA)

An ANOVA was carried out 95% level of significance and the findings of comparison between F $_{Calculated}$ and F $_{Critical}$ are as shown in Table 4.10.

**Table 4.10: Analysis of Variance (ANOVA)**

| Model | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|
| Regression | 383.246 | 3 | 127.749 | 29.543 | .000ᵇ |
| Residual | 129.725 | 30 | 4.324 | | |
| Total | 512.971 | 33 | | | |

a. Dependent Variable: Customer Satisfaction

b. Predictors: (Constant), Management Information System, Risk Management System, Transaction Processing System

The study established that F $_{Calculated}$ was 29.543 and F $_{Critical}$ was 2.891, the findings shows that 29.543>2.891, an indication that the overall regression model in establishing the

relationship of customer relationship management system and customer satisfaction was

sufficient.

## 4.5.3 Regression Coefficients

In order to determine the individual influence of CRMS on customer satisfaction among

commercial banks, the researcher conducted regression analysis. The findings are as shown

in Table 4.11.

**Table 4.11: Regression Coefficients**

| Model | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|
| | B | Std. Error | Beta | t | Sig. |
| (Constant) | 1.561 | 2.823 | | .553 | .584 |
| Management Information System | .596 | .132 | .577 | 4.522 | .000 |
| Risk Management System | .331 | .160 | .276 | 2.075 | .047 |
| Transaction Processing System | .112 | .033 | .346 | 3.344 | .002 |

a. Dependent Variable: Customer Satisfaction

**$Y = 1.561 + 0.596X_1 + 0.331X_2 + 0.112X_3$**

Where Y =Customer satisfaction

$X_1$ = Management Information System

$X_2$= Risk Management System

$X_3$= Transaction Processing System

The study established that when holding all the variables constant customer satisfaction

would be at 1.561. A unit increase in management information system, customer

satisfaction would be at 0.596. A unit increase in risk management system, customer

satisfaction would be at 0.331. A unit increase in transaction processing system, customer satisfaction would be at 0.112.

In view to (p, beta and t values), the study established that management information system in commercial banks had a p value of $0.00 < 0.05$, $\beta = 0.577 > 0.00$ and t value of $4.522 > 1.96$. Risk management system had a p value of $0.047 < 0.05$, $\beta = 0.276 > 0.00$ and t value of $2.075 > 1.96$. Transaction processing system had a p value of $0.002 < 0.05$, $\beta = 0.346 > 0.00$ and t value of $3.344 > 1.96$. The findings show that all of the CRM applications applied in commercial banks had a positive influence on customer satisfaction. This agrees with Simmons (2015) who established a positive and significant relationship between CRM system and loyalty and satisfaction of customers. Similarly, Stoklasa, Pellešová and Starzyczná (2017) revealed that adoption of CRM system had a significant effect on level of customer satisfaction.

## 4.6 Challenges Experienced in the Use of CRM System

Respondents were asked to indicate the extent of challenges in the use of CRM systems on a scale of 1-5 where 1= No extent; 2 = Little Extent;3= Moderate Extent;4= Large Extent and 5= Very Large Extent. The findings are as shown in Table 4.12.

**Table 4.12: Challenges Experienced in the Use of CRM System**

| | Mean | Std. Dev |
|---|---|---|
| CRM do not have enough provision to private protection | 3.588 | 1.183 |
| Our bank faces budgetary challenges in its quest to upgrade its technology to support CRM | 3.529 | 1.107 |
| Our bank faces difficulties in using CRM | 3.323 | 1.364 |
| The banking CRM systems experience frequent down time | 3.676 | .842 |
| In our bank, the systems that we use for marketing are prone to some errors | 3.705 | 1.168 |
| CRM do not have enough provision to private protection | 3.441 | 1.021 |

The findings in Table 4.12 established that CRM did not have enough provision to private protection (M=3.588 SD= 1.183). The bank faced budgetary challenges in its quest to upgrade its technology to support CRM (M=3.529 SD= 1.107). Respondents moderately agreed that their bank faced difficulties in using CRM (M= 3.323 SD=1.364). Failure to update skills and competencies among personnel engaged to manage CRM systems may make it difficult for the organization to realize full benefits of the system (Nasurdin, Ahmad & Tan, 2015).

The study further pointed out that majority of the respondents agreed that the banking CRM systems experience frequent down time (M= 3.676 SD= 0.842). The systems that was used for marketing were prone to some errors (M= 3.705 SD= 1.168). Majority of the respondents moderately agreed that CRM did not have enough provision to private protection (M=3.441 SD=1.021). Izogo and Ogba (2015) noted that it is from the perceived quality by customers that they compare the performance of a given product with their expectations to determine how well the product or service met their needs.

## 4.8 Discussions of the Key Findings

The study found out that use of CRM had a positive influence on customer satisfaction. The study established that majority of the respondents were satisfied with CRM, offered in their respective banks due to upgrade on management information system (MIS), risk management system (RMS) and transaction processing system (TPS). The study established that MIS was used in collecting customer related information from diverse sources and improving the accuracy levels among staff. RMS was used to determine customer approval criteria and to manage loan administration processes. The study further established that TPS was used to collect information on transaction related to customers and to provide an audit trail of transaction related to customers. This is in agreement with Rahiminik and Shamsadini (2014) who indicated that CRM system had a direct and significant influence on customer satisfaction

The study pointed out that CRM had a positiveinfluence on customer satisfaction among commercial banks. The study established that their customers had become loyal to their services, were delighted to be served by their bank and were always happy to come back for another service. The study further established that their customers provided constant feedback. This is in agreement with Rahiminik and Shamsadini (2014) who indicated that CRM system had a direct and significant influence on customer satisfaction. Similarly, a study by Heydari and HadisehAbaszadeh (2015) established that all appropriate behavior and customer satisfaction with service received there is a positive relationship.

The study found out that commercial banks faced challenges on implementing CRM had a negative influence on customer satisfaction. The study established that the banking of CRM systems experienced frequent down time and systems that were used for marketing were prone to some errors. The banks faced budgetary challenges in its quest to upgrade its technology to support CRM and CRM lacked enough provision to private protection. Izogo and Ogba (2015) noted that it is from the perceived quality by customers that they compare the performance of a given product with their expectations to determine how well the product or service met their needs. Failure to update skills and competencies among personnel engaged to manage CRM systems may make it difficult for the organization to realize full benefits of the system (Nasurdin, Ahmad & Tan, 2015).

# CHAPTER FIVE

# SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1 Introduction

The analyzed findings are summarized with key conclusions. The recommendations are also presented guided by the findings. The limitations and areas for research in future are also shown.

## 5.2 Summary of the Findings

The study strived to determine a link between CRMS and the level of satisfaction of customers in commercial banks. Specifically, the study sought to establish the application of CRMS in the studied banks, to clearly illustrate how CRMS influences the level of satisfaction of customers and establish key barriers in CRMS use. The study was anchored on the relationship marketing theory and the Commitment-trust theory. A descriptive design was employed in the study. The study targeted heads of customer relationship management who were free to delegate to their CRMs from each of the 44 banks and their customers.

The study found out that MIS was used in collecting Customer related information from diverse sources. Respondents indicated that their banks used MIS in generating reports of customers. Majority of head of customer relations agreed that MIS was used in the enhancement of the quality of service delivered to customers. MIS was used to process information to facilitate report writing. RMS was used to appraise customer credit

applications. The findings of regression analysis established that the use of CRM applications positively influenced customer satisfaction.

The study pointed out that customers were loyal to the services rendered by their banks. Customers were delighted to be served offered by their bank. Majority of respondents agreed that their customers provided constant feedback regarding customer relationship management systems in the banks. Customers were always happy to come back for another service. Majority of the respondents agreed that their customers were always happy to refer their acquaintances to their bank. The findings of regression analysis established that there was a positive influence on relationship of CRM on customer satisfaction.

The systems used for marketing were prone to some errors. Majority of the respondents agreed that the banking CRM systems experienced frequent down time. Majority of the respondents agreed that CRM did not have enough provision to private protection. Majority of the respondents agreed that their bank faced budgetary challenges in its quest to upgrade its technology to support CRM. Majority of the respondents moderately agreed that CRM did not have enough provision to private protection. Majority of the respondents moderately agreed that their bank faced difficulties in using CRM. The findings of regression analysis further pointed out that challenges experienced had a positive influence on customer satisfaction among commercial banks.

## 5.3 Conclusion

On use of CRM on commercial banks, the study concludes that MIS was used in collecting customer related information from diverse sources by commercial banks. Commercial

banks used MIS in generating reports of customers. Head of customer relations indicated that MIS was used in the enhancement of the quality of service delivered to customers and MIS was used to process information to facilitate report writing. RMS was used to appraise customer credit applications and in the management of loan administration processes. TPS was used to provide an audit trail of transaction related to customers. TPS was used to enhance the level of customer service.

On relationship of CRM implementation and customer satisfaction, the study concludes that customers were loyal to the services rendered by their banks. Customers were delighted to be served offered by their bank. Customers provided constant feedback regarding customer relationship management systems in the banks. Customers were always happy to come back for another service. Customers were always happy to refer their acquaintances to their bank.

In view to challenges experienced on implementation of CRM on customer satisfaction, the study concludes that CRM systems used in marketing were prone to some errors. Commercial banks CRM banking systems experienced frequent down time. CRM did not have enough provision to private protection. Commercial bank faced budgetary challenges in its quest to upgrade its technology to support CRM. Some commercial bank faced difficulties in using CRM.

## 5.4 Recommendations for Policy Makers

The study recommends that MIS ought to be used in collecting customer related information from diverse sources by commercial banks. Policy makers ought to use MIS

in generating reports of customers. MIS ought to be used in the enhancement of the quality of service delivered to customers and to process information to facilitate report writing. RMS ought to be used to appraise customer credit applications and in the management of loan administration processes. TPS ought to be used to provide an audit trail of transaction related to customers. TPS ought to be used to enhance the level of customer service.

The study recommends that CRM services provided by the bank ought to be efficient to buy their customers loyalty. CRM services provided in the banks ought to serve customers towards their expectation to improve customer level of satisfaction. Customers ought to provide constant feedback regarding customer relationship management systems in the banks for improvement. The banks ought to serve their customers without diligent to ensure that customers were always happy to come back for another service and to refer their acquaintances to their bank.

The study further recommends that CRM systems to be used for marketing ought to be improved to reduce the probability of prone to errors on commercial banks. Commercial banks ought to improve their CRM banking systems to reduce frequent down time. CRM ought to have enough provision to private protection. Commercial bank ought to secure enough funds to budget on its quest to upgrade its technology to support CRM. Commercial bank ought to train to increase their competency level in using CRM.

## 5.5 Limitation for the Study

The study focused on relationship of CRM system and customer satisfaction among commercial banks in Kenya, the current study was limited on customer relationship

management systems. The current study was limited to all of commercial banks in Kenya. Some of the respondents were not willing to share information that they deemed as confidential due to fear of them been reprimanded by their superior. The study focused on three factors (transaction processing system, management information system and risk management system) which did not fully answer the research objectives.

## 5.6 Suggestions for Further Studies

The current study focused on the relationship of customer relationship management system and customer satisfaction among commercial banks in Kenya, future scholars ought to carry out similar studies on individual commercial banks to establish the individual influence od CRM to customer satisfaction. The current study focused on commercial banks, future scholars ought to carry out similar studies on public sectors.

Conceptually, the study was guided by the independent (CSR system) and the dependent (customer satisfaction) variable. Similar studies in future should be done focusing on intervening or moderating variables. These could include the culture of an organization and regulations by the government.

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# APPENDICES

## APPENDIX I : QUESTIONNAIRE

### SECTION A: DEMOGRAPHIC INFORMATION

1. Kindly indicate your age bracket

   25 Years or Less [ ]         26-35    Years    [ ]

   36-45 Years        [ ]         Above 45 Years [ ]

2. Kindly indicate your highest level of education

   Diploma            [ ]    Bachelor Degree    [ ]

   Post graduate      [ ]

Other please specify  _____

3. Period you have worked in this institution

   Less than 3 Years     [ ]         3-6 Years        [ ]

   7-10 Years            [ ]         More than 10 Years   [ ]

4. How many years worked in the Banking Industry?

   Less than 3 Years     [ ]         3-6 Years                [ ]

   7-10 Years            [ ]         More than 10 Years    [ ]

5. What is your position in the Institution?

   _____

6. How many branches Subsidiaries of Kenyan Banks do the banks have?

   _____

7. What is the ownership of the bank?

   Domestic     [  ]                              Foreign    [  ]

## SECTION B: CUSTOMER RELATIONSHIP MANAGEMENT SYSTEM

8. Below is a list of several CRM system applied by banks. Kindly indicate the extent that the bank uses each of the following system. Use a scale of 1-5 where 1= Noextent;2 = Little Extent; 3= Moderate Extent; 4= Large Extent and 5= Very Large Extent.

| MANAGEMENT INFORMATION SYSTEM (MIS) | No extent 1 | Little Extent 2 | Moderate Extent 3 | Large Extent 4 | Very Large Extent 5 |
|---|---|---|---|---|---|
| MIS is used in collecting Customer related information from diverse sources | | | | | |
| MIS is used to process information to facilitate report writing | | | | | |
| MIS is used in generating reports of customers | | | | | |
| MIS is used in the enhancement of the quality of service delivered to customers | | | | | |
| MIS is used to improve the accuracy levels among staff | | | | | |
| **RISK MANAGEMENT SYSTEM (RMS)** | | | | | |
| RMS is used in the appraise customer credit applications | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| RMS is used to determine customer approval criteria | | | | | |
| RMS is used to improve the loan repayment among borrowers | | | | | |
| RMS is used in evaluation of module to monitor repayment by order | | | | | |
| RMS is used in the management of loan administration processes | | | | | |
| **Transaction Processing System (TPS)** | | | | | |
| TPS is used to collect information on transaction related to customers | | | | | |
| TPS is used to analyses transaction related to customers | | | | | |
| TPS is used to provide an audit trail of transaction related to customers | | | | | |
| TPS is used to provide key information to update database banks | | | | | |
| TPS is used to update data processed transaction related to customer | | | | | |
| TPS is used to enhance the level of customer service | | | | | |

**SECTION C: CUSTOMER SATISFACTION**

1. Below are statements on the level of customer satisfaction resulting from the customer relationship management systems among commercial banks in Kenya. Kindly indicate extent to which each statement applies to the bank. Use a scale of 1-5 where 1= No extent;2 = Little Extent; 3= Moderate Extent; 4= Large Extent and 5= Very Large Extent.

| | No extent 1 | Little Extent 2 | Moderate Extent 3 | Large Extent 4 | Very Large Extent 5 |
|---|---|---|---|---|---|
| Our customers are always happy to refer their acquaintances to our bank | | | | | |
| Our customers are delighted to be served by our bank | | | | | |
| Our customers are always happy to come back for another service | | | | | |
| Our customers provide constant feedback | | | | | |
| Our customers are loyal to our services | | | | | |

## SECTION D: CHALLENGES EXPERIENCED IN THE USE OF CRMSYSTEM

2. Below are statements of challenges experienced by commercial banks in the use of Customer Relationship Management Systems (CRM). Kindly indicate the degree to which you agree with each of the statement regarding the bank. Use a scale of 1-5 where 1= Strongly Disagree; 2 = Disagree; 3= Neutral; 4= Agree and 5= Strongly Agree

| | Strongly disagree 1 | Disagree 2 | Neutral 3 | Agree 4 | Strongly agree 5 |
|---|---|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Our bank experiences shortages of staff with appropriate skills on CRM | | | | |
| Our bank faces budgetary challenges in its quest to upgrade its technology to support CRM | | | | |
| Our bank faces difficulties in using CRM | | | | |
| The banking CRM systems experience frequent down time | | | | |
| In our bank, the systems that we use for marketing are prone to some errors | | | | |
| CRM do not have enough provision to private protection | | | | |

3. Any other challenges experienced by commercial banks in the use of customer relationship management system?

_____

_____

_____

# APPENDIX II: LIST OF COMMERCIAL BANKS IN KENYA

1. African Banking Corporation (ABC)
2. Bank of Africa Kenya Limited
3. Bank of Baroda (K) Limited
4. Bank of India
5. Barclays Bank of Kenya Limited
6. CFC Stanbic Bank
7. SBM Bank Limited
8. Charterhouse Bank (under statutory management)
9. Citibank N.A Kenya
10. Commercial Bank of Africa (CBA)
11. Consolidated Bank of Kenya Limited
12. Credit Bank of Kenya Limited
13. Development Bank of Kenya Limited
14. Diamond Trust bank (DTB)
15. Eco Bank
16. Family Bank of Kenya Limited
17. Spire Bank Ltd
18. Equatorial Bank of Kenya Limited
19. Equity Bank Kenya Limited
20. Cooperative Bank of Kenya Limited
21. Fidelity Bank
22. First Community Bank
23. Guaranty Trust Bank (K) Ltd
24. Guardian Bank
25. Gulf Africa Bank
26. Habib Bank AG Zurich
27. Habib Bank Ltd.
28. Housing Finance Bank

29. I&M Bank

30. Jamii Bora Bank

31. Kenya Commercial Bank

32. Middle East Bank

33. National Bank

34. NIC Bank

35. Oriental Commercial Bank

36. Paramount Universal Bank

37. Sidian Bank

38. Stanbic Bank

39. Standard Chartered Bank

40. Transnational Bank

41. United Bank of Africa (UBA)

42. Victoria Commercial Bank

43. Mayfair Bank

44. Dubai Islamic Bank

**Source (CBK, 2018)**