THESIS ABSTRACT

Master of Business Administration

Adventist University of Africa

School of Postgraduate Studies

Title: EFFECTS OF CUSTOMER RELATIONSHIP MANAGEMENT ON THE PERFORMANCE OF SELECTED COMMERCIAL BANKS IN SOUTHERN MALAWI: AN EMPLOYEE PERSPECTIVE

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The performance of business is a critical aspect of its continued existence in the competitive environment. Customer relationship management is one of the ingredients for enhancing performance in the banking industry and other sectors. The concept of customer relationship management (from a dimensional point of view) entails four dimensions: customer knowledge, customer orientation, complaint resolution, and customer empowerment. This paper aimed at investigating the relationship between customer relationship management and performance as measured by the four dimensions. After establishing the existence of the relationship,

this information will help the bank managers and employees to take customer relationship management as a strategy for success.

A cross-section causal study was used to enable the researcher to investigate the relationship between the variables in this study. The problem statement arises from the realization that banks in Malawi appear not to be in the best of terms with their customers. Considering the competitive environment in which the banks operate, there is a need for improvement in terms of managing customer relationships.

The study was conducted in the southern region of Malawi. It involved all the commercial banks in the area. The study population consisted of all front line employees that had direct contact with customers in their daily duties. A sample was drawn from the population using the simple random sampling method. The instrument for data collection comprised a 5-point Likert scale questionnaire, and was tested for validity and reliability.

The collected data was analyzed using SPSS statistical software. Descriptive analysis using the means, standard deviations, and averages were used to describe the demographic variables as well as measure the extent to which the customer relationship management components were being practiced. Furthermore, Pearson correlations and regression analysis investigated the relationship between the variables. Pearson correlations results showed that complaint resolution ($r = .53$, $p<.05$), customer empowerment ($r = .50$, $p<.05$), and customer knowledge ($r = .52$, $p<.05$) have a strong positive significant relationship with performance. Customer orientation presented the weakest relationship with performance ($r = 0.38$, $p>.05$).

The regression analysis showed various findings that explained the relationship between the variables. The ANOVA results presented an F static of 21.640 and a p-value below 0.05 indicated a significant relationship between the independent and dependent variables. The standardized coefficient (Beta) for the independent variables: complaint resolution ($\beta = .260$, $t = 2.93$, $p < 0.05$), customer empowerment ($\beta = .268$, $t = 3.19$, $p < 0.05$), and customer knowledge ($\beta = .294$, $t = 3.48$, $p < 0.05$) shows that the three independent variables have a significant effect on performance, with customer knowledge showing a slightly higher effect than the two others. Customer orientation has the lowest standardized coefficient (Beta) of .14, $t = 1.67$ and was not statistically significant $p>0.005$. This indicates that customer orientation has no significant effect on performance.

Since the findings indicated a p-value below the threshold of 0.05 for three independent variables (complaint resolution, customer empowerment, and customer knowledge), the null hypothesis was rejected at a 95% confidence interval. In this case, there is a significant relationship between customer relationship management and bank performance as measured by complaint resolution, customer empowerment, and customer knowledge. The other independent variable (customer orientation) had a p-value above 0.05; therefore, the null hypothesis for this aspect of customer relationship was accepted at a confidence interval of 95%. Therefore, there is no significant relationship between customer relationship management and bank performance in the case of customer orientation.

The study recommends that managers of banks and other institutions should make use of customer relationship management as means of improving the organization's performance. Customer knowledge management has to improve. The banks can achieve this by encouraging customers to give feedback. Knowledge for, about, and from the customer should be well-managed in the daily operations of the banks. Employees and managers of the banks have a role to play in ensuring that customer complaints are resolved timely and efficiently. Customers should be allowed to give suggestions for better service delivery, so that the customers feel empowered and co-create solutions to benefit both themselves and the organization. Employees are key players in enforcing good relationships with the customers. Employees should undergo the required training and necessary tools should be available for them to be effective in their roles. Bank managers can maximize bank performance by providing attractive deposit offerings to customers to increase deposit mobilization. Furthermore, by learning more from the customers, the banks' innovation capabilities can be improved.

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A thesis

presented in partial fulfilment

of the requirements for the degree

Master of Business Administration

by

Esmie Chiwanda Majawa

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I dedicate my work to my dear husband who was very supportive as I travelled through the research journey. I also would like to dedicate this paper to my dear parents, Ps. & Mrs. Foster Chiwanda, who encouraged and supported me along the way. To my brother, who gave me financial support when there where shortfalls to ensure I smoothly complete my writing journey. Further, I dedicate my work to South Malawi Conference for sponsoring me and giving me all the needed financial support during my studies. Finally, I dedicate my work to my son and daughter Alvin and Merlin (respectively) and my young sister Caroline Tuwanje; that they all follow in my footsteps and even go beyond what I have done.

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CHAPTER 1

INTRODUCTION

Background of the Study

A financial system is a structure that deals with collecting funds from the public and distribution such funds to those that need them. Thus, a financial system can be understood as a system that allows the exchange of funds between lenders, investors, and borrowers. A financial system contains markets and institutions that serve as a link between investors and depositors (Kidwell et al., 2013). A financial system operates at international, governmental, and company levels.

The authors indicate that, financial systems gather money from those with surplus and redirect the money to people and companies that need it. The authors added that financial instruments such as stocks and bonds are bought and sold in financial markets; and financial institutions comprise banks, credit unions, insurance companies, and pension funds.

Banks play a vital role in the economy (Sharma & Sharma, 2017). These banks assist in meeting the financial needs of society and enhance economic growth. Arun and Tuner (2004, as cited in Sharma & Sharma, 2017) added that banks are used in developing countries to finance most businesses. The authors indicate that most financial markets of developing countries lack adequate funds. Banks contribute to the economic growth by financing those markets that need funds.

The banking system of Malawi has had new entries since 1989 because of the review of the Reserve Bank of Malawi and the Banking Act of 1965 economic reforms (Nkuna et al., 2018). The situation led to a more conducive and competitive environment for the banking business, resulting into the existence of more commercial banks as of December 2016. Despite the emergence of many banks in Malawi, two banks dominate the market: National Bank of Malawi and Standard Bank of Malawi (Chimkono, 2016).

Reserve Bank of Malawi governs Malawi’s banking sector. The banking sector is growing in terms of coverage and ranges of products (Reserve Bank of Malawi, 2010, as cited by Chimkono, 2016). The most recent report from the Reserve Bank of Malawi indicates that the banking sector of Malawi comprises eight commercial banks (Reserve Bank of Malawi, 2021). Four of the eight banks are domestic private-owned and the other four are foreign-owned.

It is noteworthy that commercial banks in Malawi have branches. The banks and their respective number of branches are CDH Bank Ltd-3, Ecobank Malawi Ltd-8, FDH Bank Plc-8, First Capital Bank Plc-7, National Bank of Malawi Plc-16, NBS Bank Plc-12 branches, My Bucks Banking Corporation-7, and Standard Bank Plc-27 branches (Reserve Bank of Malawi, 2021). The author further suggesteded that all the commercial banks in Malawi are shareholder-owned.

Banks have customers that want to receive good services with reasonable charges, higher interest rates on their deposits, and a range of products (Ayo-Oyebiyi et al., 2019). Banks need to be aware of customers’ needs and tailor their services to meet such needs. This is where customer relationship management concept comes into play.

Buttle and Maklan (2015) described customer relationship management by categorizing it into three sections: strategic, operational, and analytical. The authors stated that strategic customer relationship management is a business strategy that focuses on bringing and maintaining profitable customers. Organizations use customer relationship management as a tool for maximizing profits. Khlif (2021) agreed that three categories of customer relationship management are strategic, operational, and analytical.

Operational customer relationship management involves automating all the business processes that involve direct contact with customers (Buttle & Maklan, 2015). It includes incorporating technology in various business processes that link the organization to its customers. The authors indicate that organizations use software applications in their business process under operational customer relationship management. These applications include marketing automation, salesforce automation, and service automation applications.

Khlif (2021) elaborated further that operational customer relationship management is about the day-to-day coordination of customer relations by utilizing all the communication channels that link the organization with the customers. Operational customer relationship management can enable the organization to enhance customer relations by feeding those channels with information related to its sales, services, and marketing features.

Buttle and Maklan (2015) described analytical customer relationship management as converting customer data into valuable information for strategic uses. This category of customer relationship management includes customer knowledge, knowledge about customer segment analysis, and information related to the company's profits (Khlif, 2021). In this case, the organization's customer data can be a building tool in the business's customer strategy. The author added that analytical customer relationship management helps the organization's executives to assess the performance of the departments.

Analytical customer relationship management also provides numerical information that helps departmental heads to improve the operations of their respective departments (Khlif, 2021). Organizations obtain customer data that are included under analytical customer relationship management from within or outside the organization (Buttle & Maklan, 2015).

Customer relationship management is all about business practices that focus on putting a company into close relationship with its customers to increase customer value (Peppers & Rogers, 2017). In other words, customer relationship management is about the satisfaction of both parties (business owners and customers) through good relationships.

The concept of customer relationship management can be perceived from a dimensional point of view. These dimensions have been used as independent variables in this study. Different scholars have identified various types of customer relationship management dimensions. Ayo-Oyebiyi et al. (2019) suggested that customer relationship management dimensions comprise customer involvement, joint problem-solving, information sharing, and customer satisfaction. Bhat and Darzi (2016) suggested customer relationship management dimensions as customer knowledge, customer orientation, complaint resolution, and customer empowerment. The study used these four dimensions to represent customer relationship management.

Khodakarami and Chan (2014, as cited in Bhat & Darzi, 2016) described three categories of customer knowledge as knowledge for customers, about customers, and from customers. If customer knowledge is well managed, it can be used to enhance an organization’s relationship with customers. Customer orientation is when the organization’s operations bend towards the customer (Bhat & Darzi, 2016). Examples of such scenarios are customized services and customer-oriented sales employees.

The authors stated that businesses gain a competitive advantage when the organization's culture is customer-oriented. They suggesteded that organizations need to handle all customer complaints to keep the customers loyal. Customers need empowerment to increase their value for the business and prevent them from becoming hostile.

Malawi's banking system comprises several customers such as individuals, small businesses, and large firms (Mwatsika, 2016). The customer base of Malawi's banking system entails several sectors including: Wholesale, retail, and trade; agriculture, forestry, fishing, and hunting; manufacturing; community, social, and personal services; transport, storage, and communications; financial services; and other sectors (Reserve Bank of Malawi, 2021). By December 2020, customers from the community, social, and personal services sectors took the highest share of loans amounting to 65.2%.

It is noteworthy that banks in Malawi serve a variety of customers. Managing relationships with these customers is necessary for the banks' survival and sustainability. However, many organizations (especially SMEs) show that their relationships with the banks are not at their best (Mwatsika, 2016 & Ndala, 2019), leading to reduced customer satisfaction.

Banks should retain existing customers since it is easy for customers to change their bank membership in search of better services. This study seeks to investigate the effect of customer relationship management on the performance of commercial banks in Southern Malawi.

Statement of the Problem

Customer relationship management is vital for the success of organizations that operate in the financial services sector. Banks are part of the financial services sector and must manage their customer services effectively. The number of banks in Malawi in recent years has increased significantly. The increased number of banks has led to competitions among these institutions.

Banks are supposed to develop and maintain good relationships with their customers. The activities of the banks should be focused on customers (Ayo-Oyebiyi et al., 2019). Yet, studies indicate that banks in Malawi appear not to be adequately meeting the needs of their customers (Mwatsika, 2016; Ndala, 2019; Nkuna et al., 2018). The latter study found that the relationship between most banks in Malawi and their customers is unhealthy. Customers sometimes fail to access loans from banks due to some of the requirements needed. There are incidents where customers do not sufficiently understand the requirements for accessing loans. Banks in Malawi are not customizing some of their services to suit customers' needs.

Failure to maintain good relationships with customers can bring negative consequences for the banks. Ogbadu & Usman (2012) indicate that banks that don't have good customer relations usually fail to; handle customer complaints appropriately, offer quality services, provide necessary information to customers, and reduce long lines in the banking halls. The authors further stated that a lack of customer relationship management leads to disloyalty of customers and reduced profitability of the banks. The performance of banks is compromised when customer relations are not managed effectively.

The environment in which the banks operate is highly competitive. Customer relationship management is a critical ingredient to help them to create a distinctive edge and reach their financial objectives. There is a need to empirically test the effects of customer relationship management on the performance of selected commercial banks in Southern Malawi from the employees' point of view.

This study, therefore, explored the effects of customer relationship management on bank performance. Customer relationship management in this study was measured by complaint resolution, customer orientation, customer empowerment, and customer knowledge. The bank's performance was measured by deposit mobilization, return on assets, and innovation. The level of customer relationship management and performance in the banks (as perceived by the bank employees) was explored. This research contributes to the findings of other studies on customer relationship management and organizational performance.

Research Questions

To fulfill the main objective of this study, the researcher looked for answers to the following questions:

1. What is the level of complaint resolution in the selected commercial banks in Southern Malawi?
2. What is the extent of customer orientation in the selected commercial banks in Southern Malawi?
3. What is the level of customer empowerment in the selected commercial banks in Southern Malawi?
4. What is the level of customer knowledge in the selected commercial banks in Southern Malawi?
5. What is the level of performance of the selected commercial banks in Southern Malawi?
6. What are the effects of customer relationship management on the performance of selected commercial banks in Southern Malawi, as measured by complaint resolution, customer orientation, customer empowerment, and customer knowledge?

Null Hypothesis

The hypothesis of this study is in the null form and is stated below:

$H_{0:}$ Customer relationship management has no significant effect on the performance of selected commercial banks in Southern Malawi as measured by:

a. complaint resolution
b. customer orientation
c. customer empowerment
d. customer knowledge

Conceptual Framework

The conceptual framework of this study is portrayed in Figure 1 below.

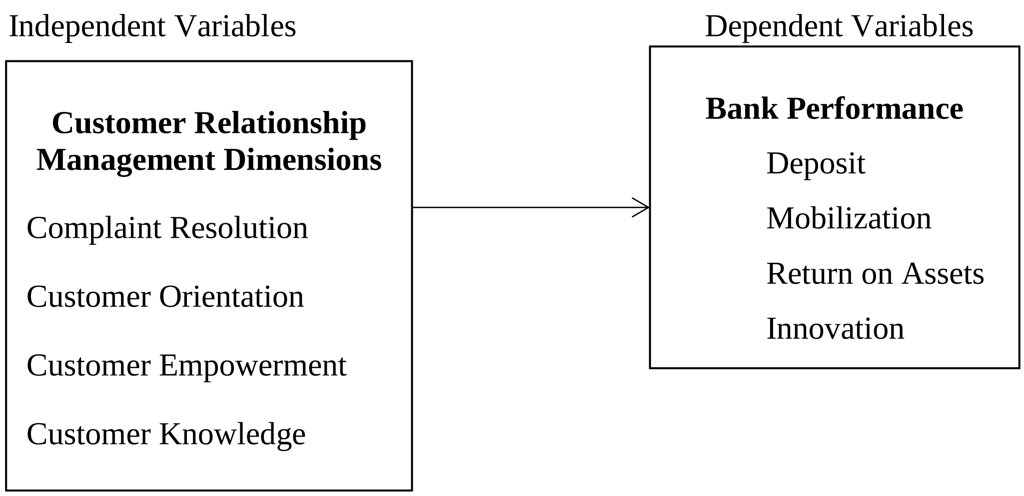

Figure 1. Conceptual Framework adapted from Aljawarneh et al. (2020); Ayo-Oyebiyi et al. (2019); Bhat and Darzi (2016)

The dimensions of customer relationship management are the independent variables of this study. These are complaint resolution, customer orientation, customer empowerment, and customer knowledge (Bhat & Darzi, 2016). These variables have effects on organizational performance in several ways. How customer complaints are resolved can affect the customer's satisfaction level, thus leading to optimal performance for the banks. Customer orientation entails the extent to which organizations emphasize to meet their customers' needs. Customer-oriented organizations yield positive business results for the banks.

When organizations empower their customers, the customers bring in suggestions that can enable them to improve their overall business. Customer knowledge in this study includes knowledge about the customer, for the customer, and from the customer, as stated by Kaoud (2017). Organizations can use customer knowledge to improve products or service delivery.

In this study, bank performance is the dependent variable which is being regarded as the variable of interest. Performance is measured using the banks' deposit mobilization, return on assets, and innovation. Deposit mobilization is an activity done by the bank which involves accumulating funds from the public and lend them out (Maharana et al., 2015). The study measured the level of deposit mobilization in the banks.

Return on assets is one of the most common measures of financial performance that shows how efficiently an organization utilizes its assets (Nalurita, 2017). A bank with a high return on assets rate was perceived to perform well. The study checked whether the banks had an acceptable return on assets rates or whether customer relationship management affected these rates.

Innovation is about the company developing new products, services, and ideas (Aljawarneh et al., 2020). The bank's performance was measured by assessing the rate at which the bank developed new products, services, and ideas. This study investigated the effects of customer relationship management on bank performance in terms of these three indicators (deposit mobilization, return on assets, and innovation).

Ayo-Oyebiyi et al. (2019) stated that customer relationship management dimensions impact bank performance. Based on the conceptual framework in Figure 1 above, this study investigated the effect of customer relationship management on bank performance in Southern Malawi as measured by complaint resolution, customer orientation, customer empowerment, and customer knowledge.

Significance of the Study

The study will be beneficial to various groups of individuals and stakeholders. It will be useful to the banking sector of Malawi by enabling bank managers to realize how customer relationship management impacts the performance of banks. The study will also sensitize bank managers on the relationship between customer knowledge, customer orientation, complaint resolution, customer empowerment, and bank performance. The established relationships will enable managers to strategize only on customer relationship management dimension they can focus much.

Bank employees will benefit from this study because they will appreciate the importance of maintaining good relationships with customers. In so doing, they will be at a good position to meet the needs of the customers they serve. The study will help the researcher to gain knowledge on how customer relationship management dimensions impact the performance of the selected commercial banks in Southern Malawi.

The study will also contribute to the improvement of customer services in the commercial banks in Southern Malawi. Customers will in the process benefit since the quality of service delivery provided by the banks will be focused on them, and their needs will be satisfied. Finally, the study will add value to the field of knowledge regarding customer relationship management in Malawi's banking sector.

Scope and Limitations of the Study

This study focused on customer relationship management and the performance of selected commercial banks in the southern region of Malawi from the employees' perspective. The researcher focused only on selected commercial banks in Southern Malawi. Other segments of the financial sector were not included in the study. The study was limited to the headquarters of the commercial banks in the southern region since most decisions are made there and passed on to the branches for implementation.

The focus of the study was on one dependent variable-performance (measured by deposit mobilization, return on assets, and innovation) and four independent sub-variables under customer relationship management: complaint resolution, customer orientation, customer empowerment, and customer knowledge. The study investigated the effect that the independent variables have on bank performance and the correlation that exists among the variables.

Due to financial and time constraints, the study was done in the southern region of Malawi and not in the entire country. Resources were inadequate to enable the researcher to collect data from the whole country. The researcher administered the questionnaire in phases to meet all the required respondents. This was achieved by working with the bank authorities on the different schedules of the bank employees.

Operational Definition of Terms

Customer relationship management: The managing and analyzing of customer interactions to improve the company's relationship with customers.

Commercial Bank: A financial institution that accepts deposits from the public and uses those funds to give out loans to people or businesses that need financing

Complaint Resolution: A customer relationship management dimension that looks at how banks identify and handle customer complaints.

Customer Empowerment: A customer relationship management dimension that looks at how banks give their customers maximum control to enable them take part in decisions relating to the products and services offered by the banks.

Customer Knowledge: A customer relationship management dimension that looks at customer knowledge as knowledge from, for, and about customers.

Customer Orientation: A dimension of customer relationship management that focuses on the extent to which the bank and its employees are geared towards understanding, prioritizing, and meeting the needs of their customers.

Deposit Mobilization: The collection of funds by a commercial bank from customers through its current, savings, fixed, and other accounts.

Inflation: The general increase of prices of goods and services in the economy of a particular country that leads to a decrease in the purchasing power of money.

Innovation: The introduction of a new idea, service, or product.

Organization: An institution that operates to make profits; it is similar to a company.

Return on Assets: A measure of profitability that indicates how much profit a bank can generate from its assets.

Strategy: An organization's plan of action to achieve a long-term goal for the business.

CHAPTER 2

LITERATURE REVIEW

Theoretical Framework

This section focuses on some existing theories about customer relationship management. Both the traditional and modern theories are described. The theories regarding bank performance are also included as a basis for the study's dependent variable.

Modern Theory of Customer Relationship Management

The modern customer relationship management theory entails integrating the customer into the entire business. This approach focuses on building stronger relationship bonds between the customers and the organization. It ensures that customers' needs are met and the organization is involved (Gifford, 2002, as cited in Ogbadu & Usman, 2012).

The authors indicate that regarding the modern approach, the relationship between the customer and the organization benefits both parties. In the organization-customer relationship, customer satisfaction increases and the organization makes huge profits (Peppers & Rogers, 2017). The authors stated that customers can express their needs and the organization can meet those needs when there is a good relationship. Customers then become loyal to their banks. Both parties end up benefitting from the relationship.

Pedron & Saccol (2009) as cited in Picoto et al. (2018) advocated for the modern theory of customer relationship management. They suggested three propositions of modern customer relationship management. The authors stated that:

- Customer relationship management can be viewed as a philosophy
- Customer relationship management can be viewed as a strategy
- Customer relationship management can be viewed as a technological tool.

Based on the propositions above; customer relationship management is a philosophy of doing business through strong customer relations, organizations can incorporate customer relationship management into their overall strategy, and technology can be used to improve customer relations. Labus & Stone (2010) added that customer relationships are monitored, technology-centered, and stakeholder-centered.

There are also arguments against the modern theory of customer relationship management. Nguyen (2012) stated that customer relationship management promotes organizations' invasion of customers' privacy. For instance, the organizations' ability to gather customer knowledge exposes the customers' personal information. Another argument raised by the author is that modern customer relationship management encourages favoritism and unfair treatment of customers. Since modern customer relationship management entails maintaining profitable customer relations, organizations tend to treat customers differently. According to the author, such occurrences are viewed negatively by customers.

Based on the arguments against modern customer relationship management, Nguyen (2012) suggesteded two propositions:

- Customer relationship management must be defined objectively by organizations to avoid unfair treatment of customers. Good relationships should be established by ensuring that there is trust and commitment, satisfaction, dependence, and fairness.

- Organizations must develop a clear measure of fairness that their respective marketing departments can use to monitor the level of fairness or unfairness from the customers' point of view.

Due to the increase in competition, today's business world requires companies to be making profits to succeed (Kumar, 2016). Customer relationship management is one of the essential tools companies use to gain a competitive advantage. The author stated that the purpose of customer relationship management is not only to satisfy the customer's needs but also to maximize the business's profitability. It is necessary for organizations to be cautious in the application of modern customer relationship management. All customers should be treated fairly and their privacy should not be invaded. The modern way of looking at customer relationship management is the basis for this research, where customer relationship management in the banking sector is centered upon yielding profitable relationships between the customer and the bank.

Customer Relationship Management

To explain the concept of customer relationship management, Peelen and Beltman (2013) defined customer relationship management as an approach that involves creating, maintaining, and expanding customer relationships comprehensively to profitably meet customers' needs. If implemented properly, customer relationship management can be a strategy and tool for success.

Laketa et al. (2015) defined customer relationship management as establishing and maintaining long-term relationships with customers to provide value for both the customers and the organization. They suggested that customer relationship management can be a strategy for maximizing the organization's profits.

Customer relationship management is further defined as relational practices that companies use to develop good relationships with their customer (Lubis et al., 2020). The authors added that customer relationship management is a business approach whose main focus is on handling customer relationships. The authors further suggested that customer relationship management is about prioritizing customer needs when developing products and services.

Based on the definitions above, customer relationship management can be summarized as a business approach that focuses on developing and maintaining lasting and profitable relationships with customers by incorporating their needs when tailoring and delivering products and services. Customer relationship management is about the organization finding ways of improving their relationships with their customers daily. It is a learning process for the organization since customers are diverse, and their preferences frequently change.

Characteristics of Effective Customer Relationship Management

Customer relationship management has a number of characteristics (Tien et al., 2021). The authors described some of the characteristics that enable the organization to develop strong bonds with its customers. The resulting connection would make it possible for the organization to do lots of business transactions with customers, increase the value of each customer, enable the organization to treat each customer in a unique way, and incorporate the information collected from the customers into the operations of the entire organization. Based on the characteristics mentioned above, an organization that has implemented a good customer relationship management strategy can easily develop long-term relationships with its customers. The organization can also quickly identify the customers' specific needs and use such information to improve its service delivery by ensuring that those needs are met accordingly. As a result, the organization can get a hold of its customers and avoid losing them to competitors.

Benefits of Customer Relationship Management

Customer relationship management is an important tool for businesses, providing several benefits to the organization. Benefits of customer relationship management to the organization can be operational, tactical or strategic (Laket et al., 2015). Operational benefits of customer relationship management include better management of customer data and processes, better services to customers, increased productivity, and timely responses to customers. Customer relationship management can enable the organization to improve its operations.

Tactical benefits of customer relationship management include improved market segmentation, improved communication channels, and improved analysis and reporting of customer behavior. Strategic benefits of customer relationship management include improved customer satisfaction and organization performance.

Other benefits of customer relationship management are that it enables businesses to retain existing customers, attract new customers, increase customers' cooperation with the organization, and inform customers about products and services (Laketa et al., 2015). It is noteworthy that most customers want to transact with those organizations that know them, understand their wants and needs, and satisfy those wants and needs (Anderson & Kerr, 2002). Customer relationship management can also serve as a communication tool for the organization to relay relevant information to its customers.

Customer relationship management can also yield financial benefits for businesses. Peelen and Beltman (2013) suggested that when an organization has a good relationship with its customers, it is protected from its competitors because the customers hardly shift to other providers. In this case, customer relationship management can enable an organization to gain a competitive advantage. Furthermore, customer relationship management can increase the profitability of the organization since it is cheaper to serve and satisfy existing customers than new customers. The organization can incur additional costs (such as advertisements) to reach new customers; whereas with an effective customer relationship management system in place, the customer-supplier bond is strong.

Customer relationship management can also improve the organization’s level of responsiveness and awareness (Tien et al., 2021). When there is a good customer relationship management strategy in place, an organization can quickly respond to its customers’ changes and modify its products and services to suit such changes. The authors further suggested that customer relationship management is beneficial because organizations can identify customers and enhance their relationship to sustain their loyalty (Tien et al., 2021). All in all, customer relationship management reduces the distance between the organization and its customers.

Lubis et al. (2020) showed the chain of events that occur when customer relationship management is properly implemented in the organizations. The authors suggested that customer relationship management leads to fulfillment of customer needs. When customer needs are satisfied, the customers become loyal to the organization. When customers are loyal, the organizations' profitability is enhanced through repeat purchases that lead to increased sales. In other words, customer relationship management provides benefits to the customers and the organization.

Building Blocks for Customer Relationship Management

There are many factors that organizations need to consider when taking part in customer relationship management. Peelen and Beltman (2013) have given a detailed analysis of the building blocks for customer relationship management.

Business strategy – Customer relationship management has to be set up as a strategy for the entire organization. This means that all the departments are supposed to take part in carrying out customer relationship management activities. The customer relationship management strategy is the one that gives direction to the entire organization on how best they can manage their relations with customers.

Customer-centered organization – An organization that is centered on customers ensures that the entire organization functions around the customer. It means that the leaders, employees, internal communications, culture, and operations must be focused on the customer. In this case, an organization whose culture does not incorporate customer relations can hardly succeed in customer relationship management.

Knowing the customer – The organization must have comprehensive knowledge about its customers. The organization must have the capacity to identify its customers, know them at individual levels, and keep a good record of their profiles. The authors indicate that organizations managing customer relations need to have a true idea of their customers' preferences, purchasing patterns, and background information.

Communication – Customer relationship management requires a clear communication channel between the supplier and the customer. The authors stated that customers who usually have challenges, experience smooth communication because of numerous standardized procedures. Organizations need to ensure that there is flexibility in the guidelines to improve communication with customers. The authors highlight the need for organizations to use social platforms to broaden communication channels with customers.

Processes and systems – Customer relationship management requires organizations to develop systems that link all the departments. This will enable the coordination of activities and a smooth exchange of customer knowledge.

Development of a Customer Relationship Management Strategy

Customer relationship management is a business process that requires the participation of every member in the organization. Customer relationship management can be successfully implemented if all departments are involved in its implementation (Anderson & Kerr, 2002). When every member of each department is customer-focused, the needs of the customers can easily be met as they interact with the employees, regardless of the section involved.

The development of customer relationship management requires certain steps to be followed. Anderson and Kerr (2002) comprehensively discussed the five steps to be followed when developing a customer relationship management strategy. The first task is to decide on the employees to participate in the strategy-formulation process. The participants should meet a certain criteria. Participants of the organization's customer relationship management strategy should be front-line employees and departmental representatives (or managers). They should be employees that know the organization's customers, know the customers' needs, are willing to learn about the goals and visions of the organization, and are ready to dedicate their time and effort to the customer relationship management strategy development process. The second step is to prepare for the first meeting with the selected team members. This is where all necessary information such as strategy statements and business objectives are distributed to all team members. At this stage, information regarding the customers and their satisfaction preferences is also gathered. The venue and time of the meeting is also selected at this stage and all the required logistics needed for the meeting are put in place.

The third step is to start carrying out the customer relationship management strategy formulation meetings. Such meetings should be given adequate time for discussions and member participation. The fourth step is to identify possible strategies by carrying out a brainstorming process among the team members. The ideas can then be grouped according to their similarities. Finally, the strategy can be formulated from the ideas after prioritizing them and selecting the first three to five points. Then a strategy can be written and presented to authorities for final scrutiny and approval.

Challenges in the Implementation of Customer Relationship Management

The implementation of customer relationship management can be faced with a number of challenges. Chalmeta (2006, as cited in Mehta, 2013) indicates that several researchers identify factors that lead to failure in the implementation of customer relationship management. Mehta (2013) outlines seven factors that contribute to the failure of customer relationship management.

Factors that lead to failure when implementing customer relationship management are; taking customer relationship management just as a technology, not focusing on the customer, not having quality customer data, an unclear organization strategy and vision, not involving customers when designing the customer relationship management solution, inadequate support from management, and not modifying the business processes to suit the customer relationship management system. These are internal factors that are based on how the customer relationship management system is received in the organization.

Other factors that contribute to the failure of customer relationship management implementation are; implementing customer relationship management without a clear strategy, adopting a customer relationship management solution without evaluating the organization's needs, and not focusing on retaining the customer (King & Burgess, 2007, as cited in Mehta, 2013). The authors stated that customer relationship management sometimes fails when it is not linked with the organization's strategy and when there is no adequate focus on the customer. Some businesses put much focus on their products and services and disregard customers' needs. Mehta (2013) added that another common reason for failure of customer relationship management implementation is lack of support from both management and the employees at large.

Customer Relationship Management and Social Media

The emergence of social media platforms cannot be ignored when looking at customer relations. Social media is a virtual platform that enables people to interact and exchange information via the internet through online applications such as Facebook, Snap chat, Twitter and many others (Perez-Vega et al., 2022). Records show that millions of people use social platforms such as Twitter and Facebook every day (Yoon & Sims, 2016). This has increased the number of organizations that practice customer relationship management now turning to social media for better customer.

Organizations today are seeking ways to use social media platforms to communicate with prospective customers. Elena (2015) indicated that, due to the increase in technology advancements, organizations have no choice but to use social media as way of retaining their customers. The author stated that customers nowadays use social media platforms to search for information regarding products and services. Organizations that want to get close to their customers should use these platforms to communicate about their products and services.

The practice of customer relationship management via social media platforms brings several advantages for organizations. Elena (2015) stated that some of the advantages of using social media when managing customers are: It becomes easier for the organization to connect with the customers; customers are updated with current information from the organization, the organization quickly responds to customers' questions via social media platforms; advertisements are done easily; and customer information is easily accessed by each employee from any location.

Perez-Vega et al. (2022) agreed by adding that social media platforms enable companies to communicate with their customers in real time. They further stated that, because of social media platforms, it has become easy for companies to reach out to customers at personal levels and meet their specific needs accordingly. This is an emerging trend that many companies are beginning to explore in order to strengthen their relationships with customers and survive in the competitive business environment.

Customer Relationship Management in the Service Sector

The service sector today is faced with stiff competition which is leading to a change in the way businesses view their customers (Srivastava et al., 2019). The authors stated that businesses in the service sector now put much focus on the customer. The organizations tailor their products and services to suit the needs of their customers so as to win their loyalty. This is because today's customers have much knowledge and can easily switch to other competitors. Dewnarain et al. (2019) agree by indicating that today's customers are very sophisticated in their preferences and have many options. This is due to the emergence of various online platforms like Facebook. In other words, customers nowadays have so many options to choose from.

Khan et al. (2017) indicate that customer relationship management in the service sector plays a major role of enabling companies to gain competitive advantage. This is because customers are key competences for service-providing companies. When customers are well-served and their loyalty is gained, they tend to purchase the products frequently and spread good news to others, thus bringing in many customers (Kumar, 2016). Companies in the service sector gain a unique competitive advantage when they attract, acquire, and retain customers (Khan et al., 2017). Banks are part of the service sector. Therefore, they can bring in new customers as the existing customers share their experiences with others.

There are several benefits that follow the successful implementation of customer relationship management in the service sector. Customer relationship management in the service sector yields benefits for both the company and the customer (Kumar, 2016). Some of the benefits for the company are reduced costs, increased sales, increased profits, and many customers. Customer relationship management benefits for the customer are many in the service provider, social benefits due to the bond developed from the long-term relationship, and special treatment for the customers such as discounts (among other things).

Customer Relationship Management in the Banking Sector

The concept of customer relationship management in the banking sector is not very different from those in other sectors of the economy. Customer relationship management in the banking sector involves the creation and maintaining the lasting relationships with customers in order to yield benefits for the bank and the customers (Laketa et al., 2015). Customer relationship management in banking sector is a means for maximizing profits. The authors indicate that customer relationship management enables the banks to have adequate knowledge on their customers' needs and desires. Banks then use that information to serve the customers.

Munaiah and Krishnamohan (2017) stated that customer relationship management is used by banks to retain customers, maintain a customer database, satisfy customer needs, develop customer loyalty, provide long-term services, identify profitable and non-profitable customers, and identify non-performing assets. In other words, customer relationship management is a working tool for the banking sector. Laketa et al. (2015) added that other benefits of customer relationship management to banks are to promote cooperation of the customers with the banks and to provide customers with all the necessary information regarding the banks' products, services, and communication channels.

There are several benefits that follow the successful implementation of customer relationship management in the banking sector. According to Laketa et al. (2015), apart from enabling banks to establish better relationships with customers, customer relationship management also enables banks to realize many advantages such as reduced costs of sales, lower costs of creating new customers, and increase support to customers without increasing prices. Customer relationship management is a tool that banks can use to maximize their profits by offering their services at the lowest cost possible.

Like in other sectors, customer relationship management implementation in the banking sector is faced with a number of challenges. Some of the challenges in the successful implementation of customer relationship management in the banking sector are: Banks are faced with government regulations that are complex, banks have to deal with clients' security and privacy requirements that are complex and costly, banks undergo much pressure to maximize profits in a highly competitive environment, and there are costs that are associated with retaining customers and developing their loyalty (Munaiah & Krishnamoha, 2017).

Customer Relationship Management Dimensions

The concept of customer relationship management can be understood from a dimensional point of view. Several authors identify various dimensions of customer relationship management. Ayo-Oyebiyi et al. (2019) list the customer relationship management dimensions as customer involvement, joint problem solving, information-sharing, and long-term relationships with customers. Bhat and Darzi (2016) outline customer relationship management dimensions to be; customer knowledge, customer orientation, complaint resolution, and customer empowerment. Complaint resolution, customer orientation, customer empowerment, and customer knowledge are the dimensions that were used in this study.

Complaint Resolution

Galitsky and Zosa (2011, as cited in Lubis et al., 2020) described a complaint as a report from the customer regarding a failed product or service. In other words, most customer complaints come as a result of poor products or services provided by the company. As such, it is important for service companies to actively interact with their customers and adjust their products and services to suit the changing needs of the customers (Iqbal et al., 2017).

Not all customers are bold enough to come and complain to the bank. Customer Care Measurement Consulting (2015, as cited in Cai & Chi, 2018) reveal that one out of six customers actually place an official complaint. The rest usually go ahead and post negative comments about their experience via social media. This indicates that in is necessary for banks to create an atmosphere that enables customers to place their complaints at the premises than to opt for social media.

The process of handling customer complaints can be carried out using mechanistic and organic approaches (Yilmaz et al., 2016). The authors stated that the mechanistic approach is about the company setting guidelines for employees regarding how to register the customer complaints, how to behave towards the complaining customer, and how to compensate the complaining customer. Phabmixy et al. (2018) added that guidelines given to employees under the mechanistic approach should be procedural, behavioral, and outcome focused. In other words, the mechanistic approach is about handling customer complaints with the use of stipulated guidelines that are result-oriented.

On the other hand, the organic approach emphasizes on the need for the company to create an organization culture that supports proper handling of customer complaints (Yilmaz et al., 2016). In this case, the organic method is a wholesome approach that focuses on the entire organization's way of handling customer complaints. This implies that every department should participate in ensuring that customers' complaints are resolved. Complaint resolution should not be the duty of the sales representatives only. Homburg and Furst (2005, as cited in Phabmixy et al., 2018) added that the organic approach is a method that ensures that the behavior of employees when handling complaints is consistent with the organization's overall culture.

Proper handling of customer complaints is beneficial for the organization in several ways. Lubis et al. (2020) indicate that the resolution of complaints improves a company's relationship with its customers. In agreement, Iqbal et al. (2017) added that service companies retain more of their customers if they pay attention to their complaints. They further stated that when complaints are handled well, the affected customers become attached to the company and this increases profitability. A complaints handling system should be put in place to enable customers to express their complaints.

Complaints can either be positive or negative. Negative complaints are those that have a negative effect on the image of the company. An example of a negative complaint is when customers prefer competitors and bad-mouth the company. On the other hand, positive complaints are those that enable the supplier to make changes to improve the situation. In this case, with positive complaints, the relationship with the customer can be improved when the company makes the necessary changes; based on the customers' needs (Gruber et al., 2014).

There is a challenge that arises when customer complaints are not resolved. When customers complain and nothing is done, the company's competitors take that as an opportunity and easily take that customer by resolving the issue that caused the complaint (Iqbal et al., 2017). In this regard, when customers' complaints are not resolved, the customers tend to be disloyal because they are not satisfied. That's why they easily switch to other service providers. As a result, the organization loses some of its customers.

Customer Orientation

Customer orientation is an organization's ability to identify the current and future needs of its customers (Hawa, 2015). Another definition of customer orientation is whereby an organization, through its strategy, ensures that all its employees work towards delivering value to customers (Pinho et al., 2014, as cited in Tarabieh et al., 2020). This implies that every department has to be involved in the organization's agenda of meeting customers' needs. Those departments who do not have direct contact with customers can provide support to those who directly face customers. Top management can participate by supporting customer service employees with what is needed to serve customers.

There are many ways in which a company can be customer-oriented. Singh and Koshy (2012, as cited in Hawa, 2015) indicate six ways in which a company can practice customer orientation namely: disseminating information to customers, identifying customer needs, fulfilling customer needs, delivering value to customers, keeping customers satisfied, and creating and maintaining long-term relationships with customers. In so doing, companies can sustain their profitability.

It is noteworthy that customer orientation yields benefits for the company's customers because their needs and expectations are met (Hawa, 2015). Furthermore, customer orientation enables the company to prioritize the interests and preferences of its customers (Tarabieh et al., 2020). In this case, a company that is customer-oriented should continuously learn about its customers' needs and improve its products and services to meet those needs.

Hawa (2015) stated two dimensions of customer orientation; customer-oriented climate and customer-oriented processes. Customer-oriented climate is the extent to which an organization creates a work-environment that provides keen interest to the current and future needs of its customers. This is where the organizational leaders have a role to play. They can foster an atmosphere that prioritizes customers and their needs in the organization.

Hawa (2015) continues to describe the customer-oriented climate as an awareness of customer orientation, guidance towards customer oriented behavior, customer oriented atmosphere, and customer oriented infrastructure. In other words, a company that is customer-oriented creates a customer-oriented climate by ensuring that the employee is sustained and the infrastructural setup is designed to suit customers' preferences. Besides, a customer-oriented company takes deliberate actions to gather customer information that makes the company aware of customers' needs.

Customer-oriented processes are the organizations' information processes that focus on identifying customers' current and future needs (Hawa, 2015). In the service sector, such processes involve having the ability and commitment to identify customers' needs and developing ways of meeting such needs (Lee et al., 2021). This is where employees play a major role since they can quickly identify customers' needs and develop ways of meeting such needs. The authors indicate that customers' needs can be identified by listening to them during interactions.

Company leaders and their leadership styles enable customer orientation to yield profitable results for the business (Feng et al., 2019). The authors stated that a humane leadership style makes it easier for the company to enhance its performance. This is the case because humane leaders treat employees well. When employees are treated well, they are happier and treat customers well too. In other words, a company whose leaders do not provide a conducive and satisfactory working environment for their employees will not benefit much from customer orientation.

It is noteworthy that today's customers want information about the services that are being provided to them (Lee et al., 2021). That's why organizations should be customer-oriented to easily and quickly disseminate such information to the customers.

Customer Empowerment

Customer empowerment is whereby an organization gives decision-making power to its customers (Lubis et al., 2020). The authors to indicate that customer empowerment involves allowing customers to decide what they want and how they want it done. In another definition, customer empowerment is whereby a company enables its customers to be more active in the creation and delivery of services by giving suggestions (Auh et al., 2019). In is noteworthy that a business can hardly survive in today's environment if its customers are not satisfied and customer empowerment is a major contributor to the satisfaction of customers (Chatterjee et al., 2022). The authors added that banks, like any other business entity, need to empower their customers in order to survive.

According to Koning and Murthy (2017) there are four drivers of customer empowerment: choice, respect, voice, and control. The authors indicate that empowered customers can: choose from a range of financial services, feel that the service-providers treat them with respect regardless of the size of their transactions, give their opinions and be heard, and be in control of how they use the financial services.

In order to empower their customers, financial institutions should include all the four drivers of customer empowerment into their services. Interestingly, if empowering customers by allowing them to give their suggestions (voice) brings numerous benefits highlighted earlier; then the implementation of the three other drivers of customer empowerment (choice, respect, and control) yields even more benefits for the organization.

Customer empowerment is a process that is carried out by the company and involves several steps. Koning and Murthy (2017) outline steps that financial institutions can follow to empower their customers. The first step is to know the customers by gathering information about them. Secondly, the company should try to understand how the customers interact with its services or products. Finally, the company should check for instances where the four drivers of empowerment (choice, respect, vice and control) are denied to the customer and rectify that problem. In this case, there is need for the company to regularly collect feedback from its customers to get the real sense of whether all the four drivers of empowerment are in place.

Customer empowerment yields several benefits for the company and its customers. For the customers, empowerment makes them feel satisfied with the company's products and services since their opinions are considered (Auh et al., 2019). In this case, the customers' sense of ownership is elevated because they have contributed to the development of a product or service. For the company, when customers are empowered, there are lots of values for the business because customers buy many products and services (Koning & Murthy, 2017). The authors added that financial companies are able to include all customers when transacting with them hence customer empowerment.

When customers are involved in the development of a product or service (by giving their suggestions), they are more likely to be interested in the final product because they tend to feel that they are part of its development (Norton et al., 2016, as cited in Acar & Puntoni, 2016). The authors indicate that empowered customers usually recommend the company's products and services to fellow customers and this serves as free advertisement for the business. The organization benefits from new and brilliant ideas from the customers; ideas that would not had been there if the customers were not involved. When customers are involved in the designing of an advert, they tend to trust the contents of the advert more.

Customer Knowledge

Customer knowledge can be categorized as knowledge for the customer, knowledge about the customer, and knowledge from the customer (Kaoud, 2017). Chaithanapat and Rakthin, (2020) added by highlighting that the most strategic types of knowledge are knowledge from and for the customer. They stated that knowledge about the customer is less strategic as compared to the other types of customer knowledge.

Knowledge for the customer is knowledge that is provided by the company to its customers as a way of supporting them in their buying decisions (Salomann et al., 2005, as cited in Kaoud, 2017). This is knowledge that has much to do with the company's products and services; for instance knowledge about the products and services' ranges and processes (Chaithanapat & Rakthin, 2020). The authors indicate that this is a very important category of knowledge since it is directly linked with the buying decisions of the customers.

Kaoud (2017) stated that knowledge about the customer is general knowledge about the customer like their demographics and purchasing record, and is usually sourced from existing customer data. This is the type of knowledge that is just good for the sales and marketing operations of the business but is not that strategic (Wilhelm et al., 2013, as cited in Chaithanapat & Rakhin, 2020). This type of knowledge is still useful to the company because it allows the company to know the buying motivators of customers and use that knowledge to attract them.

Knowledge from the customer is knowledge that the company directly collects from its customers such as ideas, thoughts and information (Kaoud, 2017). This type of knowledge can be collected by the employees as they interact with customers (Chaithanapat & Rakthin, 2020). It is necessary for banks to encourage their employees to be keen in collecting such knowledge from customers as they interact with them. All interactions with customers can be perceived as opportunities to collect important knowledge from them.

It is important for organizations to manage customer knowledge in order to yield benefits. The knowledge management process involve a number of steps (Sain and Wilde, 2014). These steps are identifying knowledge, acquiring the identified knowledge, categorizing the acquired knowledge, storing the knowledge, making the stored knowledge available for its users, improving the usage of the existing knowledge, putting the knowledge into action, and developing new ideas to create knew knowledge. These steps can also be applied to the management of customer knowledge.

Customer knowledge is an important resource that should be well managed by the organization (Kaoud, 2017). Employees have an important role to play in ensuring that organization manages its customers' knowledge efficiently. Customer knowledge management is a new organizational approach whereby knowledge relating to customers is captured, shared, and used to increase innovation and performance (Taherparvar et al., 2014). Customer knowledge management involves managing knowledge from the customer, knowledge about the customer, and knowledge for the customer.

Sain and Wilde (2014) added that customer knowledge management can be made possible by the use of knowledge management systems, encouraging a knowledge culture in the organization, and sharing knowledge (among other things). The authors stated that much effort is required from the entire organization in the management of customer knowledge.

Some of the goals of customer knowledge management are segmenting of customers, creating customer loyalty, extending existing products and services, and improving success in sales (Sain & Wilde, 2014). The authors added that customer knowledge, if managed well, can create a huge value for businesses. This is because when customer knowledge is managed appropriately, the companies can effectively meet customers' needs; and when such needs are met, their levels of satisfaction are increased.

Bank Performance

The performance of a bank can be measured using financial and non-financial measures (Saoqi, 2017). The author indicates that the financial measure of a bank's performance is one that looks at how the bank can use its assets to generate profits. Examples of financial measures of bank performance are capital, asset, management, earnings, liquidity and sensitivity of market risk (CAMELS) analysis (Kasmir, 2008, as cited in Saoqi, 2017). The author stated that non-financial measures of a bank's performance can be made possible using the balance scorecard. The author described a balance scorecard as an analysis tool for measuring financial and non-financial performance and involves four dimensions. These four dimensions are the financial perspective, customer satisfaction, efficiency on internal processes, and learning and growth.

Ayo-Oyebiyi et al., (2019) identified other bank performance measures to be customer satisfaction, deposit mobilization, and profit level. In this case, a bank can be seen to be performing well if its customers are satisfied, if it is able to mobilize high levels of deposits, and if its profit levels are increasing. This is a combination of both financial and non-financial measures. On the other hand, Jewell and Mankin (2011) stated that performance can be determined using financial indicators, and return on assets is one of the most popular measures.

This study measured bank performance using both financial and non-financial measures and these are deposit mobilization, return on assets, and innovation. It is noteworthy that when banks implement customer relationship management strategies, they tend to improve the overall quality of the services that they deliver to their customers (Jiddah et al., 2017).

Deposit Mobilization

Deposits are one of the most important resources for commercial banks because they serve as a source of funds for the bank to utilize (Mohammad & Mahdi, 2010, as cited in Islam et al., 2019). Banks need to have funds in order to pay out loans to customers and deposits are a major source of such funds. Without deposits, banks cannot continue to exist; therefore deposit mobilization is an important function of banks (Gunasekara & Kumari, 2018). A well-performing bank can mobilize adequate deposits for its operations.

According to Maharana et al. (2015) the three types of deposits that commercial banks collect from customers are demand deposits, savings deposits, and fixed deposits. Demand deposits (also known as current or cash deposits) are those that customers like businesspersons give to the bank to clear their debts and they do not attract interests (Tesfahunegn, 2015). In this case, the depositor does not receive interest from the bank. Savings deposits are mostly made by individuals as a way of keeping their wealth and depositors receive interests from the banks for such deposits. Term deposits are fixed deposits that remain with the bank for a specified period of time and earn interest after the agreed upon time frame. Similar to savings deposits, the depositor of the fixed deposits receives interest from the bank.

Deposit mobilization is done by banks and defined as the process of collecting funds from customers and reinvesting those funds by borrowing them out to other customers at an interest (Maharana et al., 2015). The authors stated that accepting deposits is the major function of commercial banks. Deposit mobilization is an indicator of the efficiency and success of any bank (Tesfahunegn, 2015). In other words, a bank that can successfully mobilize enough deposits can is performing well in that regard.

Deposit mobilization is not an easy task because there are several factors that affect this activity (Tesfahunegn, 2015). The author lays out three categories of the factors that affect deposit mobilization to be; external, bank-specific, and internal factors. Some of the external factors include interest rates, inflation, competitor numbers, population growth, society’s income, and economic growth. When interest rates are attractive, customers are more willing to deposit their money with the banks (Gunasekara & Kumari, 2018).

Bank-specific factors that affect deposit mobilization are liquidity levels, profit levels, security levels, branches, bank size, and transaction costs. Internal factors include the level of awareness of the society the bank is serving, convenience of the bank office (e.g. distance travelled to reach the bank), and the nature of services that the bank provides to its depositors (Tesfahunegn, 2015).

Return on Assets

Return on assets is one of the most popular and most used ratios for measuring financial performance (Jewell & Mankin, 2011). The authors argued that there is more than one formula for calculating a company's return on assets. The formula *Net Return on Assets = Net Income / Total Assets* is one of the eleven formulas that are used to calculate return on assets. They further argued that it is inappropriate to think of return on assets as a single ratio but as a group of different ratios. In this case, an organization can choose which formula to use in regards to computing its return on assets.

Keown et al. (2008, as cited in Idawati & Wahyudi, 2015) differ by suggesteding only one way of calculating return on assets. They stated that return on assets measures profitability by connecting an organization's net income to its assets (Return on Assets = Net Income / Total Assets). They further indicate that return on assets is a profit indicator that shows how much revenue a company's assets have generated.

Nalurita (2017) stated that return on assets is an important measure of profitability. The author stated that when the return on assets is high, it means the assets of the organization are being well utilized; and when the return on assets is low, the assets are being under-utilized. The author added that return on assets is also known as return on investment because when an organization purchases an asset, the expectation is that the asset will bring returns. In this case, there is an overall agreement among the authors that an organization's return on assets is an ideal measure for its profitability.

Innovation

This entails the process of coming up with something new that becomes a unique resource for the company (Aljawarneh et al., 2020). In other words, when innovation is achieved in the organization; that new idea, product, or service becomes a special resource for the organization. Kahn (2018) stated that innovation can be perceived as an outcome, a process, a mindset, and a strategy. In regards to innovation being viewed as an outcome; the author indicates that this entails product innovation, process innovation, and marketing innovation. In this case product innovation is all about market offerings such as new products, programs, services, or new programs.

The author further added that there are seven types of product innovations: Reduced costs, improved products, new features on existing products or services, new markets, new uses of the product or service, new categories, and new-to-the-world services. On the other hand, Lin et al. (2009) argued only specific CRM activities contribute to the innovation capabilities in the organization. It is up to the organization to identify those activities that contribute to higher performance through innovation. In particular, based on their study, the authors found that technology-based CRM mechanisms are most effective in engaging innovative activities with customers.

Customer Relationship Management and Bank Performance

Several researchers have investigated the relationship between customer relationship management and bank performance. Kebede and Tegegne (2018), advanced that customer relationship management has a great impact on the performance of the bank. They added that knowledge management is the dimension of customer relationship management that has the highest impact.

Customer relationship management brings several benefits for banks, employees, and customers (Adewale & Afolabi, 2014). The authors stated that customer relationship management increases the satisfaction levels of the banks' employees and customers. They further indicate that customer relationship management enables the banks to use their resources in the best way possible and in turn minimize costs. As a result, the profitability of the banks can be increased when they utilize customer relationship management as a business strategy.

Customer relationship management increases the performance of banks by improving their level of deposit mobilization (Jiddah et al., 2017). When banks implement customer relationship management strategies, they tend to improve the quality of the services that they deliver to their customers and this leads to more customers depositing their funds into the banks. Customer relationship management also has an effect on the performance of a bank in terms of its innovation capabilities (Aljawarneh et al. 2020).

A detailed look into literature regarding the link between customer relationship management and bank performance is explored by looking at what other authors have written regarding the individual relationships between complaint resolution, customer empowerment, customer knowledge, and bank performance.

Complaint Resolution and Bank Performance

As discussed earlier, a complaint usually comes from the customer when there is dissatisfaction with a product or service. It is the banks' responsibility to resolve such complaints and ensure that the customer is satisfied. When customer complaints are resolved properly, the performance of the organization improves (Bengul & Yilmaz, 2018). In other words, proper handling of customer complaints is necessary if the banks are to gain any benefits from such.

Complaint resolution enables customers to be more attached to the organization and this in itself aids increases profits (Iqbal et al., 2017). In this case, if customer complaints are well-resolved, the performance of the bank improves through the maximizing of profits. The implication of this idea is that customers must be satisfied with the complaint resolution; otherwise the organization will stand to lose.

Bengul and Yilmaz (2018) indicated that proper handling of customer complaints includes being fair, timely, transparent, keeping the customers involved during the entire process, and empowering and training employees that deal with customer complaints to make the appropriate decisions where necessary. If these conditions are not met, then the banks' efforts are in vain. The authors further stated that for complaint resolution to have a positive effect on performance, the guidelines for handling customer complaints should be flexible. Since customers are diverse and complain in different ways, having a strictly standardized way of handling each situation is not ideal.

Customer Orientation and Bank Performance

Customer orientation has an effect on performance only with the influence of internal and external factors (Feng et al. 2019). The author indicates that customer orientation has an effect of performance when the leadership of the organization is ethical (internal factor). Furthermore, customer orientation can affect performance if the organization can exceed its competition. In other words, being customer-oriented is not enough for the performance of the bank to be impacted. Banks have to foster ethical leadership and be competitive for customer orientation to affect performance.

Hawa (2015) provides a different view of the relationship between customer orientation and performance. The author stated that customer orientation has a direct effect on service quality and customer satisfaction. These are non-financial performance indicators. In this case, customer orientation has an effect on performance. This implies that customer orientation can increase the satisfaction of bank customers and improve the quality of services. Based on the findings of Feng et al. (2019), it is noteworthy that there are certain factors that can reduce the effect of customer orientation on the banks' performance.

Customer Empowerment and Bank Performance

Berraies and Hamouda (2018) indicate that the performance of an organization is significantly impacted on by customer empowerment. The findings of the authors indicate that the relationship between customer empowerment and performance is mediated by innovation and customer satisfaction. The authors stated that the act of empowering customers makes it possible for them to take part in the bank's innovation activities. As a result, when new products enter the market, they become more successful since customers develop a sense of ownership.

In regards to customer satisfaction, the authors indicate that customers that are empowered become more satisfied. Satisfied customers can buy the product or service more than once, speak well about the product or service to other customers, and care little about the cost. This leads to more sales and improved financial performance for the bank. Chatterjee et al., (2022) agree by stating that when customers are satisfied, they remain with the bank and do not opt for other banks. The authors further argued that customer empowerment makes it possible for organizations to survive the competitive forces in the business environment.

Customer Knowledge and Bank Performance

Customer knowledge is an important asset for the bank that should be managed well. Customer knowledge has a direct effect on the performance of an organization (Bidgoli et al., 2021). The authors lay out some of the performance indicators that come with customer knowledge to be; the development of new products, financial performance, and generation of new ideas.

When a bank manages customer knowledge well, that knowledge can aid in the development of new products or services. Furthermore, the finances of the banks improve. Customer knowledge also brings information into the bank that can be utilized in the generation of new ideas. In a study by Kebede and Tegegne (2018) that looks at the effect of customer relationship management on bank performance; the findings reveal that out of the three variables in the study, customer knowledge was the one with the highest impact on performance.

What has been noted throughout the review of literature is that customer relationship management fully involves the organization's employees. While some literature emphasizes on the emergence and use of technology in the implementation of customer relationship management systems; it is noteworthy that the employees are key players. Without employees, the technological advancements cannot be well utilized. Besides, employees are the ones that interact with customers on a daily basis and are the most important part of the puzzle when it comes to customer relationship management. This study adds to the gap in knowledge by analyzing the effects of customer relationship management on the performance of banks with focus on employees as the key players in the process.

Empirical Studies

Customer relationships management as measured by dimensions can positively impact on bank performance. A study by Ayo-Oyebiyti et al (2019) establishes that customer relationship management dimensions positively affect Zenith bank's performance measured by deposit mobilization, profitability, and satisfaction. In a similar study, Bhat and Darzi (2016) investigated the impact of customer relationship management on the performance of banks. The findings indicated that four customer relationship management dimensions (complaint resolution, customer orientation, customer empowerment, and customer knowledge) had a positive impact on bank performance. Customer knowledge was the most influential variable.

Kebede and Tegegne (2018) explore the effect of customer relationship management on the performance of commercial banks in Ethiopia. The results of the study proved that customer relationship management is statistically significant in affecting bank performance. Elmubasher and Tomsah (2020) also investigate the effect of customer relationship management on organization performance. The study was done in using quantitative methods. The participants of the study were 286 bank customers. The findings of the study suggested that customer relationship management dimensions affect performance.

CHAPTER 3

METHODOLOGY

Research Design

The study was of a quantitative nature and aimed at investigating the effect of customer relationship management dimensions on the performance of banks. A causal study design is appropriate when a research is investigating the existence of a relationship between variables (Kesmodel (2018). Therefore, a causal research design was adopted for this study to investigate the existence of a relationship between customer relationship management and performance. In this case, customer relationship management dimensions represent the independent variables of the study and performance (as measured by deposit mobilization, return on assets, and innovation) is the dependent variable.

This study investigated whether complaint resolution, customer orientation, customer empowerment, and customer knowledge have an effect of the performance of selected commercial banks in Southern Malawi from the employees' perspective. The causal design enabled the researcher to investigate the associations between the independent and dependent variables in the study.

Population and Sampling Procedure

The target population of this study was made up of all the front line employees of the banks in the southern region of Malawi. The researcher consulted managers of the six commercial banks which operate in the region to verify the number of front line personnel in each bank. Table 1 shows the population and sample of the study.

Table 1. The Target Population Distribution

Name of Bank	No. of Front Line Staff	Sample
Bank B	39	25
Bank C	35	23
Bank D	36	23
Bank E	33	21
Bank F	30	19
Bank G	35	23
Total	208	134

Sekaran and Bougie (2016) stated that the size of a sample can be drawn from population size using the formula N/ (1+Ne^2); where N represents the total size of the population, n represents the sample size, and e^2 is the chance that an error is being made. As such, the sample size was determined as:

n = N/ (1+Ne^2). Where;

n- Sample size
N-population size
e^2- the margin error (which is 0.05)

This was calculated as follows:
n=208/ (1+208 X 0.05^2)

= 208 / (1+0.553)

= 208/1.553 = **134**

Simple random sampling technique was used to choose the sample. Sekaran and Bougie (2016) described this technique as the one that gives an equal opportunity to every member of the population to participate in the study. This sampling technique enables the researcher to identify a portion of the population to take part in the study.

Instrument for Data Collection

A self-administered questionnaire was used as an instrument for gathering the data for this study. The process of collecting data took about two months because of the respondents' different work schedules. The questionnaire was divided into three sections; A, B, and C. Section A gathered the demographic data of the respondents. Section B comprised Likert scale questions that are related to the variables of the study. The Likert scale checked the level of agreement for each question and comprised five points. The variable *complaint resolution* comprised nine items. The questions were sourced from Yilmaz et al. (2016). *Customer orientation* comprised eight items by Hawa (2015). The variable *customer empowerment* comprised seven items generated from literature by Lubis et al. (2020); Auh et al., (2019); and Koning and Murthy (2017). The variable *customer knowledge* consisted of eleven items that were inspired from literature in the study of Taherparvar et al., (2014). *Bank performance* comprised 8 items by Guerola-Navarro et al. (2021). A few additional items on the questions were generated by the researcher from literature. The interpretation of the independent and dependent variables is shown in Table 2 below. Section C consisted of two open-ended questions in order to give the respondents an opportunity to give their own opinions. The questions asked how customer complaints are handled and how customer feedback is collected.

Table 2. Interpretation of the Scores of the Questionnaire

Scale	Response	Mean Interval	Verbal Interpretation
1	Strongly Disagree	1.00 – 1.49	Very low level of complaint resolution management/empowerment/ knowledge/performance
2	Disagree	1.50 – 2.49	Low level of complaint resolution management/empowerment/ knowledge/performance
3	Neither agree nor disagree	2.50 – 3.49	Average level of complaint resolution management/empowerment/ knowledge/performance
4	Agree	3.50 – 4.49	High level of complaint resolution management/empowerment/ knowledge/performance
5	Strongly Agree	4.50 – 5.00	Very high level of complaint resolution management/empowerment/ knowledge/performance

Validity and Reliability of Instrument

The questionnaire was tested for content validity by two top marketing managers in the banking sector. All comments were taken into consideration and necessary adjustments were made. A pilot study was done using the research instrument to check for any challenges that may occur in the main study. The researcher administered the questionnaire to twenty participants from one the banks, named Bank A (not included in the list of participants for the final study) to test its reliability for pilot testing.

The reliability of the research instrument was checked using Cronbach's coefficient alpha. This is a reliability coefficient that shows the extent to which the items in a set are positively correlated to each other and its standard measure is up to 0.6 (Sekaran & Bougie, 2016). When a Cronbach’s alpha is close to or below 0.6, it means the internal consistency is unreliable. The Cronbach’s alpha for all the items in the study were above 0.6 as presented in Table 3. This implies that the internal consistency is reliable. Below is a table indicating the Cronbach's alpha of the 42 items that were tested for reliability.

Table 3. Cronbach's Alpha Reliability Statistics

	# of Items	Cronbach's Alpha
Complaint resolution	13	.745
Customer orientation	8	.705
Customer empowerment	9	.670
Customer knowledge	12	.810
Bank performance	8	.792

Data Collection Procedure

The researcher asked for authorization from the banks to administer the questionnaire to the employees. In turn, the banks contacted the Program Coordinator by phone to verify if the stuent is indeed at the stage of collecting data. Once they are assured of this being the case, the granted permission to the student in writing. As soon as the permission was granted, the researcher had a small meeting with the respondents of each bank to explain to them the purpose of the survey and its importance. The questionnaire was then administered to every participant. All of the questionnaires were hand-delivered by the researcher to the respondents and were collected after the filling in was done.

Method of Data Analysis

The data was analyzed using the Statistical Package of Social Science (SPSS) method of data analysis. Descriptive statistical measures such as standard deviation, mean, and percentages were used to interpret the data. Sekaran and Bougie (2016) indicate that multiple regression analysis is used in a research where several independent variables are hypothesized to have an effect on a dependent variable. Multiple regression analysis was used to check the extent to which the independent variables in the study have an effect on the dependent variable.

Ethical Considerations

The researcher got permission to collect data from the management of the banks before issuing out the questionnaire. The participants were assured of confidentiality and were not forced to participate in the study; rather the researcher sought their consent. The names of the banks were disguised using letters (from bank A to G) to avoid exposing the banks' true identities. The research data was treated with strict confidentiality. Public access to the research data was not allowed. Participants were not allowed to put their names on the scripts. After the study, all the response scripts were kept safely.

CHAPTER 4

FINDINGS AND DISCUSSION

Study Area Setting

Malawi as a country is divided into regions namely: southern, central, and northern. The southern region is the largest in terms of its population. The region is densely populated with an adult population of above 3 million inhabitants (18 years and above). Out of this population, the female inhabitants represent the largest population of about 2 million. There are about 1.8 million households with an average of four members per house.

Most of the people in Southern Malawi depend on farming. Records from the National Statistics office show that most of the banking transactions are accounted for by the agriculture industry. The southern region is faced with high inflation due to the economic challenges that the country is currently facing.

There are eight commercial banks in Malawi and all of them have a main branch in the southern region. Blantyre is the major city in the southern region of Malawi. All the main branches of the commercial banks that took place in this study are located in Blantyre. The city of Blantyre is a busy city that has a concentration of several industries that contribute to the economy of the country.

The city comprises of numerous schools, hotels, shops, offices representing several industries, factory sites, church buildings, houses, and many other facilities. Most of the commercial banks' main branches are located at the center of Blantyre city alongside insurance companies and financial cooperatives. The banks are at a walking distance from each other. Many businesses are also located very close to the commercial banks in the southern region of Malawi.

The composition of the banks' customer base is highly diversified in terms of their income levels, income sources, education levels, cultures, and age groups. The southern region has the highest employment rate of 83% compared to the central and northern regions.

Participation Rate

Out of the 134 questionnaires that were administered, 121 were responded to. However, after cleaning the data and getting rid of outliers and missing responses, the number of respondents reduced to 99. This resulted into a response rate of 74%. For social science research, the acceptable response rate for a self-administered questionnaire is 40% (Story & Tait, 2019). In this case, this study's response rate of 74% is acceptable.

General Demographics Analysis

This section shows the demographic characteristics of the respondents. It shows details of their gender, age, job experience and academic qualifications.

Gender of the Respondents

Table 4 below shows the gender of the respondents. The largest number of the respondents comprised females (about 54%) whilst the male respondents were 46%.

Table 4. Frequency Distribution of Gender

	Frequency	Percent
Male	46	46.5
Female	53	53.5
Total	99	100.0

Source: Field Survey, 2022

Ages of the Respondents

Table 5 below shows the age categories of the respondents to the questionnaire. Of the 99 respondents, 46 were between the ages of 25 – 40, representing 47%. This was the largest age group that participated in the study; followed by ages 41 – 55 (24%), less than 25 (about 22%) and those above 55 years old represented only 7% of the entire group. Therefore 71% of the respondents were between the ages of 25 – 55, which is a normal working age.

Table 5. Frequency Distribution for age of Respondents

Age	Frequency	Percent
<25	22	22.2
25-40	46	46.5
41-55	24	24.2
>55	7	7.1
Total	99	100.0

Source: Field Survey, 2022

Job Experience of the Respondents

Table 6 shows the working experience of the respondents according to the number of years they have served the bank. Most of the respondents have served the bank for 5 – 10 years (about 37%). This was followed by those who worked with the bank for 11 – 15 years representing about 30%. Those who worked with the bank for less than 5 years were about 22% of the total group. Thus 67% of the workers have been in the organization between 5 to 15 years.

Table 6. Frequency Distribution for the Years of Experience

# of Years	Frequency	Percent
<5	22	22.2
5-10	37	37.4
11-15	30	30.3
16-20	8	8.1
>21	2	2.0
Total	99	100.0

Source: Field Survey, 2022

Academic Qualifications of the Respondents

The researcher categorized the respondents according to four types of academic qualifications as stipulated in table 7 below. It was found that 44 respondents were bachelor's degree holders, representing the largest group (about 44%). The following category was made up of those that had a postgraduate qualification representing about 36%. The remaining respondents had high school qualifications and others representing about 6% and 13% respectively. This table shows that about 81% of the respondents have a university degree. This implies that these respondents were knowledgeable and had the ability to deliver quality service to the customers if they were trained.

Table 7. Frequency Distribution of Academic Qualifications of the Respondents

	Frequency	Percent
Postgraduate	36	36.4
Undergraduate	44	44.4
High school	6	6.1
Other	13	13.1
Total	99	100.0

Source: Field Survey, 2022

Findings and Discussions Based on the Research Questions

This section covers an analysis of the results of the administered questionnaire. Descriptive statistics were used to respond to research questions one to four in chapter one.

Research Question One

What is the level of complaint resolution in the selected commercial banks in Southern Malawi?

Based on the findings in Table 8, the banks provide guidelines to employees that show them how to be helpful to the complaining customers (mean 4.39, standard deviation 0.59). Furthermore, guidelines are also provided to enable them to understand the customers when they bring up complaints (mean 4.39, standard deviation 0.70). These results have the highest means and this shows that the banks ensure that when customers are complaining, they should be understood and assisted accordingly by the employees. The average score for all the 14 items of responses in Table 8 presents a mean of 4.17 and a standard deviation of 0.394. This suggested that the banks are able to resolve customer complaints at a high level.

Table 8. Employee Perception of the Level of Complaint Resolution

	Mean	Std. Deviation	Interpretation
Being helpful to customers is included in the guidelines	4.39	0.59	High level of complaint resolution
Understanding customers is included in the guidelines	4.39	0.70	High level of complaint resolution
Taking responsibility for the problem is included in the guidelines	4.36	0.65	High level of complaint resolution
Politeness is included in the guidelines	4.33	0.74	High level of complaint resolution
Guidelines for handling complaints are simple	4.25	0.73	High level of complaint resolution
Trainings for complaint handling are included in the guidelines	4.25	0.73	High level of complaint resolution
Guidelines for capturing complaints quickly are there	4.19	0.84	High level of complaint resolution
Showing concern to customers is included in the guidelines	4.18	0.77	High level of complaint resolution
Guidelines for recording information in a structured manner are included	4.04	0.83	High level of complaint resolution
Guidelines include instructions for gathering information	4	0.86	High level of complaint resolution
Guidelines for forwarding complaint information are there	4	0.95	High level of complaint resolution
Guidelines for handling complaints are clearly defined	3.9	0.86	High level of complaint resolution
Time standards are included in the guidelines	3.9	0.97	High level of complaint resolution
Average Score	4.17	0.39	High level of complaint resolution

Research Question Two

What is the extent of customer orientation in the selected commercial banks is Southern Malawi?

Customer orientation is all about the organization identifying and meeting the current and future needs of the customers (Hawa, 2015). The results in Table 9 provide the answer to the research question regarding the extent of customer orientation. Employees' responses to the questions that measured the extent of customer orientation are in Table 9 below. The results indicate that the bank employees keep the customers' banking information confidential (mean 4.54, standard deviation 0.58) and put customers' interests first (mean 4.51, standard deviation 0.61). These two responses are the ones with the highest score and their scores show that there is a very high level of customer orientation in that regard. The average mean of all the eight items is 4.34 and the standard deviation of 0.38. This indicates that overall, the banks' level of customer orientation is high.

Table 9. Employee Perception of the Extent of Customer Orientation

	Mean	Std. Deviation	Interpretation
I keep customers' banking information confidential	4.54	0.58	Very high level of customer orientation
I put the customers' interests first	4.51	0.61	Very high level of customer orientation
I try to answer customers questions accurately	4.43	0.56	High level of customer orientation
I suggested the most suitable products to customers	4.36	0.65	High level of customer orientation
I encourage customers to discuss their needs	4.32	0.55	High level of customer orientation
I am patient with the customers when they are annoyed	4.3	0.6	High level of customer orientation
I provide customers with information regarding their needs	4.19	0.74	High level of customer orientation
I ask customers to evaluate our services	4.09	0.91	High level of customer orientation
Average Score	4.34	0.38	High level of customer orientation

Research Question Three

What is the level of customer empowerment in the selected commercial banks in Southern Malawi?

To answer the research question regarding the level of customer empowerment, employees were asked to respond to questions that were to measure the level of customer empowerment in the banks. Table 10 below shows the results of the employee's responses. According to the table, the respondents perceive that the banks give their customers a variety of services to choose from (mean 4.5, standard deviation 0, 52). Taking a close look at the interpretations, it is notable that this is a very high level of customer empowerment. Customers that are empowered can have a range of options to choose from (Koning & Murthy, 2017). The results are in agreement with Koning and Murthy (2017) who stated that customers are empowered when they are in control and are treated with respect.

Table 10. Employee Perception of Level of Customer Empowerment

	Mean	Std. Deviation	Interpretation
There are a variety of services for customers to choose from	4.50	0.52	Very high level of customer empowerment
Customers can easily check their account transactions	4.48	0.56	High level of customer empowerment
Customers are alltreated with respect	4.46	0.56	High level of customer empowerment
Customers are offered a range of products to choose from	4.43	0.57	High level of customer empowerment
Product information is widely available for customers	4.41	0.69	High level of customer empowerment
Service provided information is widely available for customers	4.41	0.59	High level of customer empowerment
Products and services are designed to meet customer needs	4.24	0.67	High level of customer empowerment
Customers' opinions considered in new product development	4.16	0.88	High level of customer empowerment
Customers have control of how they use the services provided	4.14	0.80	High level of customer empowerment
Average Score	4.36	0.35	High level of customer empowerment

Research Question Four

What is the level of customer knowledge in selected commercial banks in Southern Malawi?

The concept of customer knowledge can be well understood in terms of three categories: Knowledge for the customer, knowledge from the customer, and knowledge about the customer (Kaoud, 2017). In this case, the banks are able to: Provide knowledge to the customer (knowledge for the customer), gather knowledge related to the customer's needs, suggestions and preferences (knowledge about the customer), and get information from the customer such as the bank's service delivery (knowledge from the customer).

The results in Table 11 show that knowledge for the customer is represented by the highest mean of 4.52 and standard deviation of 0.54. This implies that the banks provide their customers with knowledge about their products at a very high degree. The other items that explain knowledge for the customer are the ones that show that the bank provides their customers with information regarding: The products in general (mean 4.52, standard deviation 0.54); new products (mean 4.45, standard deviation 0.58); services provided (mean 4.44, standard deviation 0.63); and existing products (mean 4.42, standard deviation 0.61). These results show that the knowledge that the banks provide to their customers is more about the banks' products and services.

The items that explain knowledge about the customer in the table are the ones that suggested that the banks ask the customers to provide information regarding: Their creditworthiness (mean 4.49, standard deviation 0.64); their income levels (mean 4.45 standard deviation 0.64); and their background (mean 4.28, standard deviation 0.73). These results imply that the banks gather knowledge about the customers at a lower level than the knowledge that they provide to the customers (knowledge for the customer).

According to Table 11, the items that explain knowledge from the customer are the ones that suggested that the banks ask their customers to provide knowledge regarding their demands (mean 4.29, standard deviation 40.63); their ideas (mean 4.25, standard deviation 0.81); the services that they require (mean 4.18, standard deviation 0.81); quality of the services provided (mean 4.02, standard deviation 0.84); and quality of services provided by competitors (mean 3.75, standard deviation 1.07). The results show that the banks collect knowledge from the customer at a lower level compared to the other two categories (knowledge for and about the customer). The average mean of the customer knowledge variable is 4.29 with a standard deviation of 0.729. This shows that the respondents agree that the overall level of customer knowledge of the banks is high.

Table 11. Employee Perception of the Level of Customer Knowledge

	Mean	Std. Deviation	Interpretation
Product knowledge is provided to customers	4.52	0.54	Very high level of customer knowledge
Creditworthiness of customers is asked	4.49	0.64	High level of customer knowledge
Customers' income levels are asked	4.45	0.64	High level of customer knowledge
New product knowledge is provided to customers	4.45	0.58	High level of customer knowledge
Services knowledge is provided to customers	4.44	0.63	High level of customer knowledge
Existing Products knowledge is provided to customers	4.42	0.61	High level of customer knowledge
Customers' demands are asked	4.29	0.63	High level of customer knowledge
Customers' background is asked	4.28	0.73	High level of customer knowledge
Customers' ideas are asked	4.25	0.81	High level of customer knowledge
Services required by customers are asked	4.18	0.75	High level of customer knowledge
Feedback on quality of services is asked	4.02	0.84	High level of customer knowledge
Quality of competitors' services is asked	3.75	1.07	High level of customer knowledge
Average Score	4.29	0.41	High level of customer knowledge

Research Question Five

What is the level of performance of the selected commercial banks in Southern Malawi?

The financial performance of a bank can be measured using both financial and non-financial measures (Saoqi, 2017). The results in Table 12 show that there is a very high level of performance in the banks in terms of creativity in operations methods (mean 4.58, standard deviation 0.57), continuous introduction of new services (mean 4.55, standard deviation 0.62) and adoption of new ways of doing things (mean 4.54, standard deviation 0.52). These findings are interesting in the sense that they suggested that the banks are performing very highly in terms of their innovation capabilities and these are non-financial measures of bank performance.

The statements regarding the banks' level of cash deposits have the lowest means of 3.92 and standard deviations of 0.80. Furthermore, the statement that suggested that the bank's level of deposit mobilization is increasing has a higher mean of 4 and a standard deviation of 0.73. These means still represent a high level of bank performance. The average score shows a mean of 4.31 and standard deviation of 0.41 shows that the banks have an overall high level of performance. This finding is pertinent because it opens the question as to whether the customer relationship management has a role to play in the relatively good performance of the banks. Thus, it adds to the significance of the present study. If it were to be verified that indeed customer relationship management does have a role to play in the organizational perforamnce, it would be a valuable piece of information for the banks in Malawi.

Table 12. Employee Perception of the Level of Performance

	Mean	Std. Deviation	Interpretation
Bank is creative in its operation methods	4.58	0.57	Very high level of performance
Introduction of new services has increased or past five years	4.55	0.63	Very high level of performance
New ways of doing things are being adopted	4.54	0.52	Very high level of performance
Assets are able to generate adequate revenue	4.38	0.62	High level of performance
Bank generates new ideas for service delivery	4.38	0.53	High level of performance
Bank has a high return on assets	4.15	0.80	High level of performance
There is an increase in the mobilization of deposits	4	0.73	High level of performance
There is a high level of cash deposit accounts	3.92	0.80	High level of performance
Average Score	4.31	0.41	High level of performance

In order to further probe into the ways used to manager customer relationships, the repondents were asked two open ended questions. Table 13 shows the responses to the first open ended question. The question investigated the methods that banks use to handle customer complaints and used the multiple response analysis in SPSS. Simple frequencies were calculated.

The results presented in Table 13 below indicate the participants' responses. 247 responses were given. Based on the results, face to face interactions appear to be the most used method of handling customer complaints (39.7% of responses and 81% of cases). This implies that most of the customers prefer having face to face interactions with the bank employees when there is a complaint. With face to face interactions, customers can express their emotions in relation to the problem at hand.

The telephone method is represented by 64 responses (25.9% of responses and 52.9% of cases). This implies that where face-to-face interactions are not possible, the customers opt for telephone interactions since they can still voice out their concern and be responded to instantly. Further, the tone of the customer gives the receiving end an idea of the emotional status of the complainant. Respondents revealed that methods of handling customer complaints such as face-to-face interactions and telephone conversations are the most used by the bank's customers and this is new and important information to the study.

Table 13. Employee Perception of Bank's Complaint Handling Methods

Method Used	Responses		Percent of Cases
	N	Percent	
Face-to-face interactions	98	39.7%	81.0%
Telephone	64	25.9%	52.9%
Internet	50	20.2%	41.3%
Manager's Office	35	14.2%	28.9%
Total	247	100.0%	204.1%

Customer empowerment involves allowing customers to take part in the creation and delivery of services by giving their suggestions (Lubis et al., 2020). The second open-ended question addressed this matter. Respondents were asked to mention three methods that customers use to give their suggestions to the bank. Table 14 shows how the employees responded.

The results show that most of the bank's customers communicate with the bank by putting their thoughts in the suggestion box (103 responses, 33.1% of responses and 85.8% of cases). The second highest method that the customers use is the face-to-face interactions (83 responses, 26.7% of responses and 69.2% of cases). In this case, the customers visit the banks and give their suggestions directly to the responsible employees. The results reveal that the banks' customers feel responsible in taking part in decisions by giving their thought. The customers seem to have positive attitudes towards being involved in the banks' decisions.

Table 14. Employee Perception of Bank Customers' Suggestion Giving Methods

Method Used	Responses		Percent of Cases
	N	Percent	
Suggestion box	103	33.1%	85.8%
Telephone	47	15.1%	39.2%
Face to face interaction	83	26.7%	69.2%
Internet	78	25.1%	65.0%
Total	311	100.0%	259.2%

Research Question Six

What are the effects of customer relationship management on the performance of selected commercial banks in Southern Malawi; as measured by complaint resolution, customer orientation, customer empowerment, and customer knowledge? To answer the research question, a regression analysis was done. First, though, it was necessary to verify if the conditions for the regression analysis were met. Both the verification of the conditions and the findings from the regression analysis are described below.

Conditions for Regression Analysis

Regression analysis was used in this study and such an analysis must be based on a number of conditions. There are several conditions that need to be met to have a valid regression result, and these are called assumptions (Senaviratna & Cooray, 2019). The authors established the first two conditions, whereas Yang et al. (2019) stated the third assumption as indicated below.

a) there should be no multicollinearity among the independent variables
b) the residuals of the regression should follow a normal distribution
c) the data should be homoscedastic (Yang et al., 2019)

Multicollinearity of the Independent Variables Test

Johnston et al. (2018) indicate that independent variables can be checked for collinearity using the variance inflation factor (VIF). They indicate that a VIF of 2.5 and above means that the independent variables are highly correlated (the model has severe multicollinearity problems). The variables were checked for multicollinearity using variance inflation factors (VIF) before running a regression. The results in Table 15 show that all of the four variables have VIF values of less than 2.5. The VIF values of 1.41, 1.22, 1.27, and 1.30 indicate that the regression model has no multicollinearity problems.

Table 15. Multicollinearity of the Independent Variables using VIF

	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model	B	Std. Error	Beta	T	Sig.	Tolerance	VIF
1 (Constant)	-.115	.492		-.235	.815		
Complaint resolution	.276	.093	.263	2.968	.004	.706	1.417
Customer orientation	.135	.083	.133	1.619	.109	.818	1.223
Customer empowerment	.323	.100	.270	3.220	.002	.790	1.265
Customer knowledge	.298	.085	.295	3.488	.001	.773	1.293

a. Dependent Variable: Bank Performance

Normal Distribution of the Residuals Test

A test was done to see if the residuals of the regression follow a normal distribution. The residuals are the differences between the observed value of the dependent variable and the predicted value. These should follow a normal distribution (Senaviratna & Cooray, 2019). The Predicted Probability plot was used for this test and the results are shown in Figure 2 below.

The graph presented in Figure 2 shows that the residuals of the regression of this study follow a normal curve. This implies that the assumption related to the normality of the distribution has been met.

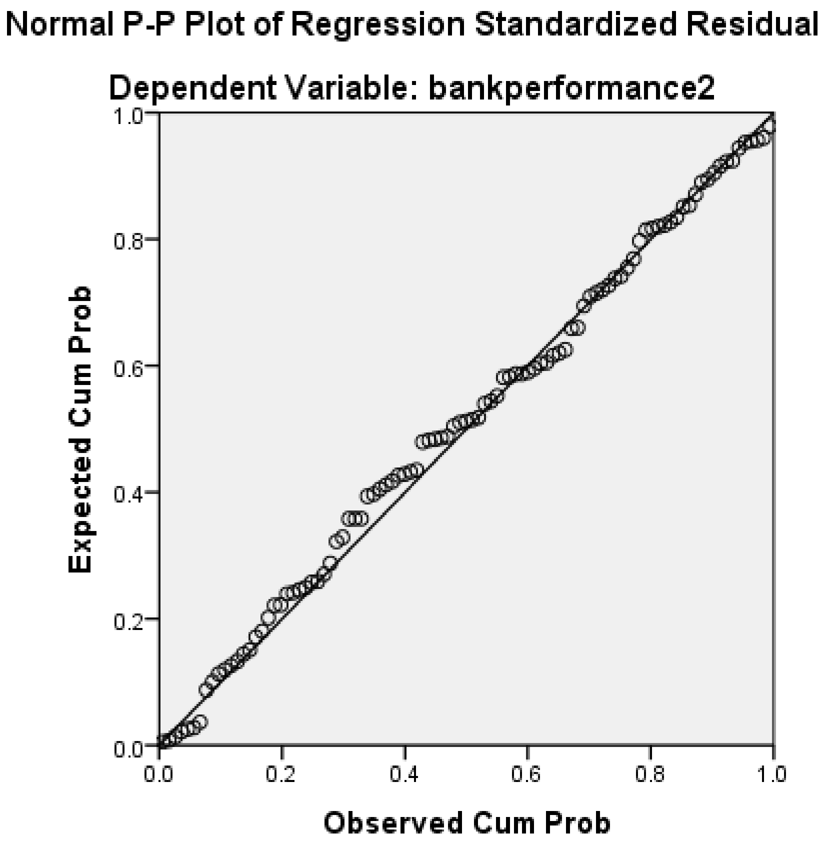

Figure 2. Distribution of the Residuals Test

Homoscedasticity Test

Yang et al., (2019) indicate that homoscedasticity is a critical assumption which has a significant impact on the validity of a linear regression. The authors stated that homoscedasticity is an assumption on the distribution of data that assumes that all the variances of the data are constant. They added that when data does not violate the homoscedasticity assumption, it is valid for a regression analysis. In other words, the results of a regression done from such data are seen to be unbiased.

The rule of thumb for the homoscedasticity test states that if the ratio of the largest variance to the smallest variance is 2 or below, the data is homoscedastic

(Yang et al., 2019). Figure 3 below shows the distribution of the data after carrying out a homoscedasticity test. The ratio of the largest variance does not go beyond 2; as such the data is homoscedastic.

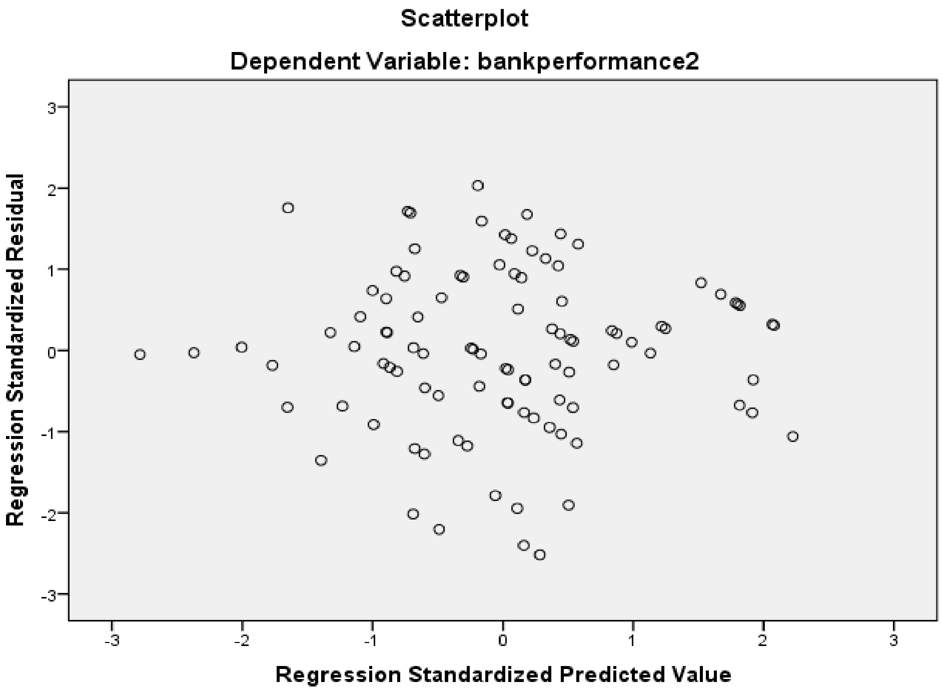

Figure 3. Homoscedasticity Distribution

The results in Table 16-19 give the answers to research question six that is about the effects of customer relationship management on performance.

Correlation Analysis

Pearson correlation was done to examine the existence of a relationship between customer relationship management dimensions and bank performance. The results are presented in Table 16 below. The results show that complaint resolution (r = .53, p<0.05), customer orientation (r = .38, p<p.05), customer empowerment (r = .50, p<0.05), and customer knowledge (r = .52, p<0.05) have positive relationships with performance that are statistically strong and significant. It is important to note that customer orientation has a p-value below 0.05 when in is regressed with the other variables.

Banda (2018) stated that a correlation coefficient (r) is used when measuring the relationship that exists between variables. According to the author, a correlation coefficient of 0.1 means there is a small effect; 0.3 means there is a medium effect; and 0.5 means there is a large effect. In this case, looking at the results in Table 16; complaint resolution, customer empowerment and customer knowledge have a large effect on performance because their respective correlation coefficients are above 0.5. On the other hand, based on the findings of Banda (2018); customer orientation has a small effect on bank performance since it has a smallest correlation coefficient of 0.38.

Customer knowledge (r = .53) has the strongest relationship with performance as compared to the other independent variables. This implies that when the level of customer knowledge in the bank increases, the performance of the bank increases 0.53 times. For instance, when customers provide insightful knowledge to the bank, the bank can use such knowledge to improve performance through increased innovation. This can improve the bank's overall performance.

Table 16. Correlations of the Independent and Dependent Variables

		Complaint Resolution	Customer orientation	Customer Empowerment	Customer Knowledge	Bank Performance
Bank performance	Pearson Correlation	.534	.383	.503	.520	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	99	99	99	99	99

Once the correlation analysis was done, the regression analysis was performed to test the null hypothesis of the study. The following sections describe the findings of the regression analysis. The hypothesis of this study is in the null form and is stated as:

H_0: Customer relationship management has no significant effect on the performance of selected commercial banks in Southern Malawi as measured by:

a. complaint resolution
b. customer orientation
c. customer empowerment
d. customer knowledge

Considering that there is a correlation between the customer relationship management dimensions and bank performance, a multiple regression was done to examine the effect of complaint resolution, customer empowerment, and customer knowledge on bank performance. The regression analysis was done to find the answer to research question six in chapter 1 and to test the hypothesis. Tables 17 – 19 show the results of the analysis.

The adjusted R-Squared of .46 in the model shows that around 46 % of the variance of bank performance in Southern Malawi is explained by complaint resolution, customer orientation, customer empowerment, and customer knowledge. In other words, the results suggested that bank performance is affected by the customer relationship management dimensions in this study. This is in agreement with Elmubasher and Tomsah (2020) who stated that customer relationship management dimensions have a significant effect on performance.

Table 17. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error
1	.692[a]	.457	.457	.30440

a. Predictors: (Constant), Complaint resolution, Customer orientation, Customer empowerment, Customer knowledge,
b. Dependent Variable: Bank performance

The F static as presented in Table 18 below is 21.640 with a p-value of $p<0.000$. Since the p-value is below 0.05, it seems that the effect of complaint resolution, customer empowerment, and customer knowledge on bank performance is statistically significant.

Table 18. ANOVA Results for the Model

Model		Sum of Squares	Df	Mean square	F	Sig.
1	Regression	8.021	4	2.005	21.640	.000[b]
	Residual	8.710	94	.093		
	Total	16.730	98			

a. Dependent Variable: Bank performance
b. Predictors: (Constant), Complaint resolution, Customer empowerment, Customer knowledge

The results in Table 18 show a standardized coefficient (Beta) for the independent variables: Complaint resolution ($\beta = .260$, $t = 2.91$, $p < 0.05$), customer orientation ($\beta = .139$, $t = 1.67$, $p > 0.05$), customer empowerment ($\beta = .268$, $t = 3.19$, $p < 0.05$), and customer knowledge ($\beta = .294$, $t = 3.48$, $p < 0.05$). The standardized coefficients (Beta) show that customer knowledge has the strongest effect on performance, followed by customer empowerment and complaint resolution; while customer orientation has no significant effect on performance. Since the p-value for the three independent variables (complaint resolution, customer empowerment and customer knowledge) is less than 0.05, there is enough evidence to reject the null hypothesis at 95% confidence level. For the other independent variable (customer orientation), the p-value is above 0.05; as such there is enough evidence to accept the null hypothesis at a 95% confidence level.

Therefore, it can be concluded that customer relationship management has a significant effect on the performance of commercial banks in Southern Malawi as measured by complaint resolution, customer empowerment, and customer knowledge;

whereas, customer orientation has no significant effect on the performance of the commercial banks in Southern Malawi.

These results are supported by the findings of Kebede and Tegegne (2018) whose study indicates that customer relationship management dimensions are statistically significant in determining bank performance. Another interesting finding by Ullah et al. (2020) indicates that performance in the banking sector is impacted by the adoption of customer relationship management. These findings complement the findings of this study by showing a direct link between customer relationship management and bank performance without breaking down the dimensions.

Table 19. Coefficients of the Effects of Customer Relationship Management Dimensions on Bank Performance

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.159	.499		-.333	.751
	Complaint Resolution	.273	.093	.260	2.925	.004
	Customer Orientation	.152	.091	.139	1.667	.099
	Customer Empowerment	.320	.100	.268	3.190	.002
	Customer Knowledge	.297	.085	.294	3.478	.001

CHAPTER 5

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of Findings

The study aimed at investigating the effects of customer relationship management on the performance of commercial banks in the southern region of Malawi. In order to fulfill the purpose of the study, six research questions where used. These research questions were all related to the variables in the study. The research design was a causal cross-sectional causal study. Simple random sampling method was used for determining the sample. The sample was drawn from a population of 208 respondents. Out of a sample of 134, 99 participated in the study and this indicated a response rate of 74 % which is acceptable according to Story and Tait (2019).

Data was collected using a self-administered five Linkert scale questionnaire. The questions in the data collection instrument were taken from several authors in the literature review: Yilmaz et al. (2016); Lubis et al. (2020); Auh et al., (2019); Koning and Murthy (2017); Taherparvar et al., (2014); Guerola-Navarro et al. (2021). A few additional items were generated from literature.

Data was analyzed using descriptive statistics, correlation coefficients, and regression analysis methods. The results in Table 8 show that there are several methods that banks use to handle customer complaints. Customer complaints are handled through face-to-face interactions with the customers, telephone conversations, internet communication, and the managers’ office. The most common used method of handling customer complaints is the face-to-face interactions. This shows that the level of complaint handling is indeed high. Face-to-face discussions can be better than other methods because customers can fully express themselves and get immediate feedback regarding their concerns.

The results in Table 8 obtained from research question one about the banks' level of complaint resolution show that there is a high level of complaint resolution in the commercial banking sector of Southern Malawi. According to the outcome of the results, the respondents agree that complaints are handled in a speedy manner and complaining customers are handled with respect.

These findings are in agreement with the findings of Yilmaz et al., (2016) who elaborate more on the organic approach of resolving complaints. The authors indicate that the organic approach to complaint resolution provides employees with guidelines for handling customer complaints. Based on the results in Table 8, it is evident that the banks have guidelines for employees to follow when handling customer complaints. The banks are using the organic method of complaint resolution.

The results in Table 9 regarding research question two show that the banks' employees are highly oriented towards the customers. Taking a closer look at the results, it can be noted that customer information is treated with great confidentiality and the customers' interests are highly prioritized. Employees engage the customers by asking them to air out their needs and provide feedback on the services provided by the bank. The findings also show that employees play a major role of ensuring that the needs of the customers are met. This is the case because employees and customers interact on a daily basis and customers are able to express their satisfaction or dissatisfaction.

The findings from research question two in Table 10 regarding the level of customer empowerment in the banks show that the customers are highly empowered. There four key drivers of customer empowerment are choice, respect, voice, and control (Koning & Murthy, 2017). Looking at table 10, the results show that the banks give the customers a range of products to choose from (choice), treat the customers with respect (respect), provide avenues for customers to give their suggestions (voice), and give enable the customers to be in control of their accounts by able to view their transactions with minimum challenges (control).

Table 10 further shows that customers of the banks are able to take part in the development of new products and services by giving their suggestions. The results show that customers are given the opportunity to give their suggestions and there are several methods that these customers use to do so. Most of the customers give their suggestion by: writing and putting their thoughts in the suggestion boxes that are placed in the bank premises. They also communicate over the phone or visit the banks in person to give their suggestions.

The findings represented in Table 11 present the results obtained from research question three regarding the level of customer knowledge in the banks. The results indicate that the banks' level of customer knowledge management is high. The banks are able to provide the customers with knowledge regarding their products and services (knowledge for the customer); they are also able to get a hold of knowledge regarding the customers' demographics (knowledge about the customer); and they are able to collect knowledge about their competitors and the customers preferences (knowledge from the customer). These three categories of knowledge are also confirmed from the study by Kaoud (2017).

This is the type of knowledge that banks can use to improve their products and services. Moreover, banks can utilize the knowledge acquired from customers to improve their service delivery as compared to that of their competitors in order to gain a competitive advantage. The customers are also able to know more about the current and new products provided by the banks and make sound decisions when choosing a product or service.

Table 12 provides the answer to research question four that looks at the level of financial performance of the banks. Based on the results, the performance of the commercial banks in Southern Malawi is high. The bank's performance in terms of its innovation capabilities appears to be the highest. The results show that the banks are producing new products, new service delivery ideas, and new operation methods. Furthermore, the results show that the assets of the banks can generate revenue and the banks can mobilize adequate deposits. In this case, the banks are performing well both financially and non-financially.

Before carrying out the regression analysis, the independent variables were checked for multicollinearity issues. Table 15 shows that the independent variables were not highly correlated to the extent of biasing the regression results. A correlation analysis was done to examine the existence of a relationship between the independent variables and dependent variables. The results in Table 16 show that there is a strong positive significant relationship between the three customer relationship management dimensions and performance.

Finally, the findings in Tables 17 – 19 indicate that customer relationship management as measured by complaint resolution; customer empowerment and customer knowledge have a significant effect on the performance of commercial banks in Southern Malawi. These findings reject the null hypothesis in chapter one. The findings further suggested that customer orientation has no significant effect on performance. These findings are slightly different from the findings of Bhat and Darzi (2016) who found in their study that customer orientation, as a dimension of customer relationship management, also had a significant effect of performance. Nevertheless, the authors' findings are similar with this study's findings in regards to complaint resolution, customer empowerment and customer knowledge.

Conclusion

The results of the study show that the employees agree that the commercial banks in Southern Malawi practice customer relationship management at a high level and this contributes to the performance of the banks. Based on the results, complaint resolution is very important if banks are to continue performing well. Complaints that are resolved in a systematic manner through the use of guidelines bring positive results for the banks' relationship with their customers.

Furthermore, the study has shown that customer empowerment is important for the success of the bank. When the customers are empowered, they bring benefits into the customer – supplier relationship in terms of new ideas that can help the banks improve their performance. The study has also shown that customer knowledge is another ingredient for the banks' performance. With customer knowledge, the bank can know more about the customer's needs and preferences and design its services to suit those needs. It has also been noted that the customers provide the banks with useful knowledge regarding the quality of the services as compared to those of the competitors.

Another interesting finding that this study has revealed is that customer orientation does not significantly impact on the performance of commercial banks in Southern Malawi. Even though the banks' employees appeared to be highly customer oriented, this did not have a strong impact on the performance of the banks as compared to the other variables in the study. This implies that in the case of Southern Malawi, customer orientation can have a moderating effect on bank performance. This can only be verified in another study.

Customer relationship management as measured by complaint resolution, customer empowerment and customer knowledge have a very significant effect on the performance of commercial banks in Southern Malawi. This is the case because banks that adopt customer relationship management tend to improve their relationship with the customers. As a result, the customers continue to do business with the bank. This long-term relationship with the customers enables the banks to improve their performance and gain a competitive advantage in their industry through good performance.

Recommendations

In relation to the findings of the study, the managers of the bank have a critical role to play to ensure that there is optimum performance. In regards to resolving customer complaints, managers should put in checks and balances to monitor how the employees are resolving complaints. The guidelines that are there for complaint resolution should be reviewed regularly to ensure that such guidelines simple, clearly defined and have time lines as well. With timelines, it is noteworthy that customers would be happy to see that their concerns are addressed in a timely manner.

Focus should also be put on the empowerment of the customers. While the results show a high level of empowerment, there are some areas that need improvement. Firstly, when developing new products and services, the customers should be in mind. Their needs and preferences should be considered. If products and services are provided that do not tare with the customers’ needs, the bank risks losing those customers to its competitors that offer the needed products or services. Further, customers should easily access information about the products and services that the bank offers. Such information can be put in the banking halls in brochures so that every customer can have easily access them. The banks’ website should also be up to date with any changes in products and services.

Another critical area the bank managers have to take it seriously is the area of customer knowledge. The bank needs to improve in regards to collecting feedback from the customers. When the customers highlight the areas that need improvement; that is an opportunity for the bank to improve and gain competitive advantage. Knowledge about the customer is also important because it will enable the managers to have a better understanding of the type of customers they are dealing with and serve them accordingly. The information that the customers put in the suggestion boxes should be taken seriously as this is direct feedback that can help the banks to improve and maintain the relationships with their customers. Customer knowledge has been seen to be the variable that has the highest effect on performance.

The bank employees have a key role to play in the implementation of the customer relationship management activities of the bank. They are the ones that directly interact with the customers on a daily basis. The employees should always put the customer first. The customer should be treated with respect at all times. When customers come with complaints, the employees should follow the guidelines carefully and ensure the customer is assisted accordingly.

Due to the rapid increase in competition, the bank managers should always make effort of making depositing of funds attractive to customers. In this case, the banks should try and offer a variety of deposit products with attractive interest rates to encourage a saving spirit in the customers. In so doing, the banks will increase their levels of deposit mobilization thereby improve performance.

Since many customers spend most of their time on social media, managers should consider utilizing social media as a way of having two-way communication with customers so as to build lasting bonds with them. The banks can create their own pages on social media platforms and attract large pools of customers as well. The pages can be set up is such a way that customers can put in their opinions and feedback. These can be sources of useful information from the customers. The old ways of communicating with customers should not be completely wiped off but organizations should combine both social media and previous methods in the customer relationship management function.

All in all, the banks should adopt strong customer relationship management practices as these directly impact on performance. Employees should be given the appropriate training and tools as they are the key players when it comes to the banks relationship with its customers. Developing and implementing effective customer relationship management practices can enable the bank to improve its overall performance.

Suggestions for Future Research

This study looked at the effects of customer relationship management dimensions on the performance of banks as measured by complaint resolution, customer empowerment and knowledge management. The study was not exhaustive because there are many other dimensions of customer relationship that were not included. It is therefore necessary that further research be done in other customer relationship management dimensions and their effect on the organizational performance.

Due to time and financial constraints, this study was limited to the commercial banks in the southern region of Malawi. It is therefore recommended that a similar study be conducted in the central and northern regions of Malawi so that a complete picture of the impact of customer relationship management on bank performance throughout the country can be established.

Furthermore, the study focused on the effect of customer relationship management dimensions on bank performance from the employee perspective. Therefore, it is recommended that further research be carried out on the same area but from the customers' point of view. Customer orientation can be further tested as a moderating variable to see what role this variable plays in the performance of the banks in Malawi.

Finally, this was a cross-sectional causal study as such further research can use a longitudinal study to empirically test whether customer relationship management measures does really affect the performance of the organizations over a long period of time.

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APPENDIXES

CORRESPONDENCE

AUA
Adventist University of Africa

Private Bag
Mbagathi
00503 Nairobi,
Kenya
Tel (254)
254 733-333-451/452
Fax: (254) 20 660
3150
Email: info@aua.ac.ke
WEB:
www.aua.ac.ke

Loc
atio
n:

Advent Hill, Magadi Road,
Ongata Rongai

May 19, 2022

To whom it may concern:

Dear Sir/Madam,

Greetings from the Adventist University of Africa.

This is to inform you that Esmie Majawa is a regular student in the Master of Business Administration program, department of Social Sciences, and has successfully defended her thesis proposal on March 23, 2022.

The thesis is entitled:

"The effect of customer relationship management on the performance of selected commercial banks in Southern Malawi from the perspective of the employees"

The proposal has officially been approved, and the student is ready to collect data.

Any assistance given to her in this endeavor is greatly appreciated.

Sincerely,

Marie-Anne Razafiarivony, PhD
Associate Professor of Management
MBA Program Coordinator

FDH Financial Holdings Limited

1st Floor, Umoyo House
No. 8 Victoria Avenue North
P.O. Box 512
Blantyre, Malawi

Tel: +265 (0) 1 820 219
Fax: +265 (0) 1 823 044
Email: fdh@fdh.co.mw
Website:http://www.fdh.co.mw

Esmie Majawa
Adventist University of Africa,
Private Bag Mbagathi 00503
Nairobi
Kenya

Date	Our reference	Your reference
3rd June 2022	CRC/IM/06/2022	

Dear Esmie,

CONFIDENTIALITY AGREEMENT

Reference is made to your letter in which you requested for permission to collect data which will assist you in your academic research work, **"the effect of customer relationship management on the performance of selected commercial banks in southern Malawi from the perspective of employees"**

The Group will assist you in collecting the necessary data for your paper on the understanding that the information will be used for academic purposes only.

Please sign this agreement, along with your respective university's stamp in the space provided below as an undertaking of confidentiality i.e., that you and the university shall use the information purely for academic purposes only and that the same shall not be made public. You will also be required to share a copy of your paper with FDH Financial Holdings Limited.

Yours faithfully,

pp

Chrispin R. Chikwama
GROUP HEAD OF HUMAN RESOURCES

____
(Student)

____
(Signature and Stamp of University Representative)

Dated this______ day of ________________, 2022

REQUEST FROM THE BANK

Esmie Majawa <majawae@aua.ac.ke> Jun 3, 2022, 10:45 AM

to Marie

Greetings madam,

The bank needs you to stamp the attached letter and resend it to me so I can be given permission to collect data.

Kind regards,

Esmie

---------- Forwarded message ---------
From: **Innocent Douglas Mbingwa** <IMbingwa@fdh.co.mw>
Date: Fri, Jun 3, 2022, 10:41
Subject: CONFIDENTIALITY AGREEMENT
To: majawae@aua.ac.ke <majawae@aua.ac.ke>
Cc: Hanna Kankuzi <HKankuzi@fdh.co.mw>, Faith Munthali <FMunthali@fdh.co.mw>, Harriet Kanyenda <HKanyenda@fdh.co.mw>

Dear Esmie,

Reference is made to your letter in which you requested permission to collect data which will assist you in your academic research project.

Please find attached Confidentiality Agreement. You will use this Agreement to collect data at any FDH Bank branch.

Kindly sign the document and get it signed and stamped at your school Adventist University of Africa. Send us a signed copy once done.

Please note that you can only start collecting data after your letter is signed and stamped.

Kind Regards,

Innocent Mbingwa

Learning and Development Officer |HR Department| FDH Financial Holdings Limited|

1st Floor, FDH Bank House, Victoria Avenue | P.O Box 512, Blantyre, Malawi |

È Mobile: +265 994 200 553 | +265 882 86 11 73| EXT 3172 * Email: imbingwa@fdh.co.mw|

Website: www.fdh.co.mw|

Esmie Majawa <majawae@aua.ac.ke> Wed, Jun 8, 3:32 PM

to Innocent, Hanna, Faith, Harriet

Greetings,

Kindly find attached the signed and stamped letter as requested.

I will await your response as to when I can begin collecting data.

Kind regards,

Esmie Majawa.

FDH Financial Holdings Limited

1st Floor, Umoyo House
No. 8 Victoria Avenue North
P.O. Box 512
Blantyre, Malawi

Tel: +265 (0) 1 820 219
Fax: +265 (0) 1 823 044
Email: fdh@fdh.co.mw
Website:http://www.fdh.co.mw

Esmie Majawa
Adventist University of Africa,
Private Bag Mbagathi 00503
Nairobi
Kenya

Date	Our reference	Your reference
3rd June 2022	CRC/IM/06/2022	

Dear Esmie,

CONFIDENTIALITY AGREEMENT

Reference is made to your letter in which you requested for permission to collect data which will assist you in your academic research work, **"the effect of customer relationship management on the performance of selected commercial banks in southern Malawi from the perspective of employees"**

The Group will assist you in collecting the necessary data for your paper on the understanding that the information will be used for academic purposes only.

Please sign this agreement, along with your respective university's stamp in the space provided below as an undertaking of confidentiality i.e., that you and the university shall use the information purely for academic purposes only and that the same shall not be made public. You will also be required to share a copy of your paper with FDH Financial Holdings Limited.

Yours faithfully,

pp

Chrispin R. Chikwama
GROUP HEAD OF HUMAN RESOURCES

(Student)

Angela [illegible]

(Signature and Stamp of University Representative)

Adventist University of Africa
Private Bag Mbagathi - 00503 Nairobi, Kenya

Dated this 08 day of June, 2022

Consent Forms

Dear Participant,

My name is Esmie Chiwanda Majawa. I am a student at the Adventist University of Africa pursuing my MBA degree. I am carrying out a study titled "The effect of customer relationship management on the performance of selected commercial banks in Southern Malawi from the perspective of the employees". Your contribution as a bank employee is very important as such I am inviting you to take part in this research. I strongly encourage you to read the purpose and other details of the study before agreeing to participate in this research.

Purpose of the Study: This study is designed to explore if the performance of the banks is impacted on by customer relationship management as measured by complaint resolution, customer empowerment and customer knowledge. The results we help me recommend on certain areas that may need improvement.

Risks and Discomforts: There are no recognizable risks and discomforts that are anticipated from your participation in the study.

Benefits: The anticipated benefit of your participation is the opportunity to indicate the extent to which customer relationship management is practiced in the commercial banks in Southern Malawi. The findings of the study will be valuable to the southern region banking sector. The knowledge that will be obtained from this study will be of great importance to the managers, the employees and the customers of the banks.

Confidentiality: The information gathered during this study will remain confidential. The identity of your bank will not be revealed. Your identity will not be revealed and all the responses received will be coded and summed to protect your personal identity. Only the research team will have access to the study data and information.

Withdrawal without Prejudice: Please note that your participation in this study is voluntary and you can withdraw at any time without any penalty.

If you have any questions, complaints or concerns about this research, please contact the Director of Research at the Adventist University of Africa via e-mail: ganuj@aua.ac.ke

Consent: Please sign below if you agree to participate. Your signature below indicates that you have decided to participate in the study, and that you have read and understood the information provided above. Thank you.

Signature___________________________________ Date______________________

RESEARCH QUESTIONNAIRE

SECTION A: Demographic Information

Please indicate your answer by ticking in the corresponding box.

Gender: Male ( ) Female ( )

Age: Less than 25 ( ); 25 – 40 ( ); 41 – 55 ( ); Above 55 ( )

Experience working in/with a bank in years:

Less than 5 ( ); 5 – 10 ( ); 11 – 15 ( ); 16 – 20 ( ); 21 and more ( )

Academic qualification: Postgraduate ( ); Undergraduate ( ); High School( );Other ( )

SECTION B

Indicate by ticking in the box your level of agreement with each statement below that best describe the CUSTOMER RELATIONSHIP MANAGEMENT variables utilized by your bank, using the scale below:

1= Strongly Disagree
2= Disagree
3= neither Agree nor Disagree
4= Agree
5=Strongly Agree

	Complaint Resolution In my bank, guidelines for processing customer complaints:	1	**2**	**3**	**4**	**5**
1	Are clearly defined					
2	Involve instructions to capture information in a complete manner					
3	Include time standards that define the duration of the entire process.					
4	Include instructions to record complaint information in structured manner.					
5	Are relatively simple					

6	Enable us to capture customer complaints in a fast manner					
7	Include instructions to forward complaint information					
8	Include instructions to be polite					
9	Include instructions to show concern					
10	Include instructions to take responsibility for the problem					
11	Training sessions on how to deal with complaining customers					
12	Include instructions to be helpful to the customers					
13	Include instruction to be understanding to the customers					
	Customer Orientation	**1**	**2**	**3**	**4**	**5**
14	I provide customers with all important information related to their banking needs.					
15	I try to encourage the customers to discuss their needs.					
16	I try to answer all the customers' questions accurately.					
17	I try to suggested to the customers the most suitable products					
14	I keep the customers' banking information confidential.					
15	I put the customers' interests first.					
16	I am patient with the customers when they are annoyed.					
17	I continually ask the customers to evaluate our services.					
	Customer Empowerment	**1**	**2**	**3**	**4**	**5**
18	My bank's customers have control of how they use the services provided by our bank.					
19	My bank requires me to treat all customers with respect.					
20	The opinions of our customers are taken into account when developing new products and services.					
21	The bank's products and services are designed to meet the needs of our customers.					
22	The customers are offered with a range of products to choose from.					

23	Information about our products is widely available for our customers.					
24	The bank's customers can easily check their account transactions.					
25	There are a variety of services from which our customers can choose from					
26	The bank's customers can easily access information about the services provided					
	Customer Knowledge	**1**	**2**	**3**	**4**	**5**
27	My bank asks customers about the quality of services provided.					
28	My bank asks customers about the quality of the competitors' services.					
29	My bank asks customers about the services that they require.					
30	My bank collects customers' ideas when developing new services					
31	My bank gathers knowledge about the customers' background.					
32	My bank gathers knowledge about the customers' demands.					
33	My bank gathers knowledge about the customers' income levels.					
34	My bank provides the customers with knowledge regarding its existing products					
35	My bank gathers knowledge about the customers' creditworthiness					
36	My bank gives the customers knowledge about its existing services					
37	My bank provides the customers with knowledge about its existing products.					
38	My bank provides the customers with knowledge about its new products.					

	Bank Performance	**1**	**2**	**3**	**4**	**5**
39	The bank's level of deposit mobilization is increasing yearly					
40	The bank has many cash deposit accounts held by customers					
41	The bank's assets are able to generate adequate revenue					
42	The bank's return on assets is high					
43	The bank usually generates new ideas for service delivery					
44	The bank looks for new ways of doing things					
45	The bank is creative in its operations methods					
46	The introduction of new services in my bank has increased in the last five years					

SECTION C: Open ended questions

1. Name 3 ways in which your bank handles customer complaints.

   ____

   ____

   ____

   ____

2. Name 3 ways in which the customers of your bank are able to give their suggestions on the products and services offered.

   ____

   ____

   ____

   ____

STATISTICAL DATA

Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	46	46.5	46.5	46.5
	2.00	53	53.5	53.5	100.0
	Total	99	100.0	100.0	

Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	22	22.2	22.2	22.2
	2.00	46	46.5	46.5	68.7
	3.00	24	24.2	24.2	92.9
	4.00	7	7.1	7.1	100.0
	Total	99	100.0	100.0	

Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	22	22.2	22.2	22.2
	2.00	37	37.4	37.4	59.6
	3.00	30	30.3	30.3	89.9
	4.00	8	8.1	8.1	98.0
	5.00	2	2.0	2.0	100.0
	Total	99	100.0	100.0	

AcadQualification

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1.00	36	36.4	36.4	36.4
	2.00	44	44.4	44.4	80.8
	3.00	6	6.1	6.1	86.9
	4.00	13	13.1	13.1	100.0
	Total	99	100.0	100.0	

Item Statistics

	Mean	Std. Deviation	N
ComReso1	3.8990	.86301	99
ComReso2	4.0000	.85714	99
ComReso3	3.9091	.96986	99
ComReso4	4.0404	.83200	99
ComReso5	4.2525	.73323	99
ComReso6	4.1919	.84124	99
ComReso7	4.0000	.94761	99
ComReso8	4.3333	.74231	99
ComReso9	4.1818	.77412	99
ComReso10	4.3636	.64610	99
ComReso11	4.2525	.73323	99
ComReso12	4.3939	.58586	99
ComReso13	4.3939	.69720	99

Item Statistics

	Mean	Std. Deviation	N
ComReso1	3.8990	.86301	99
ComReso2	4.0000	.85714	99
ComReso3	3.9091	.96986	99
ComReso4	4.0404	.83200	99
ComReso5	4.2525	.73323	99
ComReso6	4.1919	.84124	99
ComReso7	4.0000	.94761	99
ComReso8	4.3333	.74231	99
ComReso9	4.1818	.77412	99
ComReso10	4.3636	.64610	99
ComReso11	4.2525	.73323	99
ComReso12	4.3939	.58586	99
ComReso13	4.3939	.69720	99

	Mean	Std. Deviation	N
CustKnow1	4.0202	.84491	99
CustKnow2	3.7576	1.06991	99
CustKnow3	4.1818	.74729	99
CustKnow4	4.2525	.81245	99
CustKnow5	4.2828	.72900	99
CustKnow6	4.2929	.62682	99
CustKnow7	4.4545	.64322	99
CustKnow8	4.4242	.60762	99
CustKnow9	4.4949	.64482	99
CustKnow10	4.4444	.62633	99
CustKnow11	4.5253	.54104	99
CustKnow12	4.4545	.57628	99

Item Statistics

	Mean	Std. Deviation	N
BankPer1	4.0000	.72843	99
BankPer2	3.9192	.80403	99
BankPer3	4.3838	.61788	99
BankPer4	4.1515	.71946	99
BankPer5	4.3838	.52890	99
BankPer6	4.5354	.52125	99
BankPer7	4.5758	.57305	99
BankPer8	4.5455	.62715	99

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	customerknowledge, customerempowerment, ComplaintResolution[b]	.	Enter

a. Dependent Variable: bankperformance2

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.681[a]	.464	.447	.30723

a. Predictors: (Constant), customerknowledge, customerempowerment, ComplaintResolution
b. Dependent Variable: bankperformance2

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	7.763	3	2.588	27.415	.000[b]
	Residual	8.967	95	.094		
	Total	16.730	98			

a. Dependent Variable: bankperformance2
b. Predictors: (Constant), customerknowledge, customerempowerment, ComplaintResolution

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.155	.466		.333	.740		
	ComplaintResolution	.318	.090	.303	3.525	.001	.764	1.309
	customerempowerment	.362	.098	.303	3.693	.000	.840	1.191
	customerknowledge	.291	.086	.289	3.384	.001	.775	1.290

a. Dependent Variable: bankperformance2

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions			
				(Constant)	ComplaintResolution	customerempowerment	customerknowledge
1	1	3.987	1.000	.00	.00	.00	.00
	2	.005	26.969	.11	.14	.34	.50
	3	.005	28.298	.01	.85	.01	.48

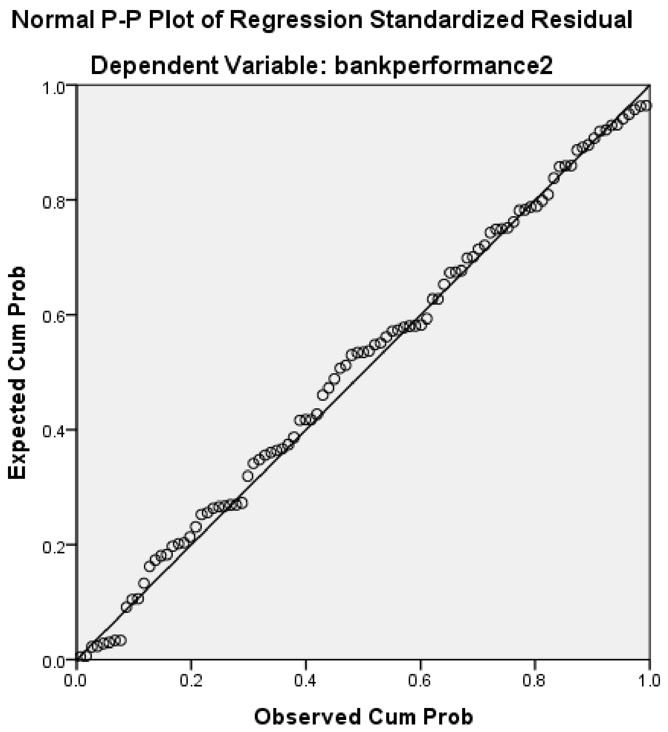
4	.003	36.377	.89	.01	.65	.02

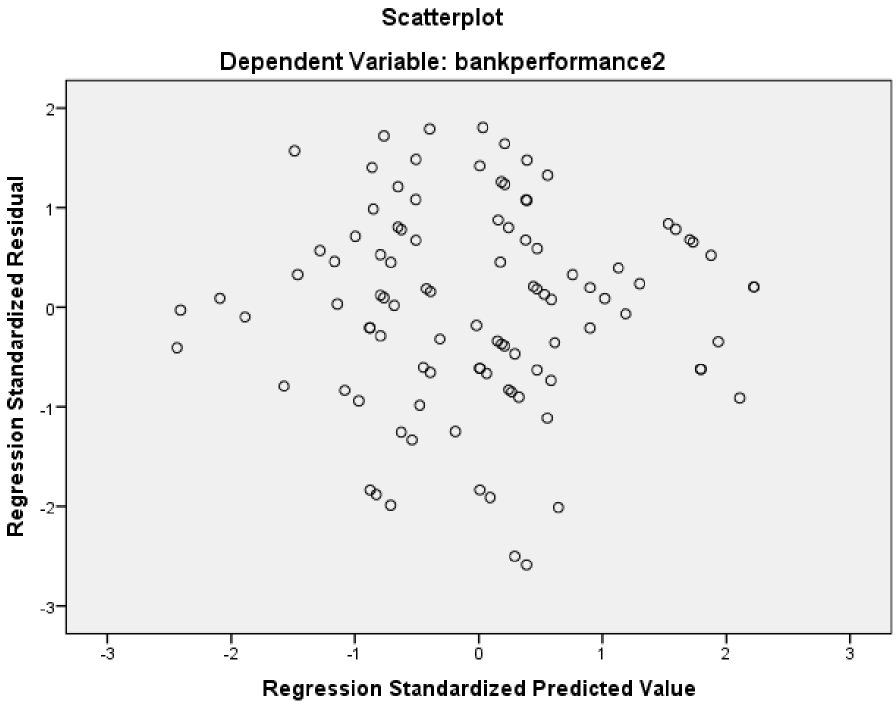
a. Dependent Variable: bankperformance2

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.6256	4.9377	4.3119	.28145	99
Residual	-.79520	.55414	.00000	.30249	99
Std. Predicted Value	-2.438	2.224	.000	1.000	99
Std. Residual	-2.588	1.804	.000	.985	99

a. Dependent Variable: bankperformance2





Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
bankperformance2	99	100.0%	0	0.0%	99	100.0%

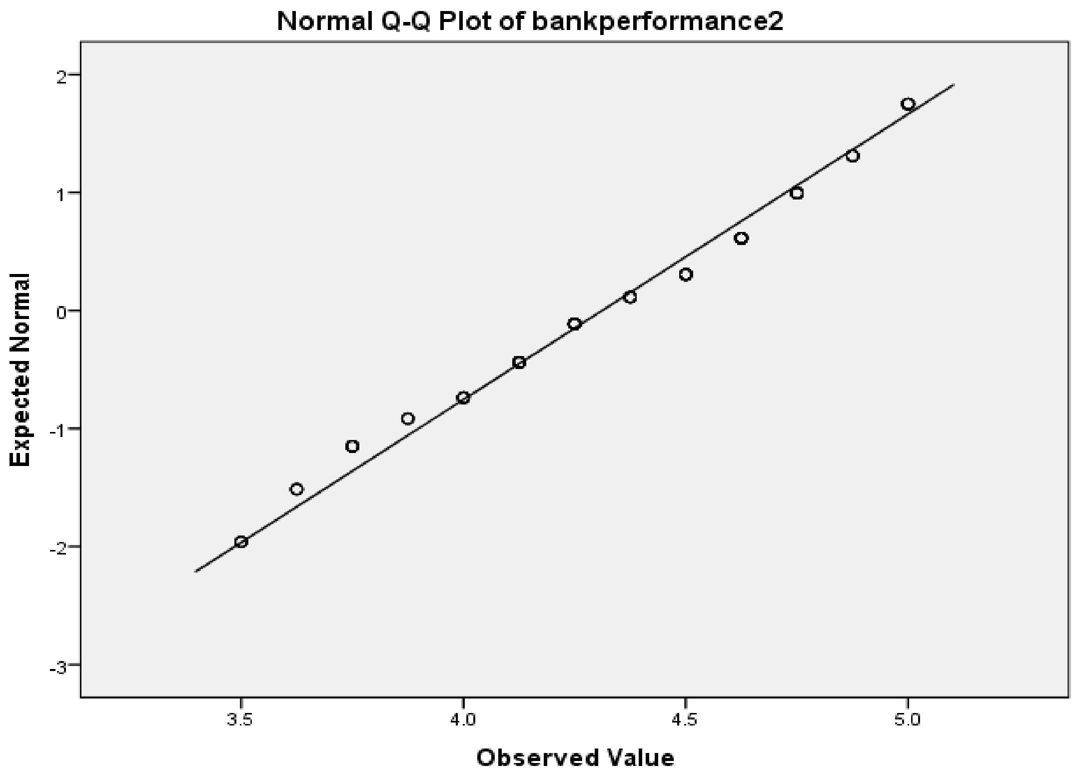
Descriptives

			Statistic	Std. Error
bankperformance2	Mean		4.3119	.04153
	95% Confidence Interval for Mean	Lower Bound	4.2295	
		Upper Bound	4.3943	
	5% Trimmed Mean		4.3174	
	Median		4.2500	
	Variance		.171	
	Std. Deviation		.41318	
	Minimum		3.50	
	Maximum		5.00	
	Range		1.50	
	Interquartile Range		.63	
	Skewness		-.176	.243
	Kurtosis		-.840	.481

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
bankperformance2	.109	99	.006	.962	99	.006

a. Lilliefors Significance Correction



Correlations

		bankperformance2	ComplaintResolution	customerempowerment	customerknowledge
Pearson Correlation	bankperformance2	1.000	.534	.503	.520
	ComplaintResolution	.534	1.000	.348	.434
	customerempowerment	.503	.348	1.000	.329
	customerknowledge	.520	.434	.329	1.000

Sig. (1-tailed)	bankperformance2	.	.000	.000	.000
	ComplaintResolution	.000	.	.000	.000
	customerempowerment	.000	.000	.	.000
	customerknowledge	.000	.000	.000	.
N	bankperformance2	99	99	99	99
	ComplaintResolution	99	99	99	99
	customerempowerment	99	99	99	99
	customerknowledge	99	99	99	99

Variables Entered/Removed[a]

Model	Variables Entered	Variables Removed	Method
1	customerknowledge, customerempowerment, ComplaintResolution[b]	.	Enter

a. Dependent Variable: bankperformance2

b. All requested variables entered.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.681[a]	.464	.447	.30723	.464	27.415	3	95	.000

a. Predictors: (Constant), customerknowledge, customerempowerment, ComplaintResolution

b. Dependent Variable: bankperformance2

ANOVA[a]

Model	Sum of Squares	df	Mean Square	F	Sig.

1	Regression	7.763	3	2.588	27.415	.000[b]
	Residual	8.967	95	.094		
	Total	16.730	98			

a. Dependent Variable: bankperformance2

b. Predictors: (Constant), customerknowledge, customerempowerment, ComplaintResolution

Coefficients[a]

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations		
	B	Std. Error	Beta			Zero-order	Partial	Part
1 (Constant)	.155	.466		.333	.740			
ComplaintResolution	.318	.090	.303	3.525	.001	.534	.340	.265
customerempowerment	.362	.098	.303	3.693	.000	.503	.354	.277
customerknowledge	.291	.086	.289	3.384	.001	.520	.328	.254

a. Dependent Variable: bankperformance2

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	3.6256	4.9377	4.3119	.28145	99
Std. Predicted Value	-2.438	2.224	.000	1.000	99
Standard Error of Predicted Value	.032	.146	.059	.019	99
Adjusted Predicted Value	3.6345	4.9331	4.3114	.28280	99
Residual	-.79520	.55414	.00000	.30249	99
Std. Residual	-2.588	1.804	.000	.985	99
Stud. Residual	-2.636	1.849	.001	1.004	99
Deleted Residual	-.82505	.58258	.00045	.31440	99
Stud. Deleted Residual	-2.724	1.874	-.001	1.014	99

Mahal. Distance	.063	21.277	2.970	3.049	99
Cook's Distance	.000	.088	.010	.017	99
Centered Leverage Value	.001	.217	.030	.031	99

a. Dependent Variable: bankperformance2

CURRICULUM VITAE

FULL NAME: ESMIE CHIWANDA MAJAWA

South Malawi Conference

P. O. Box 926

Blantyre.

Cell: 0999228512

Email: esmiemajawa@gmail.com

PERSONAL INFORMATION

Date of Birth	:	29th March, 1986
Sex	:	Female
Nationality	:	Malawian
Marital Status	:	Married
District of Origin	:	Blantyre
Languages	:	English, Chichewa & Ndebele
Religion	:	Seventh - day Adventist

MAJOR ACHIEVEMENTS

1. Successfully produced good financial reports for the auditors
2. Contributed to good customer service delivery
3. Appointed as female Board Member for Future SACCO Ltd (2019 – 2022)
4. Completing MBA by May, 2022.
5. Successful management of donor funds (Beit Trust Girls Hostel Construction Project) worth above K35mn.

SKILLS AND COMPETENCIES

- Self-motivated and team player, adaptable, result oriented and innovative
- Good interpersonal skills
- Professional, ambitious, accountable and approachable
- Excellent organizational, time management skills and ability to multi-task and prioritize work
- Trustworthy, Integrity, Hardworking and result oriented person
- Able to build and maintain good professional and inter-personal relationships with all levels of staff and clients

- Strong Analytical skills, numerical and problem solving using a methodical and organized approach
- Ability to work under pressure and minimum supervision
- High level of accuracy, attention to detail and thoroughness
- Ability to work in a multicultural environment
- Computer skills in Microsoft Office and also knowledgeable in Internet/Email and accounting package Sun 6.
- Fluent in English, Chichewa and Ndebele.

PROFESSIONAL EXPERIENCE

1. **Marketing Officer at Banja la Mtsogolo (2009)**
   Key duties and responsibilities:
   - Prepared brochures for the organization's branch clinics
   - Planned, prepared and managed the publication and distribution of publicity materials
   - Devised marketing campaigns
   - Represented the company at events
   - Wrote press releases for the media

2. **Accountant at Soche Hill SDA Schools (2010 – 2014)**
   Key duties and responsibilities
   - Making payments for goods and services
   - Posting accounting records and transactions into Sun 2000 accounting package
   - Checking, reconciling and authorizing Petty cash
   - Supervising the Cashier
   - Preparing bank reconciliation statements
   - Preparing financial statements
   - Ensure all accounting entries are completed in an accurate and timely manner
   - Preparing annual budgets and salary audits

3. **Business Manager at Malamulo Secondary School (2014 – 2016)**
   Key duties and responsibilities
   - Supervised the accounts department
   - Authorized payments
   - Prepared monthly reports for management and quarterly reports for the School Board
   - Handled complaints from clients (students and other stakeholders)
   - Making financial decisions for the school
   - Prepared for annual audits and responding to all audit questions
   - Prepared annual budgets and salary audits

4. **Business Manager at Malamulo Hospital (2016 – 2018)**
   Key duties and responsibilities

- Supervised the accounts department
- Authorized payments
- Prepared monthly reports for management and quarterly reports for the School Board
- Handled complaints from clients (students and other stakeholders)
- Made financial decisions for the school
- Prepared for annual audits and responding to all audit questions
- Prepared reports for donors
- Prepared annual budgets and salary audits

5. Accountant at South Malawi Conference Schools (2018 – Current)
Key duties and responsibilities

- Supervising the accounts personnel
- Authorizing payments for all 4 schools under South Malawi Conference
- Preparing monthly reports for management and quarterly reports for the School Board
- Handling complaints from clients (students and other stakeholders)
- Making financial decisions for the schools
- Preparing for annual audits
- Preparing the annual budget and salary audits for the schools
- Compiling and processing fees balance records for the school
- Preparing bank and institutional monthly reconciliation statements
- Checking and authorizing the payrolls, petty cash, and vouchers for the schools
- Working with FUTURE SACCO in the management of the school's employee accounts held by the SACCO
- Working with banks in coordinating employee issues with the various banks

PROFESSIONAL QUALIFICATION

1. BBA – Marketing (Malawi Adventist University, 2009)
2. MBA – Finance (In progress at Adventist University of Africa (AUA))
3. ACCA Diploma – in progress (Malawi College of Accountancy)

ACADEMIC QUALIFICATION

- Malawi School Certificate of Education (MSCE) at Malamulo Secondary School (2003)

TRACEABLE REFEREES

- The Executive Secretary, South Malawi Conference, P. O. Box 926, Blantyre. Cell: 0888879035

- The Chief Finance Officer, South Malawi Conference, P. O. Box 926, Blantyre. Cell: 0888105854

- The MBA Program Coordinator, Adventist University of Africa (AUA), Kenya.

- The Principal, Chileka SDA Schools, P. O. Box 33, Blantyre. Cell 0999916564