

**CUSTOMER RELATIONSHIP MANAGEMENT AS A COMPETITIVE TOOL IN
THE GHANAIAN BANKING INDUSTRY: A CASE STUDY OF ZENITH BANK
GHANA LTD, KUMASI**

KNUST
by

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ADMINISTRATION**

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DECLARATION

I hereby declare that this submission is my own work in partial fulfilment of the CEMBA degree and that to the best of my knowledge, it contains neither material previously published by another person nor material which has been accepted for the award of any other degree of the university except where due acknowledgement has been made in the text.

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ABSTRACT

This research was embarked upon at the instance of many questions that sought to understand what Customer Relationship Management (CRM) is and what benefits can accrue to an organization that implements CRM as well as to identify eminent challenges associated with the implementation of CRM initiatives. To obtain satisfactory results from the study, the case study methodology involving a single case study of Zenith Bank Ghana Ltd, Kumasi was used. Questionnaires were administered and responses were obtained from the staff of the bank. Findings from the research revealed that CRM is practiced at Zenith and that staff are aware of the contemporary issues of CRM. Moreover, the findings indicated that the adoption of CRM offers such advantages as increased customer base, increased profitability, and customer loyalty and retention. Notwithstanding the above mentioned advantages of CRM, the study also identified management and leadership, technology, data acquisition and integration issues as critical factors that may facilitate or militate against CRM implementation. Since the concept of CRM is broad and relatively new in the Ghanaian banking industry, no single research can cover its multi-facets. The study recommends further research into the adoption and implementation of CRM.

DEDICATION

I dedicate this research to my dear wife who has been of tremendous support and a source of encouragement thus far.

KNUST



ACKNOWLEDGEMENTS

My gratitude goes to God most high for his grace and enablement throughout the duration of this programme through to the completion of this research.

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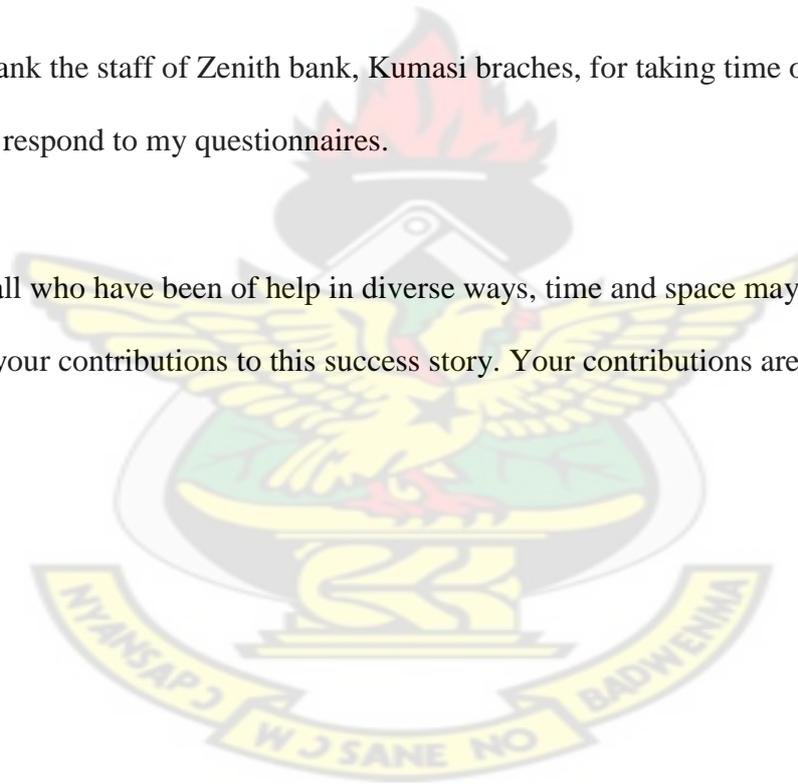


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CHAPTER ONE

GENERAL INTRODUCTION

1.0. Background

The modern role of governments all over the world is to partner the private sector by creating an enabling and conducive environment for sustainable economic growth.

Finance is very critical to every economy that is poised for growth and expansion. The days when governments assumed an overbearing responsibility of being direct player in economic activities by owning, financing and controlling state companies are far gone.

One of the institutions critical to the development and growth efforts of a country is the banking industry. In Ghana, the history of banking dates back to the pre-colonial days when the likes of Standard Chartered bank and Barclays Bank dominated the banking sector. These banks were perceived as elitist banks that served the interest of expatriates and few Ghanaian elites. State owned banks later emerged with the aim of meeting various development agenda of government as well as serve public sector workers. The state owned banks included Ghana Commercial Bank (GCB), the Social Security Bank (now SG-SSB) and Agricultural Development Bank (ADB). At that point, the low competition in the sector motivated the adoption of a banking style that became known as “arm chair banking”- A style of banking characterized by a situation where existing and prospective customers felt obligated to take the first initiative in chasing after their bankers with business proposals and service requests. Under the “armchair” style of banking, exceptional customer service left much to be desired.

The Ghanaian banking landscape has seen a revolution particularly in the last five to ten years. According to Bawumia (2007), bank branches in Ghana increased by 11.3 per cent

from 309 to 344 between 2002 and 2004 with 81 new branches springing up between 2004 and 2006, indicating an increase of 23.5 per cent. In the same vein, Amissah-Arthur in his November 27th, 2010 address delivered to the Chartered Institute of Bankers, Ghana, noted that “the Ghanaian banking system has undergone significant transformation and continues to improve with new regulations and guidelines seeking to maintain stability. This has made the sector more efficient, innovative, competitive and profitable. Currently, we have a fairly well-diversified banking and financial system, with 26 banks in operation (soon to be 27), half of which are foreign controlled and the remainder Ghanaian controlled.”

The current competitive terrain in the banking sector has resulted in banks adopting ingenious strategies in the areas of customer service, information technology and customer retention efforts to grow their portfolio, so as to gain competitive advantage over rivals.

Zenith bank Ghana Ltd is one of the cardinal banks driving competition in the area of client prospecting and relationship. This research seeks to identify the challenges faced in relationship management in the Ghanaian banking industry within the context of Zenith Bank.

1.1. Problem Statement

Ghana currently has about 27 Banks operating within its economy. Competition in the industry has become very keen. To be a viable player in the industry, Zenith bank Ghana Ltd has adopted relationship management strategy as a key business model in its bid to gaining competitive advantage over rivals. Like all other business models though, relationship management does have its benefits and challenges. The study aims at exploring Relationship Management in the Ghanaian Banking Industry: a case of Zenith

Bank Ghana Ltd. The study seeks to emphasize the adoption and implementation of customer relationship management as an enduring solution to customer turnover and loss of market share.

1.2. Research Objectives

The broad objective of this research is to establish the competitive edge that is inherent in customer relationship management and emphasize the adoption and implementation of customer relationship management as an enduring solution to customer turnover and loss of market share. The specific objectives are:

1. To establish the level of relationship management awareness among bank staff in Zenith Bank Ghana Limited
2. To identify the benefits of CRM in Zenith Bank Ghana Limited
3. To identify the factors that facilitate or militates against successful CRM implementation in Zenith Bank Ghana Limited.

1.3. Research Questions

1. What is the level of relationship management awareness among bank staff in Zenith Bank Ghana Limited?
2. What are the benefits of CRM to Zenith Bank Ghana Limited?
3. What are the factors that facilitate or militate against successful CRM implementation in Zenith Bank Ghana Limited?

1.4. Justification of the Study

The study would contribute additional knowledge to the literature that already exists on relationship banking. The Ghanaian banks will be challenged by this study to opt for CRM not as one of the alternatives but rather as the major alternative for ensuring customer loyalty and business growth. The research findings would assist Zenith Bank Ghana Ltd evaluate its implementation of CRM and make necessary adjustments as the case may be. Finally, when CRM is well entrenched, the Ghanaian bank customer stands to benefit from innovative and exceptional products and services.

1.5. Research Methodology

A combination of qualitative and quantitative methods was adopted. Questionnaires and personal observations were employed using convenient sampling method to gather information which was analyzed in order to draw relevant conclusion and make appropriate recommendations. Data analysis was done with the help of the computer.

1.6. Scope of Study

Zenith bank Ghana Ltd operates eighteen (18) full service branches and five (5) agencies at present. It would be a daunting task to cover all of the banks branches and agencies in this study due to time and financial constrain. The research is therefore limited to the three (3) branches in the Kumasi metropolis.

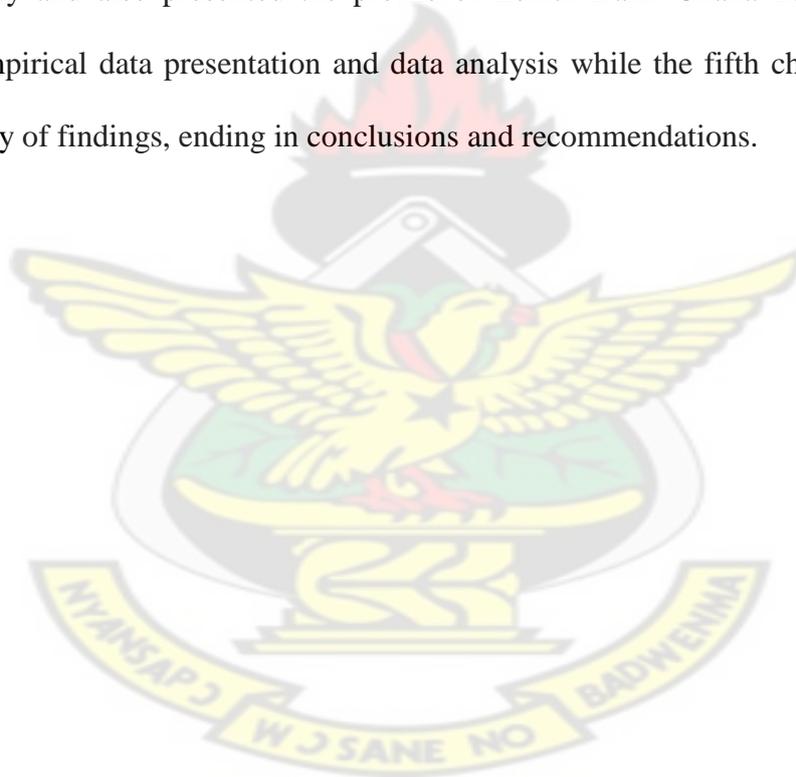
1.7. Limitations

The current research provides for data collection from a single bank's branches, which can affect the findings. A more appropriate alternative would have been to collect data from more than one bank. This was however not attempted for reasons of exorbitant cost

and time. However, care was taken to ensure that the responses collected are representative.

1.8. Organization of the Study

The study has been organised under five chapters, beginning with a general introduction and background to the study. Chapter two of the study reviewed related literature to ascertain works that have been done in the chosen research area so as to inform the conceptual framework. Chapter three of the research considered the methodology adopted for the study and also presented the profile of Zenith Bank Ghana Ltd. Chapter four contains empirical data presentation and data analysis while the fifth chapter dealt with the summary of findings, ending in conclusions and recommendations.



CHAPTER TWO

LITERATURE REVIEW

2.0. Introduction

Chapter two reviews literature related to the entire study taking note of the conceptual framework of the study as well as the emerged frame of reference.

2.1. The Relevance of Relationship Management in the Ghanaian Banking Industry

The Ghanaian banking landscape has seen significant changes in the past decade. Key among such changes is the influx of new players in the Ghanaian banking industry, majority of which are foreign banks. The main stream banks referred to as “traditional banks” are reportedly facing stiff competition from new, aggressive entrants (Ghana News Agency- Business & Finance, 09 June 2008). Competition and complexity in the industry is as a result of regulations that differ and are in a state constant change throughout the world. Adding to this is the fact that most banks are attracted to a small customer segment of society, described as “bankable” hence, the competitive pressure on each bank to gain the greater share of the customer’s wallet. In a bid to stay afloat, banks have added products to their product mix thus offering customers a variety of products to choose from. Customers on their part have become sophisticated in their demand for services and in their negotiations, resulting in shrinking margins. Customer sophistication has been enhanced through the availability of the internet. The internet provides customers with the convenience of comparing products, service attributes and features on-line anytime any day. Today’s customer is therefore very knowledgeable. The ability to survive in the Ghanaian banking industry and to ensure sustainable market growth in the face of such a fiercely competition, lies in a bank’s ability to understand and leverage on

the industry's most valuable asset - customers (Peppers & Rogers, 2002). Customer focused approach towards establishing customer satisfaction, loyalty and an enduring relationship which ends up giving competitive advantage over competitors is best accomplished via the successful adoption of an organization-wide customer relationship management (CRM) strategy (Bee, 2008)

2.2. Customer Relationship Management (CRM)

Literature abounds in definitions of CRM. Payne and Frow (2005) gave a definition as “CRM is a strategic approach that is concerned with creating improved shareholder value through development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and IT to create profitable, long-term relationships with customers and other key stakeholders. CRM provides enhanced opportunities to use data and information to both understand customers and co-create value with them. This requires a cross-functional integration of processes, people, operations and marketing capabilities that is enabled through information, technology and applications”. The foregoing approach to the definition of CRM combines both the marketing and the information technological (IT) views to CRM. Couldwell 1998, defining CRM from the marketing perspective, had this to say “....a combination of business process and technology that seeks to understand a company's customers from the perspective of who they are, what they do and what they are like” It is clear from the above definitions that CRM is a multi-faceted approach made up of four (4) broad segments including Key Customer Focus, CRM Organization, Knowledge Management and Technology-based CRM. This is an indication that successful CRM implies focusing on areas such as strategy; people; technology and processes (Fox and Stead, 2001). It is when these four elements work in tandem that a customer – relating

capability can result (Day, 2003). Value addition to both the organization and the customer is one of the cardinal aims of CRM. To achieve this, Kwame Dzato (2007) noted that the CRM strategy of any financial services organization needs to focus on integrating people, processes and technology to maximize the value exchange. Kwame Dzato's position was corroborated by Bee (2008) and Bygstad (2002). While Bee indicated that financial institutions who want to adopt CRM systems need to address three critical factors – people, processes and technology, Bygstad citing Ciborra and Failla (2000), simply described CRM as an information infrastructure that consists of people, processes and technology.

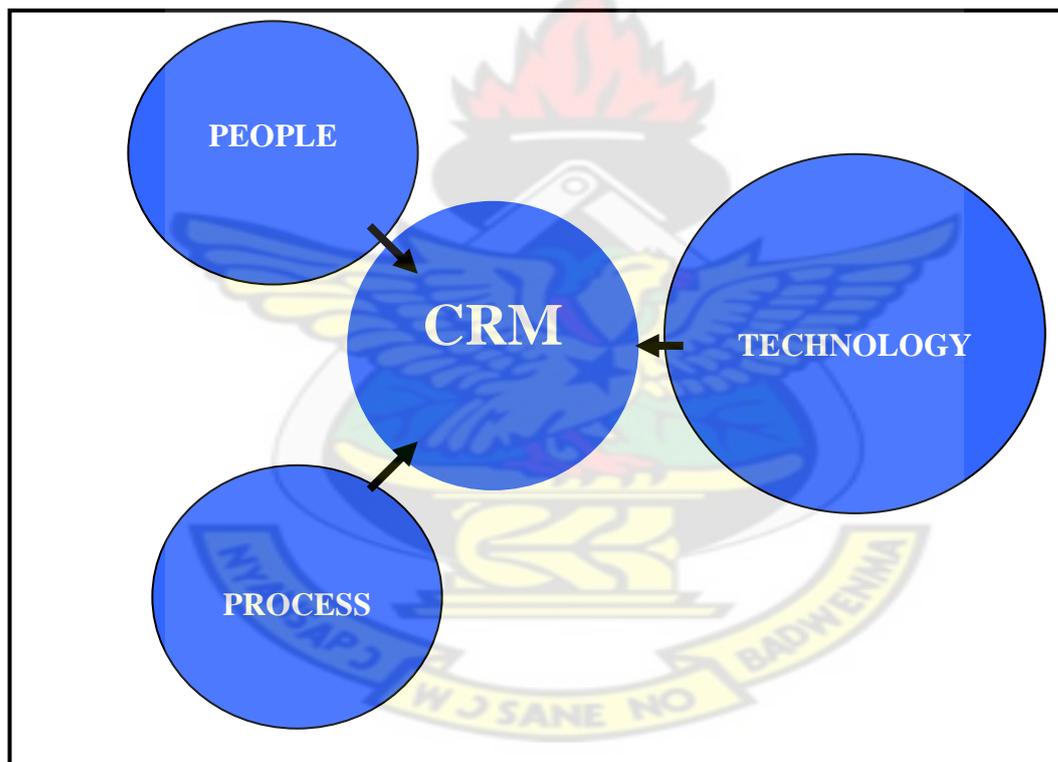


Figure 2.0 Components of CRM

Source: By Author, June 2011.

2.3. Customer Relationship Management in Banking

Banks and financial institutions are recognizing that they can no longer look at a consumer from a specific product or snapshot perspective but must encompass the entire customer relationship to fully understand a client's profitability. From a strategic standpoint, CRM mobilizes resources around customer relationships rather than product groups and fosters activities that maximize the value of lifetime relationships. From an operational standpoint, CRM links business processes across the supply chain from back-office functions through all touch points, enabling continuity and consistency across customer relationships. From an analytical standpoint, CRM is a host of analytical data tools that enable banks to fully understand customer segments, assess and maximize lifetime value of each customer.

According to Meridien Research, retail financial services institutions are expected to spend some \$6.8 billion on CRM in 2001. Those investments will pay off for banks by:

1. Restoring the personal-service connotation that was previously removed.
2. Fostering greater long-term loyalty through relationship building.
3. Maximizing lifetime value of each customer through cross-selling.
4. Enabling immediate action to retain the most valuable customers.
5. Identifying high-risk customers and adjusting service accordingly.
6. Enabling the bank to fulfill customer needs at the right time with the right offer.
7. Increasing the rate of return on marketing initiatives.

2.4. Six Business Imperatives for a Successful CRM Strategy

Any financial institution seeking to adopt a customer relationship model should consider six key business requirements:

2.4.1. Create a Customer-Focused Organization and Infrastructure

Internal cultural barriers can inhibit communication and coordination among divisions and defeat corporate-level marketing objectives. Management must align sales and service behaviours around customer relationships rather than around groups or products. To help dissolve departmental silos, executive management needs to keep a view toward overall customer profitability rather than in discrete segments of the business. On the analytical side, it is critical to have a single, enterprise-wide view of the customer, spanning all touch points and systems. Customer data must be assembled from every contact point — call centres, mail, person-to-person, fax, the Web and beyond — to construct an accurate, consistent view of customers across all available channels. That means data and key metrics from diverse departments must be aligned, shared and integrated in a common arena. Information about customers, which now exists in various databases across the enterprise, must be combined and compatible before meaningful analysis can take place.

2.4.2. Gain an Accurate Picture of Your Customer Categories

To have effective target marketing, you have to have a target. To anticipate customer needs, improve customer retention and identify opportunities to cross-sell and up-sell, you have to understand the unique characteristics of each market segment in an increasingly fragmented marketplace. Market segmentation in the banking industry has been a “soft” art based on intuition and experience, looking at characteristics generally believed to predict buying patterns. To pinpoint the best opportunities for marketing, sales and service, financial institutions must adopt a much more rigorous analytical framework.

2.4.3. Accurately Assess the Lifetime Value of Your Customers

In a research report commissioned by SAS, bankers expressed the need to gauge lifetime customer profitability, not just present value. Customers just starting out from school might be marginally profitable right now but very profitable later when they are established in their careers. Without understanding lifetime value, banks face the potential to take short-sighted actions that unwittingly drive away customers along with their potential value.

According to research conducted by Gartner Inc., about one in five small banks and about half of large banks already work to estimate lifetime value. However, the accuracy of their analysis is often hampered by missing inputs and variables. For instance, the bank may have data on customer deposit, loan and credit accounts, but not on investment and insurance relationships and third-party products. Or they might rely on industry-average information to compensate for data they do not collect in their own systems. In short, despite their best efforts, many banks still do not have an accurate picture of customer profitability.

2.4.4. Maximize the Profitability of Each Customer Relationship

As competition and stir reach new heights in the banking industry, banks are looking more than ever toward increasing profitability from existing customers, rather than expecting new customers to account for growth. Retaining existing customers is easier and less costly than attracting new ones. Naturally, that means banks are keenly interested in cross-selling a variety of financial products and services to existing customers. Cross-selling can substantially increase customer profitability, especially if a bank targets valuable customers who are likely to purchase multiple financial products.

2.4.5. Understand How to Attract and Keep Your Best Customers

The maturing financial services industry is being reshaped by deregulation. Organizations can now offer complete ranges of products in new geographic areas and by the Internet. Customers and prospects have point-and-click access to a stunning array of competing offers. Together, these industry changes make it easier than ever for customers to jump ship, and they are doing so in record numbers.

Acquiring a customer, can cost between \$200 to \$600. But if you retain that customer, the investment will be repaid tenfold or more. Given the cost of acquiring customers, banks can not expect to grow the business simply by attracting more customers. They must retain their business longer and build the customer base by looking more closely at the other end of the customer lifecycle - attrition. Airlines understood this early on, and created programs that rewarded loyalty with flight credits and premium levels of service. Banks have partially adopted this concept by offering tiered levels of service based on account balances. This is a start, but it is important to get a tighter rein on attrition. Who leaves, and why?

In a multi-product environment, it is hard to measure attrition. Is this a customer who cancels a single product but still possesses other products, or is this a customer who ends the entire relationship? It is harder still to predict and prevent attrition, which is influenced by a combination of qualitative and quantitative factors. Why do some customers leave? Why do others stay? What do they value? How can you change their minds?

A successful CRM approach enables customer service organizations to create the knowledge they need to implement the right retention strategies and minimize defection of valuable customers.

2.4.6. Maximize Rate of Return on Marketing Campaigns

To increase rate of return on marketing campaigns, market strategies must be based on an accurate and comprehensive understanding of the bank's customers across all functional areas and contact channels. The CRM model of campaign management calls for:

Incorporating customer information from all touch points to generate a single customer view.

Creating "smart" campaigns that are tightly targeted to the highest-value customers or the customers most likely to respond, for the most relevant opportunity, through the desired channel, at the most appropriate time.

Coordinating systems and processes so market programs can be generated more quickly, and so feedback from previous campaigns can be used to fine-tune future activities.

Each of these key business requirements is an integral part of a CRM value chain. Once a bank understands its customer base, it can segment those customers into groups to which it targets tailored service and marketing activities. Using analytics, the bank can quantify shifts in behaviour, predict long-term value, and identify prime cross-sell and up-sell opportunities. This type of information forms a basis for creating highly targeted market campaigns and offers. Information from market campaigns is then cycled back into the CRM system to fine-tune its effectiveness

2.5. Technology in CRM

Shahnam (2000) and Karimi et al (2001), in a widely accepted classification of CRM systems identifies three categories namely:

2.5.1. Operational CRM systems: They enhance the efficiency of CRM business processes and include solutions for sales force automation, marketing automation and call centre or customer interaction centre management.

2.5.2. Analytical CRM systems: They seek to manage and evaluate knowledge about customers to better understand respective customers and their behaviour. Data warehousing and data mining solutions are typical analytical CRM systems.

2.5.3. Collaborative CRM systems: These manage and synchronize customer interaction points and communication channels, for example telephone, e-mail and the web.

2.5.4. E-CRM as forth classification of CRM was suggested by Xu and Walton (2005), who defined it as a web-centric approach to synchronizing customer relationships across communication channels, business functions and audiences. E-CRM promotes online order placement or initiation, e-mail, a knowledge base from which customer profiles can be extracted, personalized service, the automatic response to e-mail, and automatic help (Rowley, 2002).

Technology has been identified as an enabler; capable of transforming business processes into innovative, prompt and efficient experience thus, improving organizational performance (Davenport and Short, 1990; Porter, 1987). An organization's activities can

be broken down into front office and back office activities. In the view of Fickel, (1999), CRM technology applications integrate front office (e.g. Sales, marketing and customer service) and back office (e.g. financial, operational, logistics, human resources etc) functions with the company's "touch point", where a company's touch point can be said to include the internet, e-mail, sales, direct mail, telemarketing operations, call centres, advertising, fax, kiosks stores and pagers. The common practice hitherto had been to control these touch points by various systems. CRM on the other hand, integrates touch points within a common view of users. Technological innovations are critical to CRM applications with regards to collection, analysis and interpretation of customer data and behaviour. The insight and knowledge gained in the process is directed at developing predictive models, timely and effectively tailored communications as well as exceptional value delivery by means of a superior product and service offerings. Information Technology (IT) employs innovative methods to facilitate business process re-design such that work practices are changed with the aim of linking the company with its customers, suppliers and internal stakeholders (Hammer and Champy, 1993). Eckerson and Watson, (2000) are of the view that using technology to "optimize interaction" allows a company a 360° view of customers and so provides the opportunity to learn from past interactions with its customers in order to optimize future interactions. Information management plays a key role in CRM as it lends support to product tailoring service innovation, consolidated views of customers and the calculation of customer life value (Peppard, 2000). Pivotal infrastructures in CRM system include data warehousing, the internet and enterprise resource planning (ERP) systems.

2.6. Enterprise Resource Planning

Enterprise Resource Planning (ERP) is a process or approach which attempts to consolidate all of an organization's departments and functions into a single computer system that services each department's specific needs. It constitutes a convergence of people, hardware and software into an efficient production, service and delivery system that creates profit for the company.

While the idea remains a grand one in theory, actualizing ERP, has been a different situation. Companies have an assortment of different systems and procedures (hardware and soft wares as well), 'specifically' designed for their own needs. For example, employee records (including payroll, medical and other benefits) are held by Human Resources. Financial data and processing including payroll computation, employee compensation, invoicing and billing for company products and services are held by The Finance Department. Production data is held by manufacturing while inventories are held by warehousing and customer orders handled by customer relations. The 'dream' of ERP is to have a single software solution integrating the different functions and activities into a seamless whole where information needed for decision-making is shared across departments, and the action taken by one department results in the appropriate follow-up action up and down the line.

Prior to ERP, each department may be considered an independent fiefdom. Once a department's particular function is completed, it no longer cares for what happens afterwards. A customer following up with Sales for his product will be told, "Check with Warehouse", who will then say, "Check with Delivery", who can tell the customer, "Please check with Finance to see if your invoice has been cleared".

Efforts to integrate the system before always met with the stumbling block of different software and procedures. A sales person could not access the finance database to find out the customer's billing status, nor can he easily access the warehouse, inventory or delivery to find out the status of the customer's order.

With ERP, all elements in the supply and production chain can be easily accessed by all those who need the information. This leads to efficiency in customer management and perceived company effectiveness in delivering on customer expectations.

An often overlooked advantage in having a workable and efficient ERP system in place is savings in relation to energy consumption and data management.

Having an ERP system in place implies having a single hardware system to handle the different requirements, translating into reduced power consumption operating off a single database which translates into savings on storage.

The savings generated from a minimum of hardware and storage, coupled with operational efficiencies created from a single system across all departments, translates into measurable profit for the company.

2.7. Data Warehouse Technology

Information about the customer is the foundation of customer relationship management. Every step in the CRM process and every principle of the CRM approach require tangible data about customers. To apply CRM to the entire enterprise, information must be consistent, reliable and in a usable format. According to Eckerson and Watson (2000), data warehouses extract, clean, transform and manage large volumes of data from

multiple, heterogeneous systems thus creating historical record of all customer interactions.

Piecing together information about customers from multiple systems for every analysis or marketing campaign creates inefficiencies and bottlenecks. Centrally storing a single, comprehensive view of customers can reduce demands on information technology and improve the efficiency of marketing and customer communication processes.

2.8. Impact of the Internet

The advent of the internet has revolutionized many aspects of business, giving rise to new companies with new business models as well as creating new business opportunities for existing companies. The internet has rewritten many of the rules of engagement with customers and yet, it has not changed the primary fact that engendering loyalty with customers lead to more (and increasingly profitable) customer base.

The internet has changed the balance of power between companies and their customers. Through the power of the internet, customers now have access to more purchasing information, channels and choices for action, with the result that customers can more easily find and defect to competitors with better offerings, lower prices and more customer-friendly approach.

Organizations on the other hand, have capitalized on the power of the internet to improve their customer information gathering both individually and in aggregate, as well as analyzing and taking action on such information. The internet thus presents companies with the opportunities of creating new revenue streams and deepening relationships with customers.

2.9. Key Considerations in Choosing a CRM Technology

The extent to which technology should be emphasized in CRM strategy was raised by Ross and Weill (2002). In a bid to develop the right technology to enable CRM strategy, companies need to ask the following questions:

What should be the budget for information technology?

Which business processes should be focused on?

Which information technology capabilities need to be deployed organization-wide?

How good must the information technology service be?

What level of security and privacy risks will be accepted?

Who is to be blamed when information technology fails?

On his part, Barrington (2008) has raised five key considerations that must guide organizations purchasing CRM systems. These questions are:

Is the sales force centrally located or spread among multiple locations? Hosted solution best suits organizations with multiple sales locations

The size of the customer base impacts on the type of technology to adopt. Scalability is an issue with technology and companies with large customer base must consider systems that can manage such volumes.

The organization's growth rate must be determined. Fast-growing organizations may decide to emphasize modularity. This way, the system can be re-worded as company needs increase.

Does the sales process involve multiple parties? Multi-point real-time access to information is critical in such situations.

How big is the ticket size of transactions? Companies doing high volumes of small ticket transactions must focus on convenience rather than slowing their process flow with high degree of details.

Bo Lykkegaard, senior research analyst of the European Software Group, IDC opined that any formal evaluation of CRM strategy should revolve around questions related to CRM software such as:

Support of Core Processes. What is the ability of the vendor to support the core processes in my industry or my company? Does the vendor provide industry-specific functionality and pre-configurations, best practices, or templates and implementation guidelines? Is the solution able to handle special issues related to how we sell, market and service, e.g. issues related to resellers, dealers, partners, or agents, or complex product configuration and pricing issues, etc.?

Total Cost of Ownership. What is the estimated total cost of ownership of the CRM solution over the expected useful life of the solution? How many internal IT and business resources do we need to budget for implementation and ongoing support? How fast will we be able to show a quick win to management and project stakeholders?

Ease of Use. How do key user groups, such as sales, marketing, service or support staff respond to the solution? Can they see obvious benefits from using the application or do they regard it as cumbersome and unproductive? What possibilities does the solution offer in terms of increasing user adoption rate?

Ease of Knowledge Transfer. How complex is it for internal staff to assume ownership of the solution? When will they be able to execute configuration changes, create additional functionality or process flows, or rollout the solution to new units or user groups? Are the components based on proprietary, non-common technologies, or they are based on commonly available technologies and open standards?

Ease of Integration. Does the CRM software support automated workflows and processes involving non-CRM applications, such as applications related to order management, billing, accounts receivable, inventory, and service management? How difficult is any required integration to other applications from a technical and semantic point of view?

Support of Business Intelligence. What does the solution offer in terms of pre-packaged analytics and reporting? Can the relevant managers get the information they need in time and good quality? How easy is it for local managers to develop needed reports and alerts?

Availability of External Resources. What is the availability of support staff, consultants, resellers, and references in my local region or country? What global resources, such as user groups, web-based forums, and phone-based support are available should we become a customer?

Level of Security. How secure is the confidential customer information both from external threats and internal threats, such as disgruntled employees. How well does the solution support differentiated user profiles to ensure that employees and external users only access what they need and are allowed to access?

2.10. Business Process Re-engineering as a CRM Strategy

Bibiano, et al (2005), intimated that business process is a set of activities linked such that they create value by transforming an input into a more valuable output. The input and output could be artefact and/or information while the transformation can be performed by human actors, machines or both. Bibiano t al (2005) went on to state three (3) forms of business processes that should be supported by Business Process Management Systems (BPM Systems). They are:

2.10.1. Management Processes, described as the process that govern organizational operation. Management processes includes Corporate Governance and Strategic Management.

2.10.2. Operational Processes, create the primary value stream. It involves all the activities that form part of the core business of an organization. Operational activities comprise Purchasing, Manufacturing, Marketing and Sales.

2.10.3. Supporting Processes, support core organizational processes. These activities are Accounting, Recruitment, IT-Support. Though a business process may be broken down into sub- processes, these sub-processes must be managed such that they contribute to the achievement of the collective goal of the super structure – Customer Satisfaction. The philosophical dimensions to CRM are relationship marketing, customer profitability, life time value, customer retention and satisfaction generated via business process management. Per the view of Anton (1996), CRM can be characterized as an integrated approach to managing customer relationship with the re-engineering of customer value through better service delivery and competitive of business offer. Couldwell (1998), describes CRM as a combination of business process re-engineering (BPR) and technology that seeks to understand a company's customer from the perspective of who they are, what they do and what they like. BPR with regards to CRM involves the

rethinking and redesigning of business processes to create value to customers through using IT as the primary enabler with aim of achieving quantum improvements Limayem (2007). The concept of BPR emphasizes how work is done within an organization, focusing on the potential BPR impact on dramatic productivity improvements, dramatic product and service quality improvements, cost reduction or efficiency gains, improvement in organization quality and an increase of market coverage.

2.11. The Role of People in CRM Strategy

Sophisticated technology and optimized CRM processes must necessarily be operated by and through people. This underscores the importance of the involvement of people in CRM systems. Organizations, who attempt implementing CRM without paying attention to their socio-cultural components, do so at the peril of the CRM initiative. Organizations need to embark on employee education and orientation in the customer point of view so as to impart changed mindset, attitudes and habits in all members of the organization. Questions such as: Who is the customer? What do they need or expect? Why have they come to this organization? What unique benefits does the company offer that will make their lives better? How is what the organization offering different from what their competitors can offer? How does each person contribute, personally, to the organization's mission?

In pursuit of unity of purpose that ensures superior organizational performance, employees must be assisted to understand the holistic point of view of the organization. They need to appreciate the interdependence of their roles and duties rather than viewing their work in isolation from those of other employees or departments. This would result in employees contributing to a single mission, working together to solve problems and see themselves as a larger whole rather than fragmented and unrelated parts.

The change of mindset also means that organization members know that they have the resources and authority to do their jobs. Customer centric companies value their employees as partners in the business. They recognize that people bring enormous intelligence, passion and creativity to their jobs. This is not a simple “feel good” philosophy but the honest recognition that everyone, most of all front-line employees, are in a position to make a difference to customers each and every day. People need to be given information, resources and authority to make a meaningful difference. Allen (2009).

2.12. The Benefits of CRM

Growth and profitability in the financial services industry is driven largely by client loyalty. The client then is one of the most valuable assets in the competitive financial services industry. To remain relevant, competitive and win customer loyalty, companies are resorting to client relationship management solutions. Three reasons why companies are adopting CRM as intimated by Guy Riddle (2005) are:

CRM enables businesses to adopt customer-focused approach and build stronger customer relations.

CRM streamlines business processes by reducing operational costs and increasing an organization’s responsiveness to market developments.

CRM optimizes marketing, sales and customer service processes, allowing businesses to identify new market opportunities, shorter sales cycles and increased customer retention.

According to Crosby (2002), wise usage of customer information enables organizations to satisfy the needs of their customers thus, creating profitable long-term collaborative relationships. Crosby further stated that long term customers are less costly to serve and smooth running relationships are less resource intensive. Swift (2001) maintains that organizations can obtain enormous benefits from CRM initiatives in the following areas:

Higher Customers Retention and Loyalty: The customer retention will increase when customers stay longer, buy more and buy more frequently. The customers take more initiatives that increase bounding relationship, and as a result the customer loyalty increases

Increased Customer Profitability: The customer profitability will increase when the customer wallet share increases. Up-selling as well as cross-selling and follow up sales and more referrals come with higher customer satisfaction among existing customers.

Evaluation of Customer Profitability: When an organization gets to know which customers are profitable and those that might become profitable in the future, it can strategize and focus on this profitable segment of customers.

Reduced Cost on Sales: Existing Customers are more responsive and thereby reducing cost.

Reduced Cost of Recruiting customer: Reduced cost of recruiting new customers results in savings on marketing, mailing contact, follow up and service in general. When long-term customers increase, the need to recruit many new customers decreases.

2.13. Barriers to CRM

Survey results reported on by Lombardo (2007) indicate that between 60% and 80% of CRM projects fail. According to him, the term “failure” as used by the studies he reported on, referred to late implementation of the project or an over budgeted project which makes senior executives hesitant to pursue it. Failure further comprises such reasons that make the project deliver less functionality than originally envisaged.

Again, Lombardo (2007) further explained that “failure” may be a combination of at least two of these reasons.

On his part, Nelson (2002) intimated that about 70% of all CRM projects hardly attain their set goals of higher customer loyalty or greater wallet share. This according to him is not as much attributable to poor CRM-software and CRM-servers as it is to the absence of skilfully associating IT resources with business goals and processes to improve relationships.

Brain (2007) cited six reasons why CRM initiatives fail. These are:

Counting vs. Creating Customers – The modern CRM systems are very useful for large companies with thousands of customers that they want to “count” in interesting ways. Small businesses that may have tens or hundreds of customers focus on finding new customers and efficiently growing existing customers rather than counting customers in interesting ways.

Measuring the Wrong Thing – CRM measures the activities of prospects after they have “self-selected” in a way by calling or filling in a form somewhere.

Structured vs. Unstructured Data – CRM systems are good at capturing and organizing structured information but the same cannot be said for unstructured information.

Ease-of-Use – CRM vendors always maintain that their product is “easy-to-use.” The truth however is that the products are easy to use if there are dedicated “operations” people or dedicated CRM IT persons who know how to handle the hard/useful stuff.

Feeding the Monster – As is the case with knowledge management initiatives, CRM requires end-users to take actions that are not part of the natural work process in order to “update” the system. CRM output though is only as good as the input: “Garbage in, garbage out.”

Transactional Systems vs. Solution/Relationship Systems – Today’s CRM is more useful for transactional (call centre) types of companies than it is for small businesses who have client relationships that are more solution oriented in nature.

Myron (2003) also enumerated six barriers to CRM as follows:

Lack of Guidance: More than 60% of companies that have implemented CRM did not have mutually agreed upon goals for their projects prior to installation. Like a building without bearing walls, CRM without goals will collapse.

Integration Woes: There is no “killer” application that solves all integration problems.

Large-scale implementations of CRM require some customization. This may lead to problems that put vendors at logger-heads with their customers.

No Long-Term Strategy: Regarding CRM as a technology solution is a great obstacle to many organizations. The reality is that CRM is a business process change, often supported by technology.

Dirty Data: An often over-looked yet subtle difficulty is dirty or inaccurate and old data. Data is the life line of CRM systems and incorrect numbers, spelling mistakes as well as outdated contact information can infect that system if it is left unchecked.

Lack of Employee Buy –In: It is natural to resist change. Salespeople may wonder why the need to change working habits when those very habits have been successful previously.

No Accountability: The fear of the unknown results in resistance even at the managerial level in the form of avoidance or lack of accountability. There is unwillingness in top management to assign accountability to project leaders.

2.13. DEVELOPING CRM STRATEGY

There are a number of steps an organization can take in their attempt to focus their search for a workable solution to developing CRM. According to Sandall (2006), an organization intending to develop a CRM strategy must first and foremost analyze its business goal and objectives. It is important for the organization to also understand how its customer relationships are being currently managed. Organizations are dynamic. It is therefore necessary for any organization planning a CRM strategy to forecast the possible changes that may occur within the business as well as the direction of potential growth in the periods ahead. It is worth noting that there are various CRM solution options available to companies. However, it is in the long term interest of an organization to carefully weigh the short and long term financial implications of the various CRM solution options. CRM solutions have their benefits and detriments. Companies developing CRM strategy may therefore want to compare the advantages and disadvantages of available CRM

solutions to the needs of their businesses. Sandall (2006) further noted some minimum functionality that must be inherent in a suitable CRM solution. These are:

Scalability and flexibility

Robust reporting, analytical and forecasting abilities

Easy integration with current systems of the organization

Intuitive user interface

Support current business processes and provide the capacity to improve them.

In the view of LaValle and Scheled (2004), there are some five guidelines that are necessary to doing CRM the right way. An organization before opting for a CRM strategy need to examine its CRM value for change, identify its CRM value proposition and prioritize same before going on to design a new CRM operational blueprint. Once a blueprint has been developed, the company can then construct a transformational roadmap for implementing solutions. CRM strategy development must be supported through sponsorship, governance and change management.

Band et all (2005) have proposed five CRM planning and implementation strategy for organizations. The said planning and implementation strategy according to them should take between six to nine months. They are:

Understand the problem you are trying to solve: Businesses fail to identify or point out customer service problems. Understanding customer service problems is key to adopting CRM solutions that can address such problems.

Build a team that is empowered to take on the project: The pitfall of many organizations is yielding to the temptation of heavily staffing the CRM project team with members of the IT department. Such a temptation must be resisted by including personnel with business skills in the team.

Win executive sponsorship: CRM applications demand a huge financial commitment. Implementation cost often outstrips the cost of purchases. Financial resources must therefore be made obtainable.

Demonstrate or show how CRM will support the company's vision

Measure, measure, measure: When implementation is complete, companies are expected to check and appraise the CRM system in order to establish if they are meeting customer needs.

In the view of Shah (2002), not more than four months or six months at the most, should be spent planning a CRM strategy at the first phase. He noted some reference points for the consideration of organizations in the development and implementation of CRM projects. These are:

Companies should define their market/customer segmentation. Each segment analysis should be handled separately if need be. It is recommended that companies set long and short term goals along with the metrics to be employed. The company must identify key stakeholders both internal and external. All customer interaction points for the entire life of the customer interaction must be well defined. Organizations should also ensure customer expectations for the quality of service and expectations of internal users as well.

2.14. CONCEPTUALIZATION

Miles and Huberman (1994) as cited by Amofah and Ijaz (2005), defined conceptual framework as an approach showing either in graphical or narrative form the main points to be studied in a work. In line with this, three research questions were developed to address the stated research problem as follows:

1. What is the level of relationship management awareness among bank staff in Zenith Bank Ghana Ltd?
2. What are the benefits of CRM to Zenith Bank Ghana Ltd?
3. What are the factors that facilitate or militate against successful CRM implementation in Zenith Bank Ghana Ltd?

Below is a presentation of relevant theories and concepts connected to the research questions

2.15. CRM AWARENESS

The first research question reads: What is the level of CRM awareness among bank staff in Zenith Bank Ghana Ltd? The selected theories and concepts will help us identify the level of CRM awareness. Such awareness is grouped under four categories:

Customer relationship oriented organizational mission positively impacts CRM, (“12manage”, 2008)

People: People need to be given information, resources and authority to make a meaningful difference - (Allen 2009);

Processes: business process is a set of activities linked such that they create value (Bibiano, Mayol and Pastor 2005)

Technology: technology applications integrate front office (e.g. Sales, marketing and customer service) and back office (e.g. financial, operational, logistics, human resources etc) functions with the company's "touch point", where a company's "touch point" include the internet, e-mail, sales, direct mail, telemarketing operations, call centres, advertising, fax, kiosks stores and pagers. (Fickle 1999)

2.16. BENEFITS OF CRM

This section focuses on the second research question which reads: What are the benefits of CRM in Zenith Bank Ghana Ltd? Theories abound with regards to benefits embedded in the effective and efficient practice of CRM initiatives. These benefits are grouped into three (3) categories:

Customer satisfaction, customer retention and revenue enhancement (Zablah et al, 2004): Satisfied customers tend to be loyal to their service providers as well as buy more and are willing to pay a premium for services and products.

Cost savings and cost reduction: Costs will decline and profitability will increase because of greater efficiencies, visibility and control (LaValle and Scheld, 2004)

Organizational impact: Effective and efficient CRM initiative will make companies much more competitive than and thus, enable them win a greater share of customers from their competitors. (Kkolou, 2004)

2.17. FACTORS FACILITATING OR MILITATING AGAINST CRM IMPLEMENTATION

This section draws attention to the third and final research question which reads: What are the factors that facilitate or militate against successful CRM implementation at Zenith Bank Ghana Ltd?

Concepts relating to this section have been grouped into four categories.

Management and Leadership

Technology related issues

Data related issues

Integration issues

Top management support is crucial to CRM strategies. Where executive support is not obtained and maintained, a CRM strategy will be impeded. (Kovac, 2006). Management holds the responsibility of defining the CRM goals and the various phases to the CRM project. The responsibility of ensuring that key internal functions or business units are aligned to goals and mission of the company lies with top management (Kovac, 2006)

Complex technological innovations and initiatives are constantly surfacing thus posing a challenge to the ease of matching technology to business processes and procedures. This situation affects the ease of adaptation in many CRM initiatives (Brain, 2007).

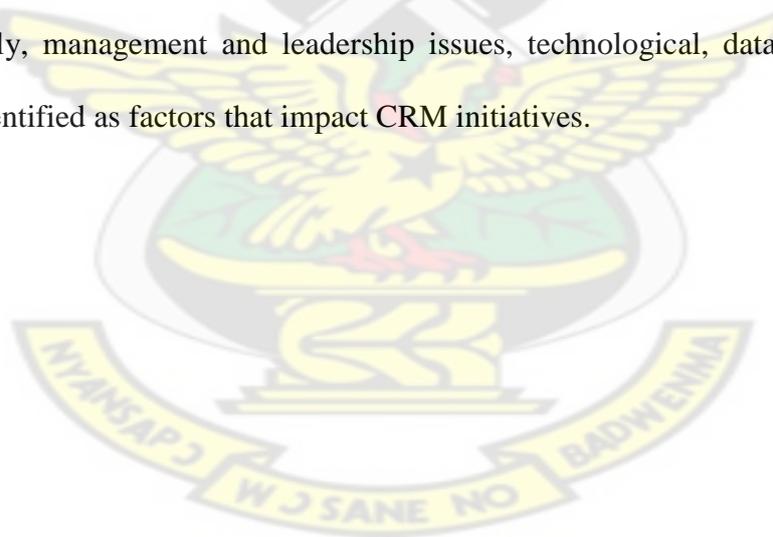
Data is the fuel that powers the engine of CRM systems. Inaccurate data imputation will no doubt result in inaccurate output (Myron, 2003). In some instances the absence of

permanent data does not give sufficient information to support predictive modelling and predictive scoring (CRM Guru, 2006).

CRM defy the existence of a single innovative approach to integrate key issues. The absence of a well planned integration strategy and the difficulty of companies to link CRM initiatives to higher-level business strategies is a setback (Kovacs, 2006).

2.18. EMERGED FRAME OF REFERENCE

This segment presents the emerged frame of reference. The indicators of CRM awareness are grouped under four categories namely customer oriented organizational mission, empowered people, value creating process and integrated technology. The inherent benefits of CRM were also categorized into three groups. These are customer satisfaction, customer retention, revenue enhancement; cost savings and cost reduction; organizational impact. Lastly, management and leadership issues, technological, data and integration issues are identified as factors that impact CRM initiatives.



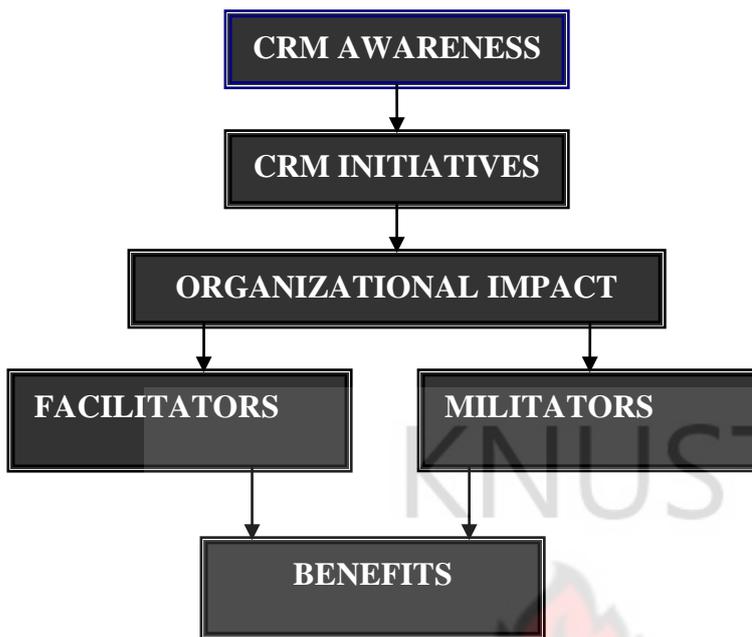


Figure: 3.1. Emerged Frame of Reference

Source: By Author, June 2011.



CHAPTER THREE

METHODOLOGY

3.0. Introduction

This chapter discusses the methodology adopted to execute the research and also presents the company profile of Zenith Bank Ghana Ltd.

3.1. Research Design

The objectives of this research was to establish the level of relationship management awareness among bank staff in the Ghanaian banking industry; to identify the benefits of CRM in the Ghanaian banking industry and to identify the factors that facilitate or militate against successful CRM implementation in the Ghanaian banking industry. The study was designed as a case study with Zenith bank Ghana Ltd chosen as the case of study due to the bank's adoption of customer relationship management as a key business model in its bid to gain competitive advantage over rivals.

A second reason for choosing the case study strategy is explained by the fact that the research deals with a contemporary issue – 'Customer Relationship Management as a Competitive tool in the Ghanaian Banking Industry'. The single case approach was adopted in that the researcher chose a single organization (Zenith bank Ghana Ltd - Kumasi) as the only entity for the investigation due to the researcher's quest for depth of investigation as well as time and cost constraints.

3.1.1. Sample Selection

The case study method of research enables the researcher to choose from among several numbers of events, organizations and people. The researcher may be able to select only a few or even one example from the group of things being studied (Descombe, 2000). Irrespective of the nature of the case or subject matter under investigation, the researcher normally makes deliberate and explicit decision about which particular case to choose from the available possibilities. Miles and Huberman (1994) maintained that no research can study everyone everywhere doing everything; all research entails sampling. In the view of Saunders et al (2000), sampling is time saving and makes data collection manageable while Miles and Huberman, (1994) indicated that a researcher may choose to conduct a single case or multiple case studies.

In view of the above, a single case study approach was adopted in this research, utilizing a non-probability method of purposive or judgmental sampling. CRM in Ghana is relatively new and is still at its evolutionary stages. In the quest to address the research questions posed, it was critical to select an institution that understands the concept of CRM and have embraced it in its business model. Zenith bank Ghana Ltd happened to be one of the first banks to have commenced its banking operation with the assignment of large numbers of relationship officers as a way of emphasizing its customer focused orientation. This informed the choice of Zenith Bank Ghana Ltd as the case for study.

There are three full service Zenith Bank branches in Kumasi. These are the Kumasi Main Branch, the Adum Branch and the Suame Branch. The staff composition of the three bank branches is made up of mainstream staff that are on the banks payroll and non-mainstream staff, also known as contract staff. The combined number of mainstream and non-mainstream staff was 78. The researcher purposely administered questionnaires to all

42 mainstream and 5 out of the 36 non-mainstream staff who were deemed better placed as per their roles and training, to understand the concepts of customer relationship management.

3.1.2. Data Collection

In the view of Yin (2003), the data gathering process in a case study is more challenging than is the case for studies based on other research strategies. He therefore maintained that researchers adopting the case study approach need to have “a methodological versatility”. Data pertaining to a case study can be obtained through varied methods including documents, archival records, interviews, direct observations, participant observations and physical artefacts. Each of the approaches has its own strengths and weaknesses and Yin (2003) was of the view that no one source has a complete advantage over the other. According to Walliman (2001), data may derive from a primary or a secondary source. Data is primary when the researcher does the collection to tackle a specific problem such as the research questions. Secondary data on the contrary is sourced from studies done by others for different purposes (Cooper et al, 2006). In the quest to obtain ample data for this study, combinations of primary and secondary data were used. Secondary data was obtained from various related literature on the subject. The means of primary data collection includes questionnaires, focus group discussions, personal interviews and telephone interviews. The main method of data collection in this study was by means of questionnaires.

3.1.3. Questionnaire Design

The questionnaire contained sixteen questions (16) in all. Ten (10) of the questions were closed ended whereas six (6) were open ended. The questions were categorized under five areas namely background questions, questions to measure level of CRM awareness

among staff of Zenith bank, benefits of CRM, facilitators of CRM and factors that militate against CRM.

3.1.4. Data Analysis

SPSS data processing software was used to organize the data collected into frequency tables with the aim of summarizing the data obtained. The results of the processed data were then compared with concepts and theories discussed in chapter two of the research.

3.2. COMPANY PROFILE

Zenith Bank (Ghana) Limited as a privately owned African bank was incorporated under the Ghana Banking Act 2004 (Act 673) in April 2005, licensed by the Bank of Ghana on 13th September 2005 and commenced business on the 16th of September, 2005. Zenith Bank Ghana Limited is a subsidiary of Zenith Bank PLC.

Within three years of banking operations in Ghana, the bank had been adjudged by the Ghana Banking awards as Best Bank in Financial Performance for the year 2008

Zenith Bank currently operates 18 full service branches and 5 agencies in Ghana. All branches are connected online real time and equipped with ATM facilities. Among the distinguishing factors of the bank is its objective of adopting cutting edge ICT platform, engaging passionately aggressive staff and developing systems and products to satisfy its customer specifications.

Zenith Bank played a crucial role in revolutionizing the Ghanaian banking industry into an intensely competitive, customer oriented, and more efficient and technologically inclined industry. Before the advent of Zenith bank in Ghana, relationship banking was

novel, e-banking was almost restricted to ATMs, banking was limited to few hours within the day and weekend banking was virtually non-existent.

In just over five full years of banking operations in Ghana, Zenith Bank has greatly improved upon its operating capacity in terms of size, market share and industry ranking in all parameters. The bank has succeeded in building strength in the areas of financial, structural and technological growth. Zenith bank has achieved for itself recognition as a trail blazer in the areas of innovation and service excellence in the Ghanaian banking industry. The bank has been pivotal in the transformation of the banking industry into an intensely competitive, customer oriented, more efficient and technologically inclined industry.

Vision

“To be a reference point in the provision of prompt, flawless and innovative banking services in the Ghanaian banking industry”

Mission

“To continue to invest in the best people, technology and environment to underscore our commitment to customer enthusiasm”

Core Values

Belief in God

Integrity

Keeping the service promise

The banks corporate and business strategy is built on:

Cutting edge information technology

Superior leadership

Professional management

Highly skilled staff

Excellence in service delivery.

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CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF RESULTS

4.0. Introduction

This chapter presents and analyses data obtained to execute the study. The data analysis is done with the aid of tables containing response frequency and percentages recorded from questionnaire administered.

Table 4.1. Years of banking experience

	Frequency	Percent
1-2 years	14	29.8
3-5 years	26	55.3
6-10 years	5	10.6
above 10 years	2	4.3
Total	47	100.0

Source: By Author, June 2011.

Table 4.1. sought to determine the banking experience level of respondents since experience is critical to the credibility of the views they express. 26 out of the 47 respondents fell between the experience ranges of between 3 – 5 years. This forms 55.3% of total respondent. The results captured in the table also indicate that respondents have at

least one year and at most ten years experience in the banking industry. This distribution of experience has the potential of balancing views expressed by way of the responses.

Table 4.2. Years of experience at Zenith Bank

	Frequency	Percent
under1 year	8	17.0
1-3 years	24	51.1
4-5 years	15	31.9
Total	47	100.0

Source: By Author, June 2011

Table 4.2. shows the number of years respondents have worked with Zenith Bank Ghana Ltd. 51.1% of respondents have worked with the bank for a period of between 1-2 years whereas 31.9% have been in the bank's employment between 4-5 years. Zenith bank is over five but below six years in Ghana. It implies therefore that majority of the respondents have worked with the bank long enough to know what the bank stands for as well as its mode of business operation.

Table 4.3. Departmental Distribution of Respondents

	Frequency	Percent
cash and teller	9	19.1
customer service	7	14.9
Marketing	13	27.8
funds transfer	9	19.1
support services	9	19.1
Total	47	100.0

Source: By Author, June 2011

Table 4.3. contains the distribution of responses on departmental basis. Marketing department tops the response rate with a frequency of 13 which forms 27.8% of total responses. The higher rate of marketing staff responses is as a result of the bank's strategy of recruiting greater numbers of marketing staff, also called relationship officers or managers, to drive the banks agenda of relationship management.

Table 4.4. Staff understanding of the thrust of Zenith Bank’s Mission Statement

	Frequency	Percent
customer relation	42	89.4
Information technology	2	4.3
staff	3	6.4
Total	47	100.0

Source: By Author, June 2011.

Table 4.4. explored staff understanding of the focus of Zenith bank’s mission statement. Out of the 47 respondents, 42, representing 89.4% of respondents see the banks mission statement as directed towards customer relationship. 2 respondents, representing 4.3% of responses consider information technology as the main trust of the bank’s mission statement whereas 3 responses representing 6.4% respondents think the mission statement of Zenith bank focuses on staff. Since a mission statement is a directional tool for an organization, the understanding of its main thrust is indicative of understanding the general direction an organization wishes to follow.

Table 4.5. The most significant success factor for competitive advantage of a bank

	Frequency	Percent
management	2	4.4
staff	14	31.1
customers	20	44.4
brand	9	20.0
Total	45	100.0

Source: By Author, June 2011.

Results in Table 4.5. reflect the view of respondents about what they consider as the most significant factor for competitive advantage of a bank. 20 of the 45 respondents, representing 44.4% of responses, ranked customers as the most significant factor for competitive advantage of a bank followed by staff, brand and management in that order. As per Table 4.5, it can be said that respondents esteem customers as a very important source of competitive advantage.

Table 4.6. Measures banks must put in place to achieve excellent customer relationship

	Frequency	Percent
Dedicated relationship managers to facilitate the bank's relationship with customers	33	70.2
Incentives to top customers aimed at winning greater share of their businesses	3	6.4
Internet-based products to enable customers access services without necessarily going to the bank's premises	5	10.6
Make work less stressful for employees	6	12.8
Total	47	100.0

Source: By Author, June 2011.

Results from Table 4.6 indicate that 33 respondents representing 70.2% believe that the assigning of dedicated relationship managers to facilitate the bank's relationship with customers is a significant step towards achieving excellent customer relationship.

Table 4.7. How is the need for customer relationship management emphasized in your bank?

	Frequency	Percent
Through top management directive	8	17.4
By training all staff to become customer focused	26	56.5
By providing customer feedback mechanism	12	26.1
Total	46	100.0

Source: By Author, June 2011

According to 26 respondents representing 56.5% of responses in Table 4.7, the need for customer relationship management is emphasized in Zenith bank by training all staff to become customer focused. This is indicative of the banks effort at perpetuating CRM awareness. The next highest number of respondents i.e. 12, representing 26% were of the view that providing customer feedback mechanism spells out how the bank emphasizes the need for customer relationship.

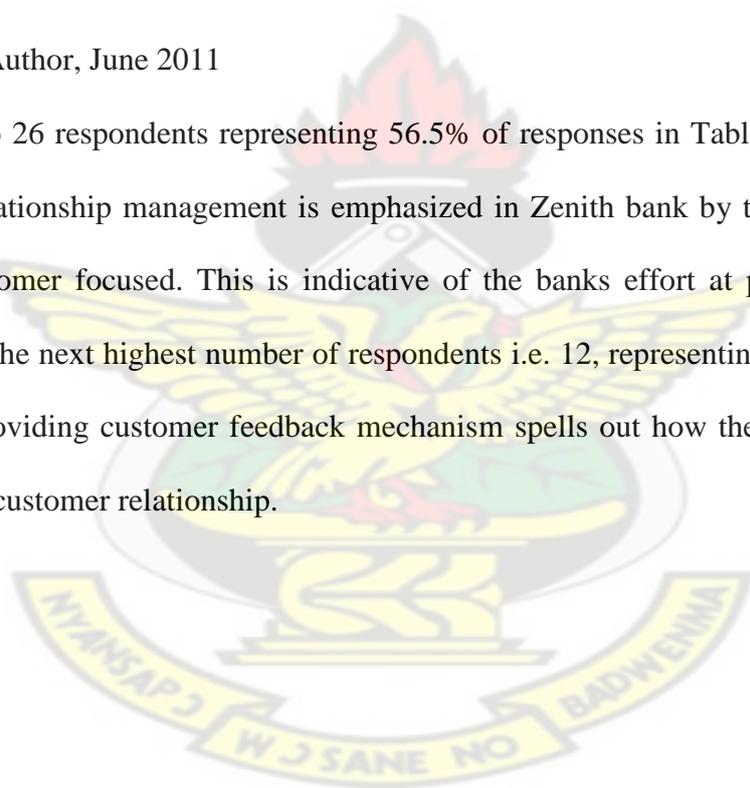


Table 4.8. Indicators that relationship management is being practiced in a bank

	Frequency	Percent
Empowered staff, integrated processes and technology; all focused on customer satisfaction	41	87.2
New branch locations, availability of ATM and low cost of doing business	1	2.1
Simplified transaction procedures, one stop shop for all customer information and sophisticated IT systems	5	10.6
Total	47	100.0

Source: By Author, June 2011

A greater number of respondents that is 41 respondents, making up 87.2% of respondents, were of the opinion that empowered staff, integrated processes and technology all focused on customer satisfaction, is an indicator that relationship management is being practiced in a bank. The next highest response as per Table 4.8 identified simplified transaction procedures, one stop shop for all customer information and sophisticated IT systems as an indication that CRM is being practiced.

Table 4.9. Anticipated benefits for initiating customer relationship management

	Frequency	Percent
No response	1	2.1
Achieving its target	1	2.1
Bring banking to the doorstep of customers	1	2.1
Competitive edge over rivals	1	2.1
Customer loyalty	10	21.3
Customer satisfaction	8	17.0
Effective customer service delivery	5	10.6
Expansion of customer base	7	14.9
Increased market share	7	14.9
Increased profitability	3	6.4
Make banking easily accessible to customers	1	2.1
Recognition as customer-centred bank	1	2.1
Top of competitive market	1	2.1
Total	47	100.0

Source: By Author, June 2011

Table 4.9 lists a number of anticipated benefits for CRM. Among the lot, customer loyalty topped the list with a response frequency of 10 responses representing 21.3% of respondents. The next in queue is customer satisfaction with a response frequency of 8, representing 17%. The third highest response mentioned increased market share and expansion of customer base as yet another anticipated benefit of CRM. These drew a response frequency of 7 and a percentage response of 14.9% each. The results underscore

a certain expectation of benefits associated with customer relationship management, which is why an organization may opt for it.

Table 4.10. Benefits being derived from the practice of customer relationship management in Zenith Bank

	Frequency	Percent
No response	1	2.1
Collect vital customers details	2	4.3
Customer retention and loyalty	5	10.6
Customers are able to channel their concerns through the relationship managers	1	2.1
Customers spend less time in bank transaction	1	2.1
Good will from customers	2	4.3
Improved relations with customers	2	4.3
Increase in profit	11	23.4
Large customer base	11	23.4
Promotion and pay increase through rank upgrade	1	2.1
Referral from customers to other potential customers	2	4.3
Strong brand	7	14.9
Understand customer needs	1	2.1
Total	47	100.0

Source: By Author, June 2011

Table 4.10, elicited a long list of benefits that respondents say have been derived from the practice of CRM at Zenith Bank. Paramount among them is increased profit (11 responses, making up 23.4% of respondents) and large customer base (11 responses, making up 23.4% of respondents). The next highest response made up of 7 responses reflecting 14.9% of respondents cited strong brand as yet another benefit.

Table 4.11. Customer expression of satisfaction now than before

	Frequency	Percent
Yes	40	87.0
No	6	13.0
Total	46	100.0

Source: By Author, June 2011

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Table 4.12. Indications of satisfaction

	Frequency	Percent	Cumulative Percent
Banking with us for long	11	27.5	27.5
Customers are able to channel their grievance and transact business well	1	2.5	30.0
Do regular business with the bank	1	2.5	32.5
Express delight	5	12.5	45.0
Feedback from interaction with customers	1	2.5	47.5
Through appreciation of relationship managers	1	2.5	50.0
Increased customer numbers	1	2.5	52.5
Increase in deposits	3	7.5	60
Introducing others to the bank	7	17.5	77.5
Positive response from customers through monthly survey	2	5.0	82.5
Speed of service delivery	2	5.0	87.5
Through complaint and suggestion register	1	2.5	90.0
Through referrals	1	2.5	92.5
verbal and written commendation form customers	3	7.5	100
Total	40	100.0	

Source: By Author, June 2011

Table 4.11 tried obtaining staff view about the current expression of satisfaction at Zenith as compared to previous times. Of the 46 responses registered, 40 representing 87% opined that customers at Zenith Bank express greater satisfaction now than before. The

indication of their satisfaction is listed in Table 4.12. Both Tables 4.11 and 4.12 reflect the cumulative effects (positive) of CRM practice.

Table 4.13 Indications of dissatisfaction

	Frequency	Percent
No response	41	87.2
Complaints that get to management	1	2.1
It takes a long process to get a facility which is eventually turn down	1	2.1
It takes more than relationship management to satisfy customers	1	2.1
There is a lot of dormant accounts	1	2.1
Too many complaints about credit delivery	1	2.1
Unreliability when it comes small loans and overdraft	1	2.1
Total	47	100.0

Source: By Author, June 2011

Table 4.13 enumerates staff opinions about the indicators of customer dissatisfaction as expressed by the 6 respondents in Table 4.11. Though responses in Table 4.11 registered 87% responses indicating customers are satisfied now than before at Zenith bank, the 13% dissenting opinions is also very critical. It is indicative of the need for continuous improvement since it is less expensive to maintain an existing customer than to win a new customer.

Table 4.14 How customers are able to receive or access answers to their concerns.

	Frequency	Percent
Customer service unit/ relationship management	25	53.2
Fax	2	4.6
E-mail	5	10.6
Call and text messages	15	31.9
Total	47	100

Source: By Author, June 2011

In Table 4.14, the responses show that all the possible avenues of communication are utilized to address customer concerns. However, the most used is the customer service unit for customers visiting the bank branch and through relationship managers assigned to customers. The other means of accessing answers to concerns are phone calls and text messages and e-mails with faxes being the least used. The import is that the bank makes the effort of reaching its customers and vice versa, via multiple access points.

When asked whether relationship management is relevant in the Ghanaian banking industry, 45 respondents representing 91.5% responded in the affirmative with 4 non-responses. Table 4.15 presents some reasons why the respondents opined that relationship management was relevant in the Ghanaian banking industry. Notable among the reasons are that relationship management can place an organization ahead of its competitors. The frequency for this response was 8 representing 17% of respondents. 12.8% of respondents

made up of 6 responses indicated that relationship management was relevant because it supports the maintenance of existing clients while attracting new customers.

Table 4.16. Significant decision or action taken by management to facilitate customer relationship management in Zenith Bank

	Frequency	Percent
Regular and systematic training of staff to improve their level of knowledge in customer service	25	59.5
Introduction of cutting-edge IT software to enable the banks Processes	8	19.0
Provision of logistics or resources (computers, stable internet connectivity, cars and people) for use in the right quantities, place and time	8	19.0
Opening more branches	1	2.4
Total	42	100.0

Source: By Author, June 2011.

Among the significant management decisions and actions taken to facilitate CRM in Zenith, regular and systematic training of staff to improve their level of knowledge in customer service ranked highest as per Table 4.16 (59.5% with a frequency of 25 out of 42 responses received). Introduction of cutting-edge IT software to enable the banks processes and provision of logistics or resources (computers, stable internet connectivity, cars and people) for use in the right quantities, place and time drew same frequency of response each (8) and for that matter the same percentages (19%). Management decisions in these areas are critical to CRM facilitation.

In Table 4.17, respondents enumerated some challenges that were faced by both customers and staff as a result of CRM institution. Notable among challenges the

institution of CRM posed to staff were cost of managing customers, difficulty in meeting customer expectation when it comes to loan facility, inadequate training of relationship managers. On the part of the customers, there are some difficulties in adjusting to new policies that require the provision of numerous data by them to help the CMR system run smoothly. Customers also face the problem of IT knowledge as well as internet accessibility issues.

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CHAPTER FIVE

SAMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.0. Introduction

This last chapter of the thesis presents the outcome of the entire research in relation to the research questions and objectives. Conclusion is then drawn based on the relationship between the findings and the theories or concepts as well as the frame of reference contained in chapter two of the study. Some recommendations are then made.

5.1. Findings

Findings from the research are presented according to the objectives of the study. The first research objective which also formed the basis of the first research question reads:

To establish the level of relationship management awareness among bank staff in Zenith Bank Ghana Limited

Data obtained from Zenith Bank suggests that there is a high degree of CRM awareness among the bank's staff. Respondents to questionnaires administered at the bank demonstrated an understanding of CRM key issues as their responses largely agreed with literature in the following four areas:

That customer relationship oriented organizational mission positively impacts CRM ("12manage", 2008).

That people need to be given information, resources and authority to make a meaningful difference in CRM - (Allen 2009).

That business process is a set of activities linked such that they create value (Bibiano, Mayol and Pastor 2005).

That technology application integrate front office and back office functions with the company's "touch point", where a company's "touch point" include the internet, e-mail, sales, direct mail, telemarketing operations, call centres, advertising, fax, kiosks stores and pagers. (Fickle, 1999).

Findings had it that, the mission of Zenith Bank Ghana limited which is captured "To continue to invest in the best people, technology and environment to underscore our commitment to customer enthusiasm", played a pivotal role in creating an awareness of the bank's direction and focus among its employees. The mission statement emphasized the banks commitment to a continuous investment in two of the three key components of CRM namely people (employee training) and technology, with the aim of fostering a better relationship with customers.

Research objective two reads: To identify the benefits of CRM in Zenith Bank Ghana Limited.

The data obtained from respondents agreed with literature that CRM initiative offered immense benefits. Almost all respondents agreed that the bank customers are satisfied now than before. Respondents also mentioned large customer base as a benefit. This agrees with the view of Zablah et al, (2004) that CRM engenders customer satisfaction and customer retention. Findings further revealed profitability and strong brand as the other key benefits derived from the banks CRM initiatives. This correlates the position of Greenberg (2004), who opined that the implementation of CRM strategy has the ability to increase the true economic worth of a business. The CRM initiative of the bank was pivotal in winning Zenith bank the Ghana Banking awards as best bank in financial performance for the year 2008.

The third and last research objective: To identify the factors that facilitate or militate against successful CRM implementation in Zenith Bank Ghana Limited.

It had been observed from the data collected that management and leadership, technology, data acquisition and integration issues play a crucial role in facilitating or militating against CRM. Regarding management and leadership issues, respondents intimated that management had made some significant decisions in respect of regular and systematic training of staff in order to improve staff knowledge in customer service. Respondents have attested to the introduction of cutting-edge IT software to enable the bank's processes. There is also the provision of logistics or resources (computers, stable internet connectivity, cars and people) for use in the right quantities, place and time. The afore mentioned are all factors that facilitate CRM at Zenith Bank and are consistent with the views of Bee (2008), who indicated that financial institutions who want to adopt CRM systems need to address three critical factors – people, processes and technology. The banks own mission statement as captured in chapter three was also identified as a facilitator of CRM.

Factors militating against CRM at Zenith bank were identified as cost of implementation, poor data quality and insufficient data, low technology literacy among customers and the challenge of adjusting to new ways of doing things. These militating factors fit in with some of the CRM barriers cited by Brain (2007).

5.2. Conclusion

In light of empirical data presented, analyzed and discussed culminating in the findings stated above, it can be said that staff at Zenith bank have a high degree of awareness

about the contemporary issues relating to customer relationship management. This awareness reflects in the data obtained and in comparison with literature.

The practice of CRM does have advantages. Some of such advantages have been identified as customer satisfaction and customer retention, profitability and strong brand all of which won the bank the best bank in the Ghana banking awards for the year 2008.

On the other hand however, CRM does have some militating and facilitating factors affecting its practice. Militating factors identified at Zenith included cost of implementation, poor data quality and insufficient customer data, low technology literacy among customers and the challenge of adjusting to new ways of doing things whereas facilitating factors were identified as regular and systematic training of staff in order to improve staff knowledge in customer service, introduction of cutting-edge IT software to enable the bank's processes and provision of logistics or resources (computers, stable internet connectivity, cars and people) for use in the right quantities, place and time.

Understanding the dynamics of CRM and performing a cost-benefit analysis of its adoption is critical for competition in the Ghanaian banking industry.

5.3. Recommendations

The concept of CRM is still relatively new in Ghana. The scope of the concept is also very wide. It is therefore far from being over-researched. This study focused on the awareness of CRM its benefits and challenges from the point of the bank staff. There is the need for further research which may consider the subject from the customer's point of view, other topics that can be considered for further research may include but not limited to; the phases of CRM implementation, CRM technology and its application for Ghanaian companies.

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APPENDIX

Kwame Nkrumah University of Science and Technology

Institute of Distance Learning

Thesis Questionnaire

This questionnaire is designed to obtain information for a master's degree thesis write up under the topic **Customer Relationship Management in the Ghanaian Banking Industry**. The exercise is purely for academic purposes.

Background Questions

The questions below are followed by various options. Please read and circle the option that best applies to you.

1. How long have you worked in the banking industry?

- a) 1-2yrs
- b) 3-5yrs
- c) 6-10yrs
- d) Above 10 yrs

2. When did you join Zenith bank?

- a) Under 1yr
- b) 1-3yrs

c) 4-5yrs

3. In which department are you?

a) Cash & Teller

b) Customer service

c) Marketing

d) Funds Transfer

e) Support services

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4. How long have you been in the department chosen in (3) above?

a) Under 1yr

b) 1-3yrs

c) 4-5yrs

Awareness

5. In your opinion, what is the thrust of the bank's mission statement?

a) Customer relation

b) Information Technology

c) Staff

d) Ambiance

6. In your opinion, what is the most significant success factor for competitive advantage of a bank?

a. Management

- b. Staff
 - c. Customers
 - d. Brand
7. What measures must banks put in place to achieve excellent customer relationship?
- a. Dedicated relationship managers to facilitate the bank's relationship with customers
 - b. Incentives to top customers aimed at winning greater share of their businesses
 - c. Internet-based products to enable customers access services without necessarily going to the bank's premises
 - d. Make work less stressful for employees
8. How is the need for customer relationship management emphasized in your bank?
- a. Through top management directive
 - b. By training all staff to become customer focused
 - c. By providing customer feed back mechanism
 - d. Providing incentives to employees who have delighted customers
9. Which set of factors below is an indication that relationship management is being practiced in a bank?
- a. Empowered staff, integrated processes and technology; all focused on customer satisfaction
 - b. New branch locations, availability of ATM and low cost of doing business
 - c. Attractive banking hall, issuance of visa cards and car park

- d. Simplified transaction procedures, one stop shop for all customer information and sophisticated IT systems

Benefits

Questions 10 – 14 & 16 require that you state your response in the spaces following each question.

10. What benefits did the bank anticipate for initiating customer relationship management?
11. What are the current benefits being derived from the practice of customer relationship management in your bank?
12. Do your customers express satisfaction now than before? If yes, what are the indications? If no, what are the indications?
13. By what means are customers able to receive or access answers to their concerns?
14. Would you say customer relationship management is relevant in the Ghanaian banking industry? If yes why? If no, why?

Facilitators

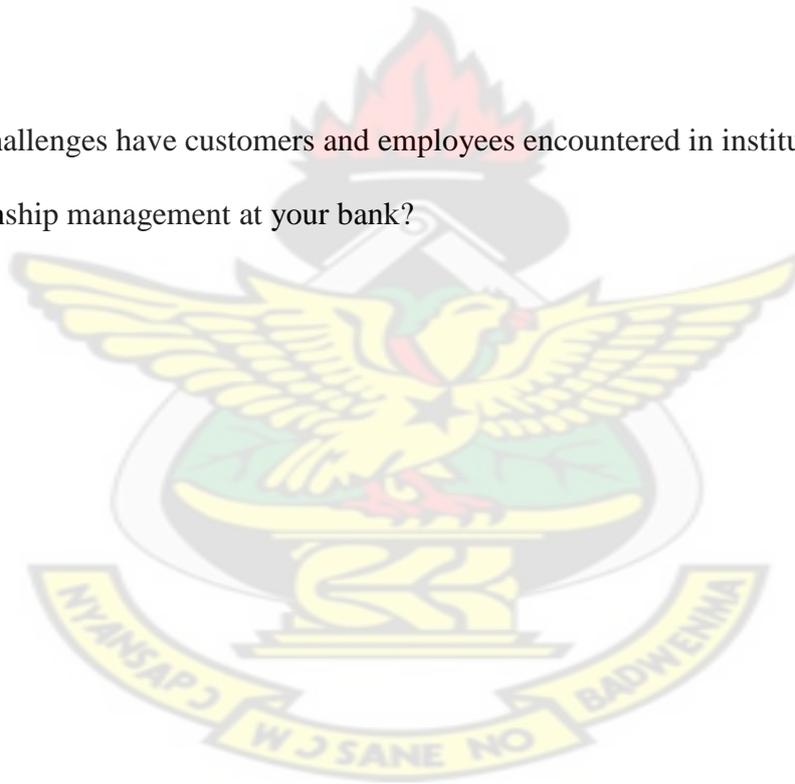
15. What has been the most significant decision or action taken by management to facilitate customer relationship in your bank?

- a) Regular and systematic training of staff to improve their level of knowledge in customer service
- b) Introduction of cutting-edge IT software to enable the banks processes
- c) Provision of logistics or resources (computers, stable internet connectivity, cars & people) for use in the right quantities, place and time
- d) Opening more branches

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Militators

- 16. What challenges have customers and employees encountered in instituting customer relationship management at your bank?



ABBREVIATIONS

CRM – Customer Relationship Management

ERP – Enterprise Resource Planning

BPR – Business Process Re-engineering

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Table 4.15. Reasons why relationship management is relevant in the Ghanaian banking industry

	Frequency	Percent
No response	4	8.5
A vital tool for arousing public interest and confidence in banking	1	2.1
Ahead of competition	8	17.0
Brings banking to the door steps of customers	1	2.1
Compel banks to be competitive	1	2.1
Creates long term partnership with customers	3	6.4
Customers better manage their business through prompt financial advice	1	2.1
Customers feel appreciated	5	10.6
Customers have easy access to new products in the bank	2	4.3
Deals with customer complaint and concerns	2	4.3
Get to know customer needs	1	2.1
Help educate customers on bank products	1	2.1
Helps to upgrade banking generally	2	4.3
Increase customer confidence in the banking industry	1	2.1
Key to the banking industry	4	8.5
Maintain and attract customers	6	12.8
Make customers the focal point of banking	1	2.1
Maximize profit	1	2.1
Means of service delivery	1	2.1
Resolve employee-customer problems	1	2.1
Total	47	100.0

Source: By Author, June 2011

Table 4.17. Challenges customers and employees encountered in instituting customer

relationship management at your bank

	Frequency	Percent
No response	10	21.3
Accessibility to IT, internet etc	1	2.1
Adjusting to new ways of doing things	1	2.1
Cost of implementation	1	2.1
Cost of managing customers	8	17.0
Customers complain of too many visits from relationship managers	1	2.1
Customers have limited data	1	2.1
Customers see their relationship managers as the bank and this makes it difficult to transact business in their absence	2	4.3
Difficulty in adjusting to new policies	1	2.1
Difficulty in meeting customer expectation when it comes to loan facility	4	8.5
Inadequate training of relationship managers	4	8.5
Insufficient customer information	1	2.1
Issues relating to proper documents for transaction	1	2.1
Large number of customers	2	4.3
Meeting the needs of customers	1	2.1
Ratio of relationship managers to customers	1	2.1
Relationship managers are unable to satisfy their customers and this lead to loss of business	1	2.1
Staff going extra mile to ensure good will of the bank is kept and customers are satisfied	1	2.1
Takes time for customers to be conversant with bank processes	1	2.1
The feeling of being pressured to deliver on service promise	1	2.1
The swiftness to which transactions are done	1	2.1
Verbal abuse by some customers	1	2.1
Wrong or insufficient data provide by customers	1	2.1
Total	47	100.0

Source: By Author, June 2011