Customer Relationship Management: A Key to Organisational Survival and Customer Loyalty in Ghana's Banking Industry

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Abstract

Ghana's banking industry has witnessed stiff competition in the last decade thus accentuating the need for banks to consider various strategic options and programmes in order to survive and thrive. One of such programmes is Customer Relationship Management (CRM). The aim of this study is to assess the relationship between customer relationship management and customer loyalty using a case bank. Cross sectional research design was used to sample 20 staff and 50 customers. Data was collected from sampled respondents using a questionnaire. The Statistical Package for Social Sciences (SPSS) version 16 was used to analyse the data. The result indicates that the bank assigned relationship managers who take care of the individual customer's needs. Thus, there is indication of the practice of CRM at the bank and this was more evident in the area of feedback to customers. However, staff perception of the constructs of CRM practice was relatively more positive than customers given the respective mean scores of the measures. Thus, Banks may believe that they are practicing CRM when in actual fact customers are not recognizing it that much. A correlation analysis revealed that there is a strong positive relationship between CRM practice and customer loyalty. The study recommends that management of the bank should continue with the CRM practices and effectively communicate their CRM policy to customers to improve customer loyalty. In addition introduction of some loyalty programmes would enhance customer loyalty.

Keywords: customer relationship management, customer loyalty, bank, organisational survival, Ghana

1. Introduction

The banking industry has become one of the key pillars of Ghana's economy due to its significant contribution to the growth and development of the economy. Ghana's banking sector has witnessed significant changes over the past two decades due to liberalization of the financial services sector in 1988 and the successive transformation of the financial system through legal, financial and institutional reforms over time (Aryeetey, 2008). The sound economic and political climate prevailing in Ghana today has made Ghana's banking industry an attractive destination to the investors in the past decade. The annual Ghana Banking Survey (2011) conducted by Price Waterhouse Coopers gave an overly optimistic future outlook of Ghana's economy and the banking industry by concluding that the Ghanaian economy is growing and the banking industry will continue to experience profitable growth. The banking sector has witnessed steady expansion both in number and branch proliferation over the past two decades. Currently there are a good number of foreign banks in Ghana all of which are rolling out innovative products and using branch networking and automated services as their major strategy to enrich the customer experience. The survival and growth of respective individual banks have therefore come under intense threat due to the growing competition in the industry. Against this backdrop, banks are continually re-appraising their business strategies and evaluating various strategic options to ensure profitability and survival in a fiercely competitive arena.

The banking industry is highly competitive, with banks not only competing among each other; but also with non-banks and other financial institutions (Kaynak & Kucukemiroglu, 1992). At the same time, products and services are losing their emphasis as key differentiators in the banking industry due to the existence of brand parity. In this regard, the thrust for increasing adopting of relationship based approach to marketing is to stem the tide of customer defection and to increase customer loyalty and retention. Dick and Basu (1994) argued that in the current

era of hyper-competition, marketers are forced to be more concerned with customer retention and loyalty. According to Peppard (2000), many businesses realize the importance of CRM and its potential to help them achieve a competitive advantage. However, due to the growing competition, the ability of banks to stay ahead of the competition and achieve competitive advantage has become one of the critical challenges facing many banks in Ghana today. CRM has therefore emerged as a key business strategy employed by banks in their bid to hold on to their customers and increase customer loyalty and retention. This is because having loyal customers provides a solid basis for achieving business progress on a sustainable basis (Reichheld & Sasser, 1990; Kim & Cha,2002; Pullman & Gross,2004).

Kelvin and Yen (2002) explains that in recent times, there has been a shift in relationship literature from focusing on the benefits of long term relationships for companies to the benefits that accrue to customers. Today, customers are more value oriented in their consumption of services because they have alternative choices (Slater, 1997; Woodruff, 1997).   Consequently, it is becoming evident that companies fundamentally have had to change the way in which marketing is done, that is a fundamental shift from managing a market, to managing a specific customer (Bose, 2002). The success of firms in their CRM implementation then hinges largely on the quality of their interactions with their customers as 'distinct individual segments' and the extent to which the firm can effectively leverage the relationships to meet the dynamic needs of the individual customer.CRM therefore enables and promotes greater understanding and effective targeting for the efficient delivery of customer value-laden propositions.

It is significant to note that in a market based economy such as Ghana, consumers are becoming more and more sophisticated and their expectation of service quality is appreciably high. This phenomenon has given rise to the propensity of customers becoming more sensitive, less tolerant, less loyal and more conscious of their rights as customers. The challenge then is how to effectively leverage customer relationship management techniques to manage relationships and deliver the services more effectively and efficiently relative to competing offers. In a world of ever changing customer expectations, building cooperative and collaborative relationships with customers seems to be the most prudent way to keep track of customers changing expectations and appropriately meeting them (Sheth & Sisodia, 1995).

Bose (2002) affirms that as a result of the dynamic nature of the global environment and competition, firms cannot compete favourably with minor advantages and tricks that can easily be copied by competitors. The customer has therefore become the centrepiece of business strategy since the growth, profitability and survival of the business rest squarely on the customer's positive response to the firm's value proposition (Anabila, Narteh & Tweneboah-Koduah, 2012). Delivering customer value has therefore become a major weapon for attracting and retaining customers and has become one of the most significant success drivers of both manufacturing businesses and service providers. It is against this backdrop that this study is conducted to ascertain the role of customer relationship management as a major tool for achieving organizational survival and customer loyalty in the banking industry in Ghana.

Various studies have been conducted on the subject of CRM and customer loyalty in other countries but this study seeks to explore the role of CRM in achieving customer loyalty and organizational survival in the Ghanaian banking sector. The purpose of this study is to investigate the role of customer relationship management in enhancing customer loyalty in Ghana's banking industry using the case bank.

2. Literature Review

The development of customer relationships traces its historical roots back to the pre-industrial era much of which was due to direct interactions between producers of agricultural products and their consumers (Sheth & Parvatiyar (1995). According to Chen and Popovich (2003), CRM is not a concept that is really new but rather due to current developments and advances in information and enterprise software technology, it has assumed practical relevance and importance. Customer Relationship Management (CRM) has become one of the most dynamic technology topics of this present age of marketing evolution. Sheth and Parvatiyar (2001) have attributed the preponderance of CRM in recent times to the emergence of key drivers such as rapid technological advancements, the adoption of total quality management, the growth of the service sector, the existence of hyper-competition and empowerment of teams and individuals in organizational development process. CRM derives its roots from relationship marketing which has the objective of improving long term profitability of customers by drifting away from product-centric marketing to customer-centric marketing. Bose (2002) noted that CRM was invented because customers differ in their preferences and purchasing habits. According to him, if all customers were alike, there will be no need for CRM. Consequently, by understanding customer drivers and customer profitability, firms can better tailor their marketing offerings to maximise the overall value of their customer portfolio (Chen & Popovich,

2003). The attention CRM is currently receiving across businesses is due to the fact that the marketing environment of today is highly saturated and more competitive (Chou, Ding, & Unithan, 2003).

2.1 Relationship Marketing and CRM

In the academic community, relationship marketing and CRM are often used interchangeably (Parvatiyar & Sheth 2001; Pickton & Broderick 2005). However, CRM is more commonly used in the context of technology solutions and has been described as 'information enabled relationship marketing' (Ryals &Payne, 2001). Zablah et al (2004) suggest that CRM is a philosophically-related offspring to relationship marketing. It must be noted that, CRM derives its roots from relationship marketing which is aimed at improving long run profitability by shifting from transaction based marketing, with its emphasis on winning new customers, to customer retention through effective management of customer relationships (Christopher, Payen, & Ballantyne, 1991). Thus CRM is more complex and sophisticated application that mines customer data that has been drawn from all customer touch points, creating a single and comprehensive view of the customer while uncovering profiles of key customers and predicting their purchase patterns (Chen & Popovich, 2003).

According to Payne and Frow (2004), CRM builds on the philosophy of relationship marketing that aims to create, develop and enhance relationships with carefully targeted customers to maximise customer value, corporate profitability and thus shareholders value. The goal is to improve customers' experience of how they interact with the company, which hopefully will turn into more satisfaction, increased customer loyalty and a long-run increase in profitability. The technology dimension of CRM which has often been used as the main distinguishing feature between CRM and RM serves only as an enabler thus making the distinction between CRM and RM hazy, nebulous and imperceptible especially when the 'customer' is used in the strict sense as the final beneficiary of the firm's output. Equally noteworthy is the fact that RM in the strict sense of its effective contemporary practice cannot dispense with technology or technology solutions. This study therefore views CRM in its broader perspective of managing customer interactions as opposed to the narrow perspective of technology solution/application or a software package which have proved suicidal to many CRM programmes. Chen and Popovich (2003) assert that viewing a CRM programme merely as a technology solution is the bane of many CRM implementation strategies culminating in high failure rate in CRM implementation.

2.2 Information Technology (IT) and CRM

The role of IT is to help in redesigning business process and facilitating changes to work practices and establishing innovative methods to link a company with customers, suppliers and internal stakeholders. CRM applications take full advantage of technology innovations with their ability to collect and analyse data on customer patterns, interpret customer behaviour, develop predictive models, respond with timely and effective customised communications and deliver product and service value to individual customers (Chen & Popovich, 2003). By using technology to optimise interactions with customers, companies can create a 360 degree view of customers to learn from past interactions to optimize future ones (Eckerson & Watson, 2000).The role of communication in business has been demonstrated over the years to have positive effect on customer acquisition and retention (Schiffman & Kanuk, 2007; Anabila et.al., 2012). It helps in relationship development, increases trust, and provides the information and knowledge needed to undertake the cooperative and collaborative activities of relationship marketing. Additionally, communication is also essential to establish intra-company communication, particularly among all concerned individuals and corporate functions that directly play a role in managing the relationship with a specific customer or customer group. (Parvatiyar & Sheth 2001). It is in the area of communication that IT stakes its claims as a crucial success factor in CRM implementation. As observed by Anabila et.al. 2012, banks in Ghana have not succeeded in harnessing the full potential of technology for managing customer interactions in such a way as to maximise the overall value of customer interactions. They observed that it is not uncommon to find banks in Ghana still addressing their customers in a generic form such as 'Dear Valued Customer' instead of the specific names of the customers which demonstrates that the banks know and connect well with their customers.

2.3 Top Management Commitment and CRM

Top management commitment is an essential prerequisite for bringing innovation to bear on business practices and ensuring the efficient delivery of customer value. Top management commitment, however, goes beyond having a CEO given his or her approval to the CRM project (Chen & Popovich, 2003). Customer-centric management requires top management support and commitment to CRM throughout the entire CRM implementation since, momentum quickly dies down without it. Furthermore, top management should set the stage in CRM initiatives for leadership, strategic direction and alignment of vision and business goals (Herington & Peterson, 2000).   This view was reinforced in a META Group Report (1998) that singled out top management support and involvement as

a key success factor in CRM implementations (as reported in Chen &Popovich, 2003). A recent study by Anabila et al. (2012) noted that for CRM to succeed, top management must demonstrate genuine commitment and active involvement in relationship marketing issues.

As in most major change efforts, objections and disagreement among various functional departments are bound to come up in the process of business reengineering resulting from CRM implementation and this can best be resolved through direct intervention by top management, often resulting in changes to corporate culture. The META Group Report (1998) found that investing in CRM technology without a customer oriented cultural mindset is like throwing money into a black hole. Hence, when top management is keenly involved in relationship building efforts by way of galvanising and championing the entire process through effective supervision, shaping of values, and re-engineering customer-centric focus, the net effect is increased customer loyalty and retention. Dickie (1999) also warns against starting a CRM project if senior management does not fundamentally believe in re-engineering a customer-centric business model.

2.4 Other Perspectives on CRM

Kotler and Keller (2009) assert that CRM is the process of carefully managing detailed information about individual customers and all customer "touch points" to maximize customer loyalty. A customer touch point is any occasion on which a customer encounters the brand and product-from actual experience to personal or mass communications to casual observation. For a bank, the touch points include the counter (Point of Purchase), home visits (Direct Sales) telephone banking, the ATM, and electronic banking (Merkel, 2005).

Academics and practitioners are taking keen interest in professional adoptability of CRM since 1990s (Payne & Pennie 2005). CRM has been defined in many ways since the introduction of the concept. Payne and Frow (2005) argued that 'CRM is a strategic approach that is concerned with creating improved shareholder value through the development of appropriate relationships with key customers and customer segments. CRM unites the potential of relationship marketing strategies and 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 create value. This requires a cross-functional integration of processes, people, operations, and marketing capabilities that is enabled through information, technology, and applications' (Boulding, Staelin, Ehret & Johnston, 2005). Kotler and Keller (2009), assert that CRM enables companies to provide real-time customer service through the effective use of individual account information. According to them, maximizing customer value means cultivating long-term customer relationships to promote precision marketing.

At the peak of an ideal CRM strategy is the creation of superior mutual value for all the parties involved in the relationship. It is about creating a sustainable competitive advantage by being the best at understanding, communicating, delivering, and developing existing customer relationships in addition to creating and keeping new customers. So the concept of product life cycle is giving way to the concept of customer life cycle focusing on the development of products and services that anticipate the future needs of the existing customers and creating additional services that extend existing customer relationships beyond transactions. (Chothani et. al 2010).

Kotler, Saunders and Armstrong (2005) defined CRM as consisting of sophisticated software and analytical tools that integrate customer information from all sources, analyze it in depth, and apply the results to build stronger customer relationship. According to them, CRM integrates everything that a company's sales service and marketing teams know about individual customers to provide a 360- degree view of the customer relationship.

Goldenberg (2000) believes that CRM is not merely technology applications for marketing, sales and service but rather when it is successfully implemented, it enables the firm to have a cross-functional, customer-driven, technology integrated business process management strategy that maximise relationships. Chin, Ding and Unithan (2003) stated that due to many technological solutions available for CRM automation, it is widely misconstrued as a piece of technology. They however insist that in recent times many firms have realised the strategic importance of CRM, and as result, it is becoming a business value-effort rather than technology-centric effort.

2.5 CRM Implementation Strategy

Using information technology as an enabler, CRM strategy leverages key functional areas to maximize profitability of customer interaction (Chen & Popovich, 2003). It has been recognized that technological advancement and innovation, keen competitive marketing environment, coupled with the internet are the main drivers that promote one-to-one initiative. Even more promising are developments in the internet where sophisticated software allows marketers to address individuals by name and respond to enquiries with customer tailored solutions. Through CRM firms are able to understand the drivers of present and future customer

profitability which makes it possible to appropriately and proportionately allocate the firm's resources to all functional areas that affect customer relationship (Chou et al, 2003).

2.6 Benefits of CRM

According to Swift (2001), companies can gain many benefits from CRM implementation. He states that the benefits are commonly found in any of the following areas.

- Low cost of recruiting customer: the cost of recruiting or obtaining customer will decrease since there are savings to be made on marketing, mailing, contact, follow-up, fulfillment service and so on.

- There is no need to acquire so many customers to preserve a steady volume of business: the number of long term customer will increase and consequently the need for recruiting many new customers will decrease.

- Reduced cost of sales: The costs regarding selling are reduced owing to the fact that existing customers are usually more responsive. Additionally, with better knowledge of channels and distribution the relationship becomes more effective, as well as that cost from marketing campaign is reduced.

- Higher customer profitability: The customer profitability will get higher since the customer wallet-share increases; there are increases in up-selling, cross-selling and follow-up sales and more referral come with higher customer satisfaction among existing customers.

- Increased customer retention and loyalty: the customer retention increases since customers stay longer, buy more and buy more frequently. The customer does also often take initiatives which increase the bonding relationship and as a result the customer loyalty increases as well.

3. Customer Loyalty

The central challenge of marketing today is how to hold on to customers in the long term to provide competitive advantage and ensure organizational survival in the foreseeable future. One major impetus for the current interest in CRM has been the change in focus from customer acquisition to customer retention (Winer, 2001). Customer loyalty is defined as a deeply held commitment to re-buy or re-patronize a preferred product/service consistently in the future, thereby causing repetitive same-brand or same brand-set purchasing despite situational influences and marketing efforts having the potential to cause switching behaviour (Oliver, 1999). Therefore, customer loyalty is potentially an effective tool that banks can use to gain strategic advantage and survive in today's ever-increasing banking competition. Traditionally, the focus of marketing has been to attract new customers using the traditional marketing mix management model anchored on the four P's of product, price, promotion and place. Following the pioneering and monumental works by scholars such as (Reichheld & Sasser, 1990; Kim & Cha, 2002; Pullman & Gross,2004), customer loyalty has become a crucial exponent for measuring and predicting the likely long term success and survival of businesses. For example, in their empirical study, Reichheld and Sasser (1990) found that when a company retains just 5 percent more of its existing customers, profit potential increases by 25 percent to 125 percent. Similarly, Pullman and Gross (2004) argued that loyal customers are the key to success for many service organizations. Bowen and Shoemaker (1998) indicate that a small increase in loyal customers can result in a considerable increase in profitability. This makes customer loyalty a foundational cornerstone of modern business practices and a major spotlight of business strategy and organizational reengineering.

4. Methodology

The data for the study was sourced from staff and customers of five branches of a universal bank in Ghana which was selected purposively for the study. A multistage sampling technique was adopted to select the respondents for the study. First, Five branches of the bank were randomly selected out of 10 branches. Secondly 20 staff and 50 customers were also selected from the sampled branches of the case bank. Data collection was constrained by banks protocol. Officials were unwilling to freely release the necessary information and allow the team to interview their customers. The fear of appearing to be giving vital information to their competitors is responsible for this. This fear featured more prominently in their decision to release data and permission to interview their staff and customers. The data was however obtained through permission by bank officials based on the understanding that the bank remained anonymous.

Two sets of questionnaires were used for data collection. The questionnaires were developed for completion by the respondent staff of the bank and customers respectively. The questionnaires provided information on customer relationship management practice at the bank, the staff perception and customers' view on customer relationship management. The questionnaire used to collect data from the customers was made up of three sections. Section A dealt with demographic characteristics of respondents, Section B collected information on their perception of

customer relationship management while section C dealt with information on the respondents' loyalty to the bank. For the staff, the questionnaire comprises two sections. Section A dealt with questions on demographic characteristics while section B comprises question on customer loyalty and customer relationship management. This questionnaire comprises both close and open-ended questions. The close-ended questions were used for the purpose of ensuring uniformity and more effective comparison between responses given by the various respondents in each category. Such questions are easily coded and analysed. Conversely, the open-ended questions were unrestricted and allowed free responses in the respondents own words which gave greater depth of response. The rest of the questions were developed on a five point Likert scales ranging from 1(strongly disagree) to 5 (strongly agree).

Data was analysed using Statistical Package for Social Sciences (SPSS) version 16 software. Data analysis begins with Descriptive Statistics in order to calculate the means, standard deviations of all constructs and objective indicator. Finally, a correlation analysis was conducted on all variables in the study to assess the effect of CRM on customer loyalty.

5. Results and Discussion

5.1 Descriptive Statistics

Table 1 presents descriptive statistics of the respondents. According to the result, 52% of the respondents were males whiles 48% were females. Thirty-four percent (34%) of the respondents were between the ages of 26-35 years, 28% were between the ages of 36-45 years and 38% were above 46 years. The implication is that the bank has a lot of young people who may continue to do business with the bank for a long time if they are satisfied with the services of the bank.

The results also revealed that that most of the customers (46%) were first degree holders. This was followed by senior high school (SHS) graduates and HND holders representing 12% in both cases. Post graduate degree holders, diploma holders and professional qualification holders constituted 10% each of the customer respondents. The bank's customers have varied qualification indicating that the result of the study represents various levels of education.

Table 1. Background information on customers

Background information	Frequency	Percentage (%)
Gender Analysis of Staff		
Male	26	52
Female	24	48
Total	**50**	**100**
Ages of Staff		
26—35	17	34
36-45	14	28
46 and above	19	38
Total	**50**	**100**
Educational Level of Staff		
SHS	6	12
Diploma	5	10
HND	6	12
1ST Degree	23	46
Post Graduate	5	10
Professional	5	10
Total	**50**	**100**
Types of Account Held by Customers		
Personal Account	35	70
Business Account	15	30
Total	**50**	**100**
Years of Customer Doing Business with the Bank		
Less than a year	6	12
1-2	12	24
3-4	11	22
5-6	16	32
7 and Above	5	10
Total	**50**	**100**

Source: Field Data, 2012

With regard to the types of account held by customers, out of the 50 customers interviewed, 35 representing 70% were personal account holders whiles 15 representing 30% were business account holders. Majority of the bank's customers surveyed were personal account holders. Concerning the number of years customers have transacted business with the bank, the result shows that most of the customers (32%) have been with the bank for 5-6 years, 24% have been with the bank for 1-2 years, 22% have transacted business with the bank for 3-4 years, 12% have been with the bank for less than a year whiles 10% have been with the bank for 7 years and above.

5.2 CRM Practices Customers Perception

Table 2 presents the CRM practices of the Bank from customers' point of view. The results show that even though customers did not disagree with CRM practices of the bank, there is no significant evidence that the bank was effectively engaged in CRM practices. This is because, on a scale of 1-5, customers responses to all the CRM variables were approximately 3 which is an indication that they could not emphatically state whether the bank was effectively practicing CRM. From the table however, the most significance CRM practices undertaken by the bank is that the bank gives feedback to its customers and the least significant   practices is that bank's employees do not give customers individual attention.

Table 2. CRM practices and customers perception of the case bank

Variable	Mean	SD
I have a relationship manager who takes care of my banking needs	3.3000	1.11117
The bank's employees give customers individual attention	3.0400	0.80711
The bank has customers' best interest at heart	3.2400	0.62466
The bank gives me feedback and information on their services	3.3800	0.80534
Total	**3.240**	**0.83707**

Source: Field Data, 2012

5.3 Customer Loyalty

Table 3 presents customer experiences and loyalty with the bank. It can be observed from the results that there is some level of customer loyalty since some of the variables scored approximately 4 which represent 'agree'. The area where there was clearer evidence of customer loyalty was where customers said they would say positive things about the bank. The variable which customers least agreed with in terms of customer loyalty was the statement that they would not defect to any other bank. A total (weighted average) of the mean scores of 3.45 indicate that the bank's customers were loyal to the bank though not to very significant degree which calls for more effective management of relationships to enhance customer loyalty.

Table 3. Customer loyalty (descriptive statistics)

Statement	Mean	S.D
I am completely satisfied with the services delivered by my bank	3.5400	0.67643
I would like to remain a customer of the bank	3.5600	0.67491
I would like to recommend my bank to friends and people I know	3.4600	0.67643
I will say positive things about my bank to other people	3.6400	0.48487
I would like to keep close relationship with my bank	3.5400	0.50346
I will not defect to any other bank no matter what	2.9400	0.97750
Total	**3.4500**	**0.6656**

Source: Field Data, 2012

5.4 CRM Practices

From Table 4, there is clear evidence of CRM practice at the bank from staff point of view. This is because; all the variables scored at least 4 on a scale of $1 - 5$. The variable which shows the clearest evidence of CRM practice is the statement that the bank has relationship managers who attend to the need of customers. This statement had a

mean score of 4.2941 and the variable with the least mean score was the statement that CRM helps the bank to meet all needs of customers. This result clearly shows that the bank believed that its customers were loyal to the bank.

Table 4. Staff perception of CRM practices by the bank

Statement	Mean	S.D
The bank has a policy on CRM	4.1176	0.60025
The bank has relationship managers	4.2941	0.46967
The bank uses CRM to increase the number of customer we have	4.1176	0.33211
The bank deployed CRM to help manage the relationship with our existing customers	4.1176	0.60025
The bank has personal relationship with each customer of the bank	4.1176	0.33211
Top management supports CRM programme of the bank	4.2353	0.43724
CRM helps us to meet our customer needs adequately	4.0000	0.70711
Total	**4.1428**	**0.49696**

Source: Field Data, 2012

5.5 Staff Perception on the Outcome of CRM Practices

Table 5 displays the outcome of CRM practices of the bank from the staff point of view. On whether the bank's survival and growth as well as customers loyalty could be attributed to the bank's practice of CRM, the staff believed that the bank's CRM practices has contributed significantly (4.3529) to the growth of the bank. However on the loyalty of the customers, the bank's staff agreed (4.1176) that customers continue to transact business with the bank because of the bank's CRM practices but with regards to the loyalty of the customers, the staff were very sure about that (mean score of 3.4118). The result therefore agrees with the customers' assertion that they were not fully sure about their loyalty to the bank.

Table 5. Staff perception on the outcome of CRM programme of the bank

Statement	Mean	S.D
CRM practice has helped the growth of the bank	4.3529	0.49259
Customers continue to transact business with the bank because of our CRM policy	4.1176	0.33211
Our customers are loyal to my bank	3.4118	1.00367
CRM contributes significantly to the performance of the bank	3.8824	0.92752
Total	**3.9412**	**0.68897**

Source: Field Data, 2012

5.6 Relationship between CRM and Customer Loyalty

To ascertain the relationship between CRM and customer loyalty the study used correlation analysis to establish the relationship. Table 6, presents the relationship between CRM and customer loyalty. The result shows that there is a moderately strong positive relationship between CRM and customer loyalty which implies that effective CRM practices would lead to customer loyalty.

Table 6. Correlations between CRM practice and customer loyalty

Factors	Correlation tests	Customer loyalty to the Bank
CRM Practice	Pearson Correlation	0.537[*]
	Sig. (2-tailed)	0.026
	N	17

* Correlation is significant at the 0.05 level (2-tailed).

Source: Field Data, 2012

The result of the analysis also indicates that there is a relationship between CRM practice and customer loyalty since the P-value of 0.026 is less than the level of significance of 0.05.

6. Discussions

There are so many elements that constitute CRM practices but among the variables used for this study, the most significant elements that constitute CRM practice in the banking industry includes having CRM policy, appointing relationship managers, having top management to support the CRM programme and giving feedback to customers. This is because these were the variables that were significant in both customer and staff data.

The most significant variable of CRM practiced by the bank according to the customers was the fact that the bank gives feedback to its customers followed by an agreement that the bank has relationship managers who take care of the customers' needs. On the issue of their loyalty to the bank, customer responses suggest that they were loyal to the bank even though they did not strongly agree with some of the variables of customer loyalty.

There was evidence of CRM practice in the case bank however; it was obvious that the implementation was not effective because customers did not strongly agree to most of the variables which constitute effective CRM practice. The customer responses could be attributed to improper communication of the CRM programme to customers. Proper implementation of the CRM programme is important because Hollensen (2003) noted that both parties in the customer/firm relationship can benefit from customer retention through CRM.

The bank staff clearly demonstrated that CRM practice leads to customer loyalty through their responses. According to Roh *et al*. (2005), companies that implement CRM make better relationships with their customers, achieve customer loyalty resulting in substantial payback, increased revenue and reduced cost. In this regard, the staff data indicate that the bank has achieved growth and some customers continue to transact business with the bank because of their CRM policies.

The relationship between CRM and customer loyalty was positive. This is explained by the correlation analysis which showed a strong positive correlation between CRM and customer loyalty. Beerli, Martin, and Quintana (2004) state that today most banks offer the same type of products and the core product is not the attribute that makes the customer loyal rather CRM programmes and the manner in which they are implemented. Thus if banks want to improve the loyalty of their customers, they must improve the CRM practices of their banks.

7. Conclusion and Managerial Implementation

The purpose of this research is to investigate the relationship between customer relationship management and customer loyalty as a customer retention strategy in Ghana's banking industry. From the findings, the following conclusions are drawn. The case bank engages in customer relationship management practice. This conclusion is based on both customers' and staff's responses. There is a slight disconnect between staff perception of CRM practices and that of customers. While staff perception of CRM practices was relatively higher with a mean score of 4.1 that of the customers was 3.4 which is above average. Banks may think that they are practicing CRM when in actual fact customers are not recognizing it to the same extent. Customer relationship management leads to customer loyalty. This conclusion is based on the result of the correlation analysis which established a positive and significant relationship between CRM and customer loyalty.

The study, recommends the following measures that will enhance CRM practices in the case Bank in order to achieve customer loyalty as the basis of organizational survival and growth. The management of the bank must communicate its CRM policy very well to customers. In addition the introduction of some loyalty programmes the provision of concessionary rates to reward loyalty would help bolster customer loyalty.

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