

**THE IMPACT OF CUSTOMER RELATIONSHIP MANAGEMENT ON
CUSTOMER RETENTION: COMPARATIVE STUDY BETWEEN STATE
AND PRIVATE BANKS IN ANURADHAPURA**



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ABSTRACT

In the twenty first century, every organization are operating in a very competitive environment and banking sector's environment is also very competitive. In this situation, it is very important to build customer-based transactions and activities for the purpose of build good relationships with customers. This study is investigated the impact of Customer Relationship Management (CRM) on Customer Retention (CR). Therefore the main aim of this study was to analyse the impact of Customer Relationship Management on Customer Retention, analyse the level of Customer Relationship Management, Customer Retention and Customer Satisfaction. The mediation effect of Customer Satisfaction on Customer Retention in selected state and private commercial banks is analysed.

Structured questionnaire was used as the method of data collection and selected 400 licensed commercial banks' customers (Bank of Ceylon, People's Bank, Commercial Bank and Seylan Bank) in Anuradhapura as the sample of this study. Convenience sampling method used to make the sampling frame and quantitative research approach used for this study. The data were analysed using descriptive statistics, correlation and regression analysis.

The result indicates that Customer Relationship Management, Customer Satisfaction and Customer Retention are in high level in both state and private commercial banks and there is a strong positive relationship among all variables. There is a high positive impact of Customer Relationship Management on Customer Retention in both sectors. And also results indicated that there is a partial mediation effect of Customer Satisfaction towards Customer Retention in both state and private banks.

This study supposed that the suitable usage of CRM will increases the number of customer satisfaction or make long term healthy relations with the current or potential customers through managing information or improve the performance of banking activities that assist customer retention.

Keywords: Customer relationship Management, Customer Retention, Customer Satisfaction, State commercial banks, Private commercial banks.

TABLE OF CONTENTS

ACKNOWLEDGEMENT	i
ABSTRACT	ii
TABLE OF CONTENTS.....	iii
LIST OF TABLES	viii
LIST OF FIGURES	xi
ABBREVIATION	xii
CHAPTER-01	1
INTRODUCTION	1
1.1 Background of the study.....	1
1.2 Problem Statement/ Research Gap.....	2
1.3 Research Questions	4
1.4 Research Objectives	4
1.5 Significance of the study	5
1.6 Scope of the study	5
1.7 Chapter Organization	6
1.8 Chapter Summary.....	6
2.1 Introduction.....	7
2.2 Concept of Customer Relationship Management (CRM)	7
2.2.1 Definitions of CRM	8
2.2.2 Customer relationship management in banking sector	9
2.2.3 The most important concepts of CRM.....	10
2.2.4 Physical Environment (PE)	11
2.2.5 Behaviour of the employees (BE).....	11
2.2.6 Trust (T)	12
2.2.7 CRM Technology (CRMT)	12

2.3 Customer Satisfaction (CS)	12
2.3.1 Quality of service (QS)	13
2.4 Customer Retention (CR)	13
2.5 Hypothesis testing of the study	14
2.5.1 Customer Relationship Management and Customer Retention	14
2.5.2 Customer Relationship Management and Customer Satisfaction	14
2.5.3 Customer Satisfaction and Customer Retention.....	14
2.5.4 Mediation role of Customer Satisfaction in the relationship between Customer relationship Management and Customer Retention	15
2.6 Chapter summary	16
CHAPTER -03	17
CONCEPTUALIZATION AND OPERATIONALIZATION	17
3.1 Introduction.....	17
3.2 Conceptual Framework	17
3.3 Definitions of variables	18
3.3.1 Customer relationship management.....	18
3.3.2 Customer relationship management dimensions	19
3.3.3 Customer satisfaction.....	20
3.3.4. Customer satisfaction dimensions	20
3.3.5. Customer retention.....	20
3.4 Operationalization.....	20
3.4.1 Operationalization for CRM.....	21
3.4.2. Operationalization for Customer satisfaction.....	22
3.4.3 Operationalization for Customer Retention	22
3.5 Theories Supporting Conceptual Framework	22
3.5.1. Relationship Marketing (RM)	23
3.5.2. Models of CRM.....	23

3.6 Chapter summary	25
CHAPTER-04	26
RESEARCH METHODOLOGY	26
4.1 Introduction.....	26
4.2 Research Philosophy	26
4.3 Research Approach	27
4.4 Research Strategy.....	27
4.4.1 Survey	28
4.5 Methodological Choice	28
4.6 Time Horizon.....	28
4.7 Research Site/ Area Selection.....	29
4.9 Sampling Technique/ Method.....	30
4.10 Sampling Framework and Sample size	30
4.11 Method of Data Collection and Source	31
4.11.1 Primary Data.....	31
4.11.2 Secondary Data.....	31
4.12 Research Instrument	31
4.13 Source of Measurement.....	32
4.13.1 Method of measured the personal information.....	32
4.13.2 Method of Measuring the Research Information.....	33
4.14 The Pilot Study.....	33
4.15 Validity and Reliability of Instruments	34
4.16 Unit of Data Analysis	35
4.17 Method of Data Analysis	35
4.18 Method of Data Evaluation.....	35
4.18.1 Method of Data Evaluation for first objective.....	35
4.18.2 Method of Data Evaluation for Second Objective.....	37

4.18.3 Method of Data Evaluation for Third Objective	38
4.19 Data Presentation	39
4.20. Ethical Considerations	40
4.21 Chapter Summary	40
CHAPTER-05	41
DATA PRESENTATION AND ANALYSIS	41
5.1 Introduction.....	41
5.2 Analysis of Reliability	41
5.3 Data Presentation	42
5.3.1 Data Presentation and Analysis of Personal Information	42
5.3.2 Data Presentation and Analysis of Research Information	46
5.3.3 Testing Hypotheses.....	64
5.4 Chapter Summary.....	69
CHAPTER -06	70
DISCUSSION	70
6.1 Introduction.....	70
6.2 Discussion of Personal Information	70
6.2.1 Gender	70
6.2.2 Age.....	70
6.2.3. Educational Level	70
6.2.4. Occupation.....	71
6.2.5 Years of dealing with the Bank	71
6.2.6 The Bank of Customer Dealing	71
6.3 Discussion of Research Information	71
6.3.1 Discussion for Objective One.....	71
6.3.2. Discussion for Objective 2	73
6.3.3. Discussion for Objective 3	75

6.3.4 Discussion of Hypotheses Testing	77
6.4 Chapter Summary.....	77
CHAPTER- 07	79
CONCLUSIONS AND RECOMMENDATIONS.....	79
7.1 Introduction.....	79
7.2 Conclusions.....	79
7.2.1 First Objective of the Study	79
7.2.2 Second Objective of the Study	80
7.2.3 Third Objective of the Study	80
7.3 Contribution of the Study	81
7.4 Recommendations	81
7.5 Limitations of the Study	82
7.6 Directions for Future Study	82
List of References.....	84
APPENDIX.....	98