

**YANGON UNIVERSITY OF ECONOMICS
DEPARTMENT OF MANAGEMENT STUDIES
MBA PROGRAMME**

**THE EFFECT OF CUSTOMER RELATIONSHIP
MANAGEMENT PRACTICES ON CUSTOMER
SATISFACTION AND LOYALTY IN
MYANMAR CITIZENS BANK LIMITED**

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EMBA II - 29

EMBA 17th BATCH

MARCH, 2022

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ACADEMIC YEAR (2018-2022)

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A thesis submitted to the Board of Examiners in partial fulfilment of the requirements for the degree of Master of Business Administration (MBA)

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ACCEPTANCE

This is to certify that the thesis prepared by Ei Thinza Kyaw, entitled “**The Effect of Customer Relationship Management Practices on Customer Satisfaction and Loyalty in Myanmar Citizens Bank Limited**” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

Board of Examiners

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ABSTRACT

The study aims to examine the practices of Customer Relationship Management (CRM) and to analyze the effect of CRM practices on customer satisfaction and customer loyalty in Myanmar Citizens Bank. In this study, both primary and secondary data are used. The descriptive and analytical research method is mainly used. Primary data are collected by interviewing 125 customers of Myanmar Citizens Bank in Yangon by using the structured questionnaire. To analyze the data, the descriptive statistics and regression analysis are applied. The study found that among CRM practices, conflict handling, competence, and trust-building are significantly and positively effects on customer satisfaction. Concerning customer loyalty, conflict handling, commitment, competence, and trust-building are significantly and positively effects on customer loyalty. On the other hand, communication has negatively and significantly effect on customer loyalty. Moreover, customer satisfaction is significantly and positively effect on customer loyalty. According to the results, MCB bank should more focus on conflict handling, competence, and trust-building to get better customer satisfaction and customer loyalty. Furthermore, MCB bank should try to modify the communication strategy to retain customer loyalty.

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CHAPTER 1

INTRODUCTION

Customer relationship management (CRM) can be defined as an activity to organize and develop full knowledge about customer behavior and preferences which can initiate activities and strategies encouraging customers to build a relationship with their business partners (Parvatiyar & Sheth, 2001). Businesses can result in better loyalty and customer satisfaction by building up a relationship using CRM with their customers. So, CRM can also be defined as a management strategy that helps a business organization to increase profits because customer loyalty and satisfaction are qualities that affect a company's revenue. Therefore, studying the connection between customer relationship management, customer satisfaction, and customer loyalty is valuable.

Customer loyalty got higher attention in both marketing and management theories and practices used in different industries including the financial industry because most management believed that customer loyalty is helping to prevent customers from switching (Ruyter & Bloemer, 1999) and customer loyalty is a kind of deeply held commitment to repurchase a preferred product or service properly in the future. In the highly competitive market, customer satisfaction is considered one of the most important indicators to evaluate the outcomes of marketing activities because customer satisfaction can help organizations to get more market share, to expand the market, and to get more profitability (Kandampully & Suhartanto, 2000). According to Cronin and Taylor (1992), customer satisfaction has a significant impact on purchase intention in service sectors including banks. Moreover, the satisfaction level of customers can be increased with the support of customer relationship management (CRM). Thus, there seems a positive relationship between customer loyalty and customer satisfaction.

With the development of banking sector, banks have to invest great efforts to create and develop value-added products and services. One of the ways is to develop and maintain a long-term relationship with their respective customers because it can provide greater value to their customers than the value provided by their products themselves (Zineldin, 2005). In terms of practices, many CRM practices can deliver better customer satisfaction and customer loyalty. Practices such as trust-building, commitment, communication, conflict handling, and competence, are mostly found and common in the banking industry because these are providing a value-added service to their customers.

The banking industry faced significant changes in the last two decades such as distribution changes (greater usage of ATMs, mobile and internet banking), reduction of transaction costs, increased speed of service, managing of customer-supplier relationship which is still a critical issue in the banking industry (Ndubisi, 2007). Besides such changes on the providers' side, important changes appeared also on the customers' side. Customers are more demanding and sometimes, they would like to perform activities handled solely by the banks before. Then, they are more knowledgeable and aware of available alternatives services and products (Heinonen, 2014).

According to the changes in customers' behavior and their needs, it becomes important for the banks to gain and maintain market competitiveness and the banks are going to invest a lot of financial, technological, and human resources in customer relationship management (CRM) (Jugovic, Petrovic & Stankovic, 2015). The relationship must be beneficial for both the banks and the customers in a long term (Dimitriadis, 2011). Productivity and quality of banking services are going to be improved based on the progress of the relationship between banks and customers (Brige, 2006), which can help to build better customer satisfaction and customer loyalty.

Myanmar Citizens Bank has been listed on Yangon Stock Exchange since 2016 and it is a firstly listed bank in Myanmar. It was founded in 1991 and it has been in the market for over 20 years. Myanmar Citizens Bank has 47 branches in terms of nationwide and nearly half of them are from Yangon Region. MCB provides domestic banking services and international banking services. Its customers are using various kind of banking services. This study focuses on the effect of customer relationship management practices on customer satisfaction and loyalty.

1.1 Rationale of the Study

Customer satisfaction can impact an organization's profitability positively because if more customers are satisfied with offered products or services there are more chances to be successful for the organization. Therefore, customer satisfaction can lead to repeat purchases and brand loyalty (Zairi, 2000). The satisfaction level of customers can be increased with the support of customer relationship management (CRM). Consequently, customer loyalty can be seen as a promise made by the customers to purchase or use the products or services provided by the banks. Moreover, loyal customers are going to become the important assets of organizations. If there are no loyal customers, it would be

difficult to survive in the market and then get profitable growth in the future. Therefore, these are the points that become the reasons for doing this kind of research to understand customer satisfaction and loyalty through the bank's CRM practices.

Besides, if there are more loyal customers, it is sure that there will be more customers who are going to use more than one product or service (Uncles, Dowling & Hammond, 2003). Additionally, to be loyal, the banks must try for their customers to be satisfied with their products or services because if the customers are not satisfied, then find other alternatives to substitute, and it will become difficult to be loyal. Therefore, this is a critical task for a bank to understand the daily practices which can lead to better customer satisfaction and customer loyalty and to evaluate the practices from the points of customers' views.

Based on the reports published by the Central Bank of Myanmar, there are 4 state-owned banks, 27 domestic private banks, and then 13 foreign bank branches doing banking business in Myanmar currently. It is noticed that most of the banks are private banks. Among these banks, Myanmar Citizens Bank is unique because it is a public listed bank. Yangon Stock Exchange is started in 2016 and 7 public companies are listed. Among these listed companies, Myanmar Citizens Bank is one of them. As a stock-listed bank, it needs to take care of customers and at the same time, the shareholders. Therefore, the performance of MCB may have an impact on both of them. This is one of the reasons for choosing MCB over other private banks.

In recent years, with the change of CEO, MCB was doing a lot of activities regards with rebranding and more focusing on the customer relationship management. With the development of these activities, there are a lot of improvements and impacts, especially for customer satisfaction and customer loyalty. At the current time, the banking industry is very competitive, and difficult to maintain the customers. Thus, the role of customer satisfaction and customer loyalty becomes important. Therefore, it is important to understand how MCB tries to get more customer satisfaction and customer loyalty levels and this becomes one of the reasons for choosing this area to study.

There are many activities to get more awareness and retention from the customers. Among them, customer relationship management (CRM) is one important activity because the impact of CRM stands for both short term and long term. Then, the impact of CRM on customer satisfaction and customer loyalty is better than others. Although many banks in Myanmar are using CRM for their operations, there are only a few banks that

understand the outcomes of using CRM. For some banks, even though they have a CRM system, they cannot fully utilize it. Therefore, it is required to understand and research how CRM practices affect the satisfaction and loyalty of Myanmar Citizens Bank to be developed more. Then, this becomes the main reason why this study needed to be done for one of the public listed banks, Myanmar Citizens Bank.

1.2 Objectives of the Study

This study includes three main objectives as follows:

1. To examine the effect of customer relationship management practices on customer satisfaction in Myanmar Citizens Bank Limited.
2. To examine the effect of customer relationship management practices on customer loyalty in Myanmar Citizens Bank Limited.
3. To analyze the influence of customer satisfaction on customer loyalty in Myanmar Citizens Bank Limited.

1.3 Scope and Method of the Study

Myanmar Citizens Bank is one of the public listed banks in Myanmar and which has 47 branches and nearly half of them are from Yangon Region. However, in this study, the data is collected from the five different selected branches such as Bayint Naung, Pazundaung, Yay Kyaw, Sanchaung, and Kyeemyindaing in Yangon because, in terms of customer base, the size of customers in these banks are larger than the other branches of MCB Bank in Yangon. Then, another reason is that the number of transactions by each bank is higher than in other branches and therefore, different customers are using different products and services provided by MCB Bank. There are about (15,000) account holders in these five selected branches. Yamane's (1967) formula is used to calculate the sample size. A total of one hundred and twenty-five customers are randomly selected and interviewed by using a structured questionnaire to get more sufficient samples and to reduce the margin of error.

This study mainly uses a descriptive and analytical research method (linear regression model) and then focuses on quantitative data as the primary data. Moreover, the secondary data from the different sources including internal reports, documents published by Yangon Stock Exchange, the respective websites, the previous research papers, textbooks, and other related information resources, are used to understand more

about the current CRM practices in Myanmar Citizens Bank. Primary data are collected from 125 respondents who are the account holders of the selected branches in Myanmar Citizens Bank by applying structured questionnaires and a simple random sampling method to explore the effect of CRM practices on customer satisfaction and loyalty of Myanmar Citizens Bank in Yangon. The obtained data are analyzed using the analytical tool of the 5-Point Likert Scale.

1.4 Organization of the Study

This paper consists of five chapters. Chapter one is the introduction section which includes the rationale of the study, objectives of the study, scope and method of the study, and organization of the study. Chapter two presents the theoretical background on customer relationship management practices toward customer satisfaction and loyalty. Then this chapter includes the previous studies and the conceptual framework of the study. Chapter three describes the profile and customer relationship management practices of Myanmar Citizens Bank. Chapter four is the data analysis section to explore the customer satisfaction and loyalty developed based on the CRM practices used in Myanmar Citizens Bank. Chapter five is the conclusion part presenting the summary of the main findings, discussions, suggestions, recommendations, and the need for further research.

CHAPTER 2

THEORETICAL BACKGROUND

This chapter states the theoretical background on the topic of customer relationship management and then customer satisfaction and loyalty. Then, it also includes understanding the practices of customer relationship management such as trust-building, commitment, communication, conflict handling, and competence. The final part of this chapter is the conceptual framework of the study to cover the objectives of this study.

2.1 Customer Relationship Management (CRM)

There are many definitions available for customer relationship management (CRM) defined by the researchers. Some defined CRM as the strategy related to marketing while some defined it as the technology. At the same time, some defined CRM as a kind of information system (Thompson, 2004). Customer relationship management (CRM) is “the core business strategy that integrates internal processes and functions, and external networks, to create and deliver value to targeted customers at a profit. It is also grounded on high-quality customer data and enabled by IT” (Buttle, 2004). On the other hand, CRM can be defined as a process consisting of monitoring clients, collecting, and evaluating proper data, and then extracting the data to understand the interactions of clients (Kim & Park, 2010). Although there are different definitions depending on the scholars, customer relationship management is a customer-centric business model which has to be used enterprise-wide and which has to be built around the customers. Moreover, as several studies mentioned, retaining current customers is more cost-effective than acquiring new customers. Therefore, most organizations try to keep existing customers for life rather than one-time sales (Sheth & Parvatiyar, 1995). Then, as a customer-centric organization, the goals should be to increase revenue, promote customer satisfaction and loyalty, and at the same time, reduce the cost, and improve operations (Chen & Popovich, 2003).

CRM is a kind of business strategy that needs to deal with the selection and management of customers for the organizations to get more value and profits in the long term. Therefore, organizations use CRM to identify, persuade, satisfy and maintain a good relationship with not only existing but also potential customers. Regarding the types

of CRM, there are four main types, strategic CRM, operational CRM, analytical CRM, collaborative CRM (Triznova, Mařova, Dvoracek & Sadek, 2015), and analytical and operational CRM associated practices are to be more focused for this study.

(a) Strategic CRM

Strategy can be defined as comprehensive planning to apply resources to achieve their goals in the long term. Organizations used these resources together with high efforts for profitability. Therefore, strategies should be developed consistently for innovating and delivering the values to the customers, which also need to be better than the competitors (Buttle, 2009). Moreover, when CRM plays a role in the business strategy, it can reflect a long-term goal of the organization to create and deliver value to its customers (Plakoyiannaki & Tzokas, 2002).

Therefore, the core part of strategic CRM is based on how the business culture should be formed to become a customer-centric organization, which can help the organization gain a competitive advantage over others. Then by implementing this, the organization can invest in the organizational resources in a better way (Iriana & Buttle, 2006). Moreover, the critical aspect of CRM is the identification of the entire strategic process happening between the organization and its customers (Kale, 2004).

(b) Operational CRM

Operational CRM can be defined as a perspective on CRM focusing on major automation projects from front to back-office functions including marketing, selling, and customer service (Triznova, et al., 2015). Then, operational CRM automates most of the day-to-day business transactions under sales, marketing, and customer service through different customer touchpoints and channels. For example, sales force automation applies technology to manage and control the selling activities to maximize the sales performance and productivity by improving the speed and quality of information flow with the support of better internal communication from the sales force to the management. Therefore, the operational CRM could be considered an efficient method for cost-effectiveness as all transactions, processes, and procedures are consolidated with the help of the internal processes of the organization (Pass & Kuijlen, 2001).

The objective of operational CRM is the integration of different parts such as technology, processes, and people according to the expectations and perspectives of

customers. Besides, another objective of operational CRM is to improve the customer management processes to be efficient and effective by personalizing the relationship between customers and the organization and by improving the responses of the organization to customers' needs. Therefore, operational CRM is a way to satisfy the customers' needs in all interactions with the integration of business processes and technologies.

(c) Analytical CRM

The analytical CRM could be defined as “a bottom-up perspective, which focuses on the intelligence mining of customer data for strategic and tactical purposes” (Buttle, 2004). Therefore, the analytical CRM can enhance the organizational value and provide better customer service by using the customers' data generated by the tools used in the business operation. Besides, the analytical CRM includes various kinds of processes such as collecting, processing, analyzing, and interpreting customer-related data to complete its original goal to enhance the organizational value and customer services (Gefen & Ridings, 2002).

On the other hand, this information management process provides any support required in the strategic development process, and at the same time, it can help the value creation process, determine customer lifetime value, and develop new products and services. Because of these kinds of customer information, the organization can be easy to understand the customer behavior better, implement the transaction in the right way at a right time, and to be able to target its market effectively (Xu & Walton, 2005).

In summary, the analytical CRM has a high potential to increase customer satisfaction because it can easily identify customers who are loyal to the organization and are willing to repurchase the additional products and services of the organization. Furthermore, the analytical CRM can help the classification of customers, then the organization can develop customized selling approaches for its customers to enhance the sale volumes.

(d) Collaborative CRM

There are two kinds of interpretations for the collaborative CRM (Reinhold & Alt, 2008). The first definition is that the collaborative CRM is closely connected with and focused on communication between an organization and its direct customers. The second

definition is that collaborative CRM can help the organization and its marketing team to enable and develop customer relations and create value at a network level by sharing resources and capabilities (Ehret, 2004). Therefore, the organization can extend its capabilities in acquisition, retention, and development beyond what it can do and even they can connect to its customers directly. And then it also focuses on maintaining relations with partners to bring more profits to both parties.

Moreover, collaborative CRM can be seen as a specific function that develops and enables two-way communication between a company and its customers by using a different communication channel to get better quality customer interaction (Dyche, 2002). Then, data and information used in the collaborative CRM could be structured, unstructured, conversational, and transactional. Consequently, the collaborative CRM allows valuable information to be shared along the value chain of the organization.

2.2 Customer Relationship Management Practices

Even though there are different types of CRM as mentioned above, the objectives of using the CRM are the same for all types and the type of CRM cannot change the original purposes of using the CRM set by the organizations. Organizations use CRM practices to reduce costs and at the same time to increase profit by building a long-term relationship with their customers because the organizations believe that this can bring profits to them in the form of loyal customers (Kumar & Shah, 2004). Moreover, this can help to build a good reputation for the organization because of the cross-selling activities.

On the other hand, the CRM itself is a kind of data-related technology which helps the organization for higher profits and is a strategic approach that can bring value (Triznova et al, 2015). Therefore, for the organizations, it is important to take care and focus on how they practice their CRM because the way they apply the CRM can impact the improvement of customer service, cost reductions, better customer satisfaction, and loyalty. In this study, the following customer relationship management practices are discussed.

(a) Trust-Building

People including scholars accept that how trust is important. Trust-building is a source to develop interpersonal relationships in different kinds of settings (Lewis & Weigert, 1985). This happens because trust can control the way of interacting or

communicating with others (Berscheid, 1994). Therefore, trust becomes a more critical and central component especially when an organization faces uncertainties. For example, in the restructuring crisis of the 1990s, trust has been a central strategic asset for many organizations (Mishra, 1996). Then trust is also a critical component in building effective relationships in the working environment. Therefore, trust-building is important for the banking industry.

(b) Commitment

Multiple definitions of commitment are available in the literature. One of the commitments is behavioral commitment, also a kind of attributional commitment in the literature. Behaviors that are explicit, irrevocable, and volitional bind individuals to the behaviors, which lead to greater commitment. Therefore, if employees are becoming committed to a particular course of action (Salancik, 1977), this will be helpful for the organization to deliver better quality to their customers. Moreover, commitment can help to build a better relationship between the organization and its customers ultimately, and then customers are less likely to leave the organization.

(c) Communication

Communication is a kind of process to transmit information and common understanding from one person to another (Keyton, 2011). If there is no common understanding between two parties, this means that there is no communication (Cheney, 2011). The elements included in the communication process can determine the quality and success of communication and then if there is something wrong with any one of the elements, it can have a negative impact (Keyton, 2011).

Besides, communication can be defined as the glue that holds together a channel of distribution. In the banking industry, the role of communication is critical from both a managerial and a theoretical perspective because communication in all channels can encourage the level of commitment and loyalty (Mohr & Nevin, 1990).

(d) Conflict Handling

Conflict can be defined as a natural phenomenon affecting individual perceptions of a continuous process between two or more interrelated parties about inconsistent goals, ideas, values, behaviors, or emotions (Schneer & Chanin, 1987). Conflict handling can

lead to either constructive or destructive results and finding appropriate conflict management can be determined based on how the situational realities consider. Moreover, conflict handling can be defined as the ability to reduce the negative consequences that becomes conflicts (Dwyer, Schurr & Oh, 1987). Therefore, the level of conflict handling by the organization can determine the level of trust and loyalty of customers.

(e) Competence

A core competency can be seen as a key organizational resource that could be used to get a competitive advantage over others (Nadler & Tushman, 1999). Hamel and Prahalad (1994) mentioned core competence as a kind of learning in the organization to understand how to coordinate between the diverse skills and how to integrate multiple skills effectively. From the perspective of a resource-based theory, competency is coming from the internal resources of an organization if these resources are value-added, non-substitutable, and difficult for competitors to imitate (Foss & Knudsen, 1996).

2.3 Customer Satisfaction

Customer satisfaction could be defined as the level of how customers are satisfied driven by the overall evaluation of the total purchase and consumption experience with the goods or services over a specific time (Fornell, Johnson, Anderson, Cha & Bryant, 1996). Then, satisfaction is an emotional reaction based on the difference between what they received and what they expected regarding their goals and desires (Hansemark & Albinson, 2004). In the banking industry, expectations by customers are coming from how products and services are being provided by the banks.

Customer satisfaction could also be described as an attitude based on a purchase action or interaction between the customers and the products (Yi, 1990). Customer satisfaction also impacts an organization's profitability positively because if more customers are satisfied with offered products or services, there are more chances to be successful for the organization. Therefore, customer satisfaction can lead to repeat purchases and brand loyalty (Zairi, 2000).

In the organizations that focus on their customers, knowing the customers is an important condition for the new product developments. That kind of organization aims to deliver a high level of customer satisfaction by providing for the needs of customers. If customers are very satisfied with an organization, there is a high chance for them to stay

with that organization, which can drive revenue growth in the future. Besides, the cost of acquiring new customers is more than retaining the existing customers. Therefore, most organizations are trying to satisfy their customers to retain them and to persuade their products. Good customer satisfaction has a great impact on the profit of most business organizations. Therefore, organizations especially businesses, should care about the importance of customer satisfaction and develop a relevant and functional strategy to maintain and develop the level of customer satisfaction.

In terms of theory, customer relationship management (CRM) practices can affect customer satisfaction in three main ways. Firstly, CRM allows organizations to modify or upgrade their products or services to be aligned and relevant to every customer because customer satisfaction can be achieved when products or services by the organization can be customized to the preference of customers. Secondly, CRM helps organizations to solve and improve issues related to the products and services according to the customers' requests promptly and the available customers' information. Thirdly, CRM practices also help the organizations to control and manage the three different stages such as starting, continuing, and exiting. Therefore, it is required to build a customer relationship successfully (Mithas, Krishnan & Fornell, 2005).

Satisfaction can be seen as an attitude of a customer while loyalty can be described as the behavior of that customer. Therefore, customer satisfaction can be viewed as an evaluation of what the customers expected before they purchase and what they received after purchase. If there is a positive result from the evaluation, this will become a major reason to continue a relationship with the product and services from the organization and which can become an important tool to increase or maintain loyalty. If customers are satisfied, there will be more repurchases, do more word-of-mouth recommendations, and finally can become loyal customers (Chen & Wang 2009).

2.4 Customer Loyalty

Another important factor for an organization to be growth is customer loyalty because there is a direct relationship between loyalty and repeated business. Loyalty can be defined as a deeply held commitment to repurchase a product or service in the future even though there are situational influence or marketing efforts, which could persuade to switch or change (Kotler, 2000).

The value or benefits that customers received from the products or services they used, have some impact on their satisfaction and loyalty. If customers become loyal to the products or services, they will help the organization to be cost-effective because as they are quite familiar and have already known about the products and services from the organization, they can also be a source of information and then communicate about these to the potential customers. Finally, these potential customers can become loyal customers of the organization. As a result, customer loyalty is closely related to the company's survival and its growth in the future (Fornell, 1992).

Customer loyalty can drive customers to buy products or services from the same organizations continuously. As the level of competition increased, the important level of customer loyalty became critical. Therefore, the role of customer loyalty becomes more clear and more powerful to maintain the current customers and restrict their switching behavior. Moreover, the organization needs more effort to understand the needs of every customer who are not only current but also potential. Based on that, the organization can offer relevant and customized products or services to the customers to attach more and be loyal more.

Loyal customers are valuable assets for the organization because they would like to pay the premium price willingly for the products and services, and in turn, they recommend products and services to others, which can help the organization to get more market share without many efforts. They do not explore the alternatives actively or immediately even though there is out of stock or not available that they would like to purchase or use (Ganiyu, Uche & Elizabeth, 2012). Then, customer loyalty is the core for every business organization including banks because the business organizations can get profit and success by keeping the customers to be loyal. Therefore, there are a lot of good reasons for businesses to pursue customer loyalty as a strategic objective.

One of the ways to achieve customer loyalty is implementing the customer relationship management practices successfully because effective CRM is directly related to customer loyalty in a positive way. Furthermore, CRM can help organizations to build and maintain long-term relationships with their customers. Nowadays, it becomes more flexible to satisfy customers, and then customers can switch to products and services offered by other organizations easily when they are dissatisfied with the existing. Therefore, organizations try to offer high-quality customized products and services at a

very competitive price to the customers to promote and maintain customer loyalty with the support of CRM.

There are two critical factors impacting the link between customer satisfaction and customer loyalty. When customer satisfaction reaches a certain higher level, there will be an increase in customer loyalty significantly. On the other hand, when satisfaction decreases, the level of customer loyalty will also drop in the same way. Moreover, customer satisfaction is a key element for every organization which would like to increase customer loyalty and create a better business performance. Therefore, customer satisfaction and loyalty can be developed together as the long-term goal of business and then the role of satisfaction can indicate the growth of loyalty among the customers.

However, customer satisfaction cannot lead to loyalty automatically and it needs to be done step by step process. To become loyal, the customers must go through different steps such as awareness, exploration, commitment, and dissolution. Moreover, highly satisfied customers become more loyal to the products or services than others. In summary, there is a positive relationship between customer satisfaction and customer loyalty and then that customer loyalty can support the organization for the sales increase and profitability (Chi, 2005).

2.5 Empirical Studies of CRM Practices, Customer Satisfaction, and Customer Loyalty

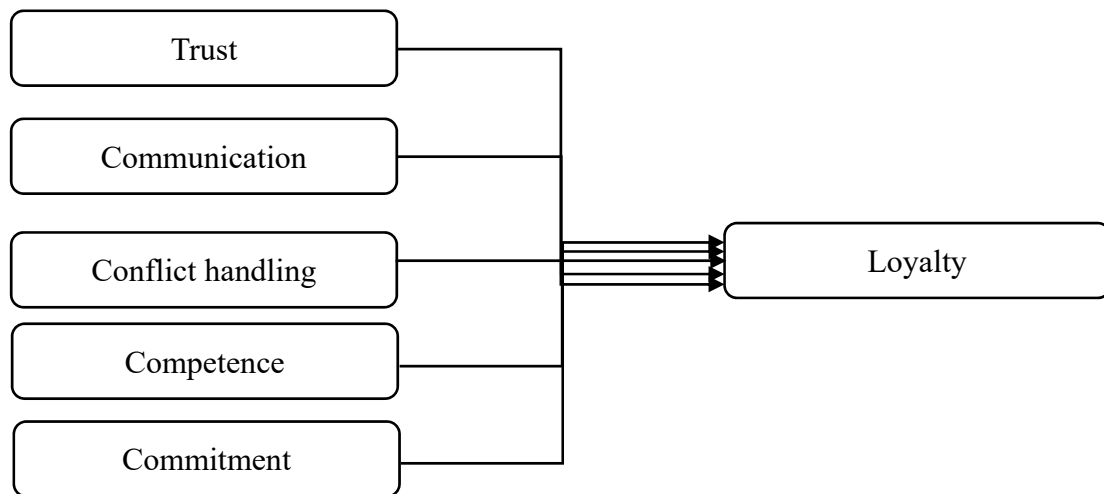
All studies on the impact of customer relationship management practices on customer satisfaction and loyalty have proved that building a relationship with customers is important to maintaining customer satisfaction and loyalty. The organizations that can build a good relationship with their customers and maintain their relationship are more successful in their customer satisfaction and loyalty than others. Therefore, most of the papers described that customer relationship is an important contributor for getting more customer satisfaction which can also help for better customer loyalty.

The conceptual model used in this study is based on some conceptual frameworks developed by previous scholars. The conceptual model of this study is adopted from two previous researchers' models which are closely related to the basic assumptions of this study.

In the first previous study by Seid (2017), the key components which are helping the organization to build a relationship with the customers are trust, commitment,

communication, conflict handling, and competence. Regarding these components, the greater the trust in the bank, the higher the level of the bank's commitment, the more reliable and timelier its communications and the more satisfactorily handles its conflicts, the more loyal its customers will tend to be. The researcher concluded that CRM effect dimensions namely trust, communication, conflict handling, commitment, and competence have a positive significant correlation with the dependent variable customer loyalty. Therefore, the model developed by Seid (2017) for this master's degree is used as the first model in this study.

Figure (2.1) Conceptual Framework of Seid

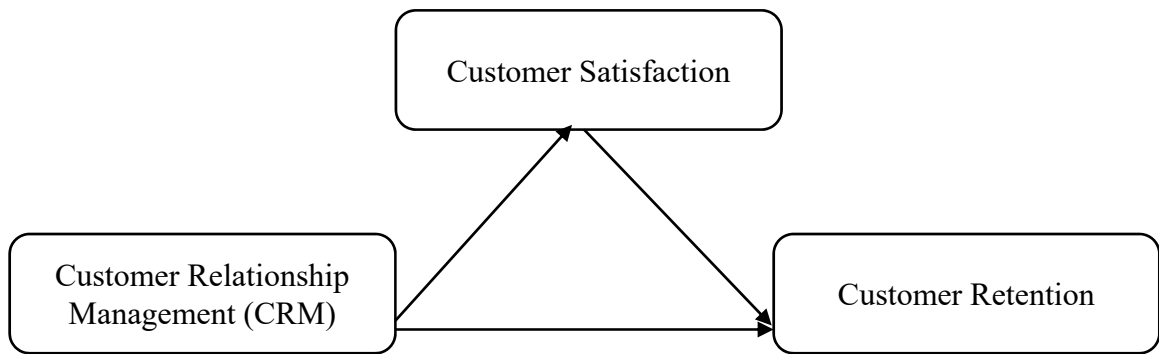


Source: Seid (2017)

Figure (2.1) presents that CRM practices can impact customer loyalty. Therefore, according to the objectives of this study, it is required to explore the relationship between customer relationship management practices and customer satisfaction. Moreover, either customer satisfaction or customer loyalty could be used as a tool to measure the efficiency of CRM practices in organizations.

In the second previous study by Boateng (2016), the evidence shows that CRM was positively and significantly related to customer satisfaction which in turn had a strong positive impact on customer retention. Therefore, the model developed by Boateng (2016) is the second model to complete the objectives of this study.

Figure (2.2) Conceptual Framework of Boateng



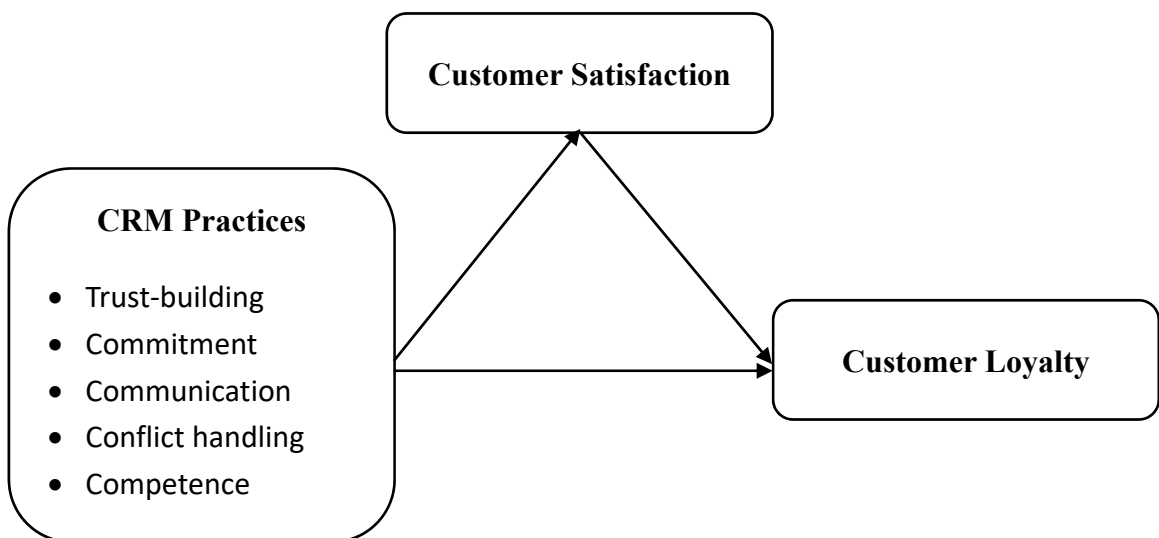
Source: Boateng (2016)

However, there is a limitation in the model described in figure (2.2) because, in the study, the researcher did not consider customer loyalty. In this study, customer loyalty needs to be considered according to the research objectives.

2.6 Conceptual Framework of the Study

This study intends to examine and identify the effects of CRM practices such as trust-building, commitment, competence, communication, and conflict handling on two factors such as customer satisfaction and customer loyalty of Myanmar Citizens Bank, and then to analyze the influence of customer satisfaction on customer loyalty.

Figure (2.3) Conceptual Framework of the Study



Source: Own Compilation (2020)

The conceptual framework of this study is shown in figure (2.3), which is adopted from Seid (2017) and Boateng (2016). Then in this conceptual framework, the independent variables such as trust-building, commitment, communication, conflict handling, and competence, and dependent variables such as customer satisfaction and loyalty, are used according to the research objectives. Moreover, in the previous conceptual frameworks, the influence of customer satisfaction over customer loyalty is not included even though there is an influence according to the theories. Therefore, based on the preceding discussion, the influence of customer satisfaction on customer loyalty is used as one of the hypotheses in this conceptual framework.

The model is constructed to study the effect of customer relationship management practices which includes trust-building, commitment, communication, conflict handling, and competence on customer satisfaction and customer loyalty. Then, the model specifies to analyze the influence of customer satisfaction on customer loyalty in Myanmar Citizens Bank Limited.

CHAPTER 3

PROFILE AND CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES OF MYANMAR CITIZENS BANK

This chapter, there will be two main parts: the first part states the profile of Myanmar Citizens Bank (MCB) including available services and the second part includes CRM practices of that bank. And then, the research design and demographic profile of the respondents are followed.

3.1 Profile of Myanmar Citizens Bank Ltd.

Myanmar Citizens Bank is founded in 1991 and then it has been in the market for over 20 years. In this section, there is a background history of Myanmar Citizens Bank together with its vision and missions, and available services. Moreover, this section will cover the current situation of MCB on the Yangon Stock Exchange (YSX).

MCB is a public bank established in 1991 and started the business on 2nd June 1992 at No. 383, Mahar Bandoola Road, Kyauktada Township, Yangon. The Authorized Capital of MCB at the time of establishment, in June 1992 was 1 billion Kyats. Now, Authorized capital is 75 billion Kyats, and paid-up capital is 52 billion kyats. Of 52 billion Kyats paid-up capital, the Ministry of Commerce has paid up 5.12 billion Kyats and the public paid up 46.88 billion kyats. MCB was granted the Foreign Exchange Authorized Dealer License by the Central Bank of Myanmar (CBM) on 17th August 2012 and became a member of the Society for Worldwide Inter Bank Financial Telecommunication (SWIFT) on 5th January 2013.

The vision of Myanmar Citizens Bank (MCB) is to build a strong, stable, and sustainable bank that is value creative to all our stakeholders by harnessing and contributing to the spirit of progress in Myanmar. In order to complete this vision, there are many mission statements. To complete the vision of MCB, there are seven mission statements. Among them, two mission statements are related to CRM. These are to support and develop a customer base in the Commercial, SME, HP, and Consumer segments and to build efficient and innovative technology to deliver to customers convenient and secure products and services.

MCB has established correspondent bank relationships and maintained Nostro accounts with different banks such as UOB, OCBC, DBS, ICBC, May Bank, Kasikorn

Bank, Siam Commercial Bank, Krung Thai Bank, etc. Then, there is also a relationship management application with 47 banks. By connecting with correspondent banks, MCB is currently providing foreign currency current account opening, export/ import settlements, cash disbursement, bank guarantee, account transfers, and foreign exchange market activities to the customers. MCB was granted the money changer license on 24th October 2011, and it opened money changer counters at Kyauktada Branch, Muse Branch, Mandalay Branch, and Dawpon Mini Branch. MCB has offered the acquiring services for Visa, and MasterCard since 2014 and issued a "Citizen Card", branded MasterCard. MCB has partnered with Money Gram, IME, Transfast, and Merchantrade to offer inbound money transfer services. MCB started its mobile payment services (663), to offer service to unbanked and rural areas, in July 2015. MCB was listed on Yangon Stock Exchange in August 2016.

Since Myanmar Citizens Bank (MCB) is opened in 1992, the Year 2017 is important because, in that year, the bank celebrated its 25th anniversary. At the same time, there are a lot of activities in branding, marketing, and branch expansion. In the Year 2017, MCB has taken a significant step in corporate revolution and transformation to reposition MCB in the banking industry and to get more customer awareness and industry recognition. As a part of this, MCB renovated its branches in line with the new branding strategy and at the same time, it expanded its branch network including new flagship branches. There are now 47 branches in total around the country.

In terms of digital transformation, MCB was taking a major step in 2018 by signing up the T24 Core Banking System by Temenos, which helps MCB to offer different products and services to compete with other players in the market. Moreover, with the support of a new core banking system, MCB gets a chance to introduce new financial products and digital banking products to their customers which helps MCB to become a progressively forward-looking bank to better align with the changes reshaping the banking industry.

3.2 Services Provided by Myanmar Citizens Bank

There are four different types of services as the core services, available in this bank such as loan and bank guarantees, hire purchase, domestic banking, and international banking. In this section, there is detailed information about services available in this bank together with other additional services.

The first type of service is loan related and includes loan services for both commercial and retail, and bank guarantees of MCB. Then, under this, loan products like overdraft loans, pledge loans, bridging loans for mini-grid, staff loans, and two-step loans (JICA, Japan) to SMEs, are also included. Then, MCB also provides the hire purchase (HP) service to its customers. The customers can take hire purchase services for the products such as equipment (including agricultural, rice mill, construction), motor cars, mobile phones, and various small and medium goods.

MCB also provides domestic banking services and international banking services. Deposit products like saving, current, fixed, and call deposits are included in the domestic banking services. Then, payment orders and internal remittances are also a part of domestic banking services. On the other hand, export and import services, international remittance and international money transfer services, foreign exchange market, and money changer services are included under international banking services. MCB is closely working with the service providers such as MoneyGram, IME, Transfast, Merchantrade, and Dollar Smart for international remittance and money transfer services. As additional services, MCB provides Citizens mobile money (Mobile payment services), MPU-ATM acquiring service, and meter bill service to the customers.

3.3 Customer Relationship Management Practices of Myanmar Citizens Bank

Today, banks are facing many challenges including balancing between deposits and loans, increasing customer demands, shrinking profit margins, and applying updated technologies. Then, MCB bank is becoming aware of the importance of customer relationship management (CRM) because CRM can help in acquiring new customers and maintaining the existing customers effectively.

Myanmar Citizens Bank applies customer relationship management practices such as trust-building, commitment, communication, conflict handling, and competence to maintain the level of customer satisfaction and loyalty.

(a) Trust-Building

MCB bank always keeps the financial information of the customers confidentially. IT system is strictly maintained with the strong procedure. The bank has been over 20 years in the market, faced and overcome the financial crisis in 2003. Moreover, MCB is a public listed bank and strongly organized with public shares. So,

trust-building between the bank and customers started in 1992 and carries on maintaining it.

(b) Commitment

The employees of MCB are well trained and understand the products and services in detail. So that the front-line employees and back offices of MCB provide the qualified services to the customers very well and serve the transactions within a short time conveniently and correctly. Moreover, MCB always keeps its promises about the products and services to the customers such as cash withdrawal, loan approval, remittance, and trade payment in a short period.

(c) Communication

Relationship managers and marketing managers from MCB develop the communication strategy to communicate with the customers to get more engagement with the bank and research the needs of customers, what they have done in the past and the current, and what they plan for the future. Based on the data and information collected, they in turn discuss with the department heads, predict the behaviors and preferences of customers in the future and produce the new products and services based on customers' needs. Moreover, they share the information with the employees, and then, the employees can respond so fast to the questions and inquiries of the customers, understand the customers' requirements clearly and provide the important messages timely.

(d) Conflict Handling

There is a training center at MCB which provides training for the employees to understand the products and services, respective roles, and responsibilities. The trainers always provide detailed information regards with different products and services of MCB. So that the employees can understand their limits and they know about their products and services well. Moreover, MCB can solve the conflicts of the customers through the customer service team because they understand how to handle the conflicts or problems that happened while using their products or services. Furthermore, there is a 24-hour call center at MCB. So, the customer service team at the center can solve the conflicts happened between the customers and the bank timely and successfully. This can also help the bank to gain the trust of its customers.

(e) Competence

The employees from MCB have the ability to carry out their duties with excellent performance. They have sufficient knowledge and skill regards with products and services. So they can communicate smoothly with the customers and explain confidently. Because of their abilities, they can overcome unexpected problems and challenges. As the employees are skillful, they can provide the services to the customers even though the requested services are out of their responsibilities.

Moreover, there is a technical support team that helps the bank to analyze the updated technology trend and to explore which location is the best for the bank to open its branches. If there is a requirement to upgrade the system or to find a new location for a branch, this team can report to the management, and then the management can decide based on their requirements.

Since MCB can apply the CRM system successfully and effectively, that can help the bank by delivering better customer service, doing cross-sell more effectively, and simplifying marketing and sales processes. Moreover, they can get more satisfaction and loyalty from their customers, maintain the existing customers, and be able to persuade the new customers to become real and long-term customers.

3.4 Research Design

The research design identifies the ways of data collection and data analysis, which includes how the data are collected by using the instruments and when the data is ready, how these data are analyzed to answer the research objectives. In this study, the research design, data analysis methods, statistical techniques, and data collection instruments are used to complete the objectives of this study. This study uses a quantitative research methodology, and descriptive and analytical research method to complete the research objectives.

There are over 15,000 customers for the selected (5) branches of Myanmar Citizens Bank. In this study, primary data are collected from 125 respondents who are the account holders of these selected branches. With Yamane's formula (1967), the sample size is calculated. Secondary data are collected from previous research studies, the respective websites, textbooks, and related journals and articles.

The questionnaire is used for the primary data collection, which is developed in both English and Burmese language. Then it is distributed to the customers who visited

the branches, who are randomly selected. There are four sections in the questionnaire. Section 1 includes the questions about the demographic factors of the respondent. Then, section 2 has five different sub-sections such as trust-building, commitment, communication, conflict handling, and competence to cover the CRM practices. Both section 3 and section 4 cover the topics regarding customer satisfaction and customer loyalty. All questions from section 2 to section 4, used a five-point Likert scale to measure, and therefore, the respondents must select a scale ranging from 1 to 5 corresponding to 'strongly disagree,' 'disagree,' 'neutral,' 'agree,' or 'strongly agree' respectively.

3.5 Reliability Test

The reliability test is conducted for ensuring the consistency of the measurement through different statements in the questionnaire. The qualitative pilot survey is carried out to identify and eliminate possible problems in the questionnaire. The reliability of all questions is assessed by the Cronbach's alpha value of greater than 0.70 indicates considerably high reliability. Moreover, this can help to understand the reliability and consistency of the research questionnaire most of them are used by the Likert scale.

Table (3.1) Reliability Test

Variable	Cronbach's Alpha	Number of items
Trust Building	0.784	4
Commitment	0.834	4
Communication	0.907	4
Conflict Handling	0.884	4
Competence	0.897	4
Customer Satisfaction	0.863	4
Customer Loyalty	0.883	4

Source: Survey data (2020)

Table (3.1) shows the reliability of the study and Cronbach's alpha value. Reliability is determined by Cronbach's alpha coefficient because this is the popular criterion to measure the reliability and determine the internal consistency of an instrument. Theoretically, the alpha value of Cronbach should be in the range between 0.0 and 1.0. An acceptable reliability score is 0.70 and higher. According to Table (3.1), the

outcome from the reliability test for each variable is higher than 0.70, so all variables of this questionnaire have accomplished consistency and stability.

3.6 Profile of the Respondents

To understand the respondents more, there is a section about the profile of respondents. In the profiling section, the topic such as gender, age, education qualification, occupation, the kind of services used at most, and the service lifetime. The following table, Table (3.2) mentioned the detailed information about the profile of the respondents.

Table (3.2) Profile of the Respondents

Description		No. of respondents	Percentage (%)
Gender	Male	20	16.0
	Female	105	84.0
Age	19 to 39 years	110	88.0
	40 to 59 years	15	12.0
Education qualification	Graduate	105	84.0
	Master	20	16.0
Occupation	Local company staff	95	76.0
	Foreign company staff	5	4.0
	Others	25	20.0
Banking services	Saving account	65	52.0
	Current account	25	20.0
	Debit card	10	8.0
	Remittance	5	4.0
	Trade	5	4.0
	Fixed account	15	12.0
Service lifetime	Under 1 year	20	16.0
	Within 1 to 5 years	50	40.0
	Within 6 to 10 years	50	40.0
	Over 10 years	5	4.0
Total		125	100.0

Source: Survey data (2020)

According to the data, there is a difference between male and female respondents and then the percentage of female respondents is 84%. It is larger than that of the male because in Myanmar, due to Myanmar's custom, the most female requires to manage the household income as part of their duties. Therefore, this is also reflected in the banking services because, among the banking services, saving has the largest percentage by 52% which is the largest among the available services. On the other hand, the percentage of respondents who are using remittance and trade is 4% which is the lowest portion.

The age distribution of respondents is skewed to the young age group and there are nearly 90% of the respondents are between 19 and 39 years old. Moreover, most organizations are using the banking system to pay the salary of their employees. However, the percentage of aged group 60 years and above is zero, meaning that most of the customers from this bank are lower than 60 years and this is important when producing new products and services. In terms of educational qualification, all the respondents are graduated and among them, 16% of the respondents did their further studies and got a master's degree. However, there are no respondents who get a doctorate. Then, this is also noticed that there are no respondents who are high-school level or diploma level.

According to the occupation, only 4% of respondents are working at foreign companies, which is the lowest percentage. Then, nearly 76% of the respondents are working as the local company staff because among the shareholders of this bank, some are the managing directors of some local companies. So, these companies are using the banking system of MCB to pay the salary of their employees. Regarding service lifetime, most of the respondents are long-term users of the products and services of MCB.

CHAPTER 4

ANALYSIS ON THE EFFECTS OF CUSTOMER RELATIONSHIP MANAGEMENT PRACTICES ON CUSTOMER SATISFACTION AND LOYALTY OF MYANMAR CITIZENS BANK LIMITED

This chapter presents the analysis of customer perception of CRM practices and how these CRM practices can impact customer satisfaction and customer loyalty. There are five parts to this chapter, the first part presents customer perception of CRM practices, and the second part describes the analytical findings of customer satisfaction and customer loyalty by the CRM practices of MCB. In the third and fourth parts, there is a regression analysis of the effect of CRM practices on both customer satisfaction and customer loyalty to MCB. The final part is to analyze the influence of customer satisfaction on customer loyalty.

4.1 Customer Perception of Practices of CRM

Practices of CRM such as trust-building, commitment, communication, conflict handling, and competence are important for the success of CRM and then, these practices also impact the level of customer satisfaction and loyalty.

(a) Trust -Building

Trust-building is one of the most important practices to develop CRM in the bank because trust level of customers can directly impact the relationship with the bank. If the trust level is high, the customers becomes happier to interact with the bank and then, they want to use the banking services more and more.

Table (4.1) Trust building

No.	Description	Mean	Standard deviation
1	Confidentiality of financial information	4.52	0.643
2	Checking all necessities to be secured	4.36	0.745
3	Trustable bank	4.44	0.640
4	Reliable bank	4.32	0.617
	Overall mean	4.41	

Source: Survey data (2020)

Table (4.1) describes customer perception of trust-building towards MCB. According to the highest overall mean score of 4.41, it is noticed that the practices done by MCB bank are to be able to increase trust-building. In terms of mean score, even the respondents agree on the statement “reliable bank”, there is still room to improve because the mean score for that statement is only 4.32 which is the lowest among others. The highest mean score is 4.52 by the statement “confidentiality of financial information”. Therefore, it can be said that customers acknowledge the trustworthiness of the bank, and trust-building between MCB and the customers seems to be successful.

(b) Commitment

Commitment is also important for the development and effectiveness of CRM because if there are high levels of commitment by the employees, their behaviors will be changed and try to respond positively to their customers as much as they can. Then, the customers are satisfied with the products and services provided by the bank and they become loyal customers of the bank.

Table (4.2) Commitment

No.	Description	Mean	Standard deviation
1	Qualified services are provided all the time.	3.92	0.894
2	Commitments to provide transactions in the convenient and correct manner	3.84	0.787
3	Keeping their promises	4.24	0.712
4	Care about the relationship with the bank	4.28	0.667
	Overall mean	4.07	

Source: Survey data (2020)

Customer perception of "commitment" towards MCB is described in table (4.2). According to the high overall mean score of 4.07, it is noticed that the customers agree on the practices which aimed to increase the commitment level of employees. The statement "care about the relationship with bank" got the highest mean score of 4.28, however, the lowest mean score is 3.84 for the statement "commitments to provide transactions with convenient and correct manner". It can be said that the front-line employees and back offices of MCB seem to try hard to provide the best services to the customers very well and give reasonable commitments about the products and services of the bank.

(c) Communication

Communication is a way of process to change the information and common understandings from one person to another. This is an important process. Whenever the customers cannot receive the information provided by the bank clearly and the bank cannot understand what the customers would like to request, there will be an information gap, which can lead to a negative impact.

Table (4.3) Communication

No.	Description	Mean	Standard deviation
1	Understanding the customers' requirements	3.96	0.827
2	Delivering a clear message to the customers	3.96	0.874
3	Messages are clear and understandable.	3.80	0.898
4	Clear communication and response	3.96	0.777
	Overall mean	3.92	

Source: Survey data (2020)

Table (4.3) describes customer perception of communication towards MCB. It is noticed that the customers agree on the practices aimed to increase the communication level between the bank and the customers because the overall mean score is 3.92. The lowest mean score is 3.80 for the statement "messages are clear and understandable" and the rest three statements got 3.96 which is the highest mean score for this section. It can be assumed that the bank understands the requirements of the customers, and then communicate well and provide the required information about products and services but there is still room to provide clear and important messages to the customers timely.

(d) Conflict Handling

The organization needs to handle the conflict effectively because if the organization cannot handle the conflict smoothly, there can be a negative impact on the organization and the processes. Therefore, the level of conflict handling by the organization can determine the level of trust and loyalty of business partners.

Table (4.4) Conflict Handling

No.	Description	Mean	Standard deviation
1	Sufficient prevention for potential conflicts.	3.88	0.768
2	Using different ways to solve conflicts	3.96	0.827
3	Solve the customers' problems with full energy	3.96	0.827
4	Active complaints solving	3.88	0.819
	Overall mean	3.92	

Source: Survey data (2020)

Table (4.4) describes customer perception of conflict handling towards MCB. According to the overall mean score of 3.92, the results prove that the practices and the ways used by MCB bank are to be able to overcome the complaints from the customers. The high score of the two statements “using different ways to solve conflicts” and “solve the customers' problems with full energy” is 3.96. Then, “active complaints solving” and “sufficient preventions for the potential conflicts” got 3.88. It is said that MCB tries hard to solve the problems and complaints of the customers with the best effort, uses different ways to overcome the conflicts effectively, and manages to minimize the negative effects.

(e) Competence

Competence is also important for business organizations. Core competence can help organizations to move forward. If the employees working in the organization have sufficient knowledge and skills about not only the services and products but also others, this will be an advantage for the organization. Then, the employees also have the skill to solve unexpected problems effectively and efficiently.

Table (4.5) Competence

No.	Description	Mean	Standard deviation
1	Sufficient knowledge and confidence of the staff	3.84	0.837
2	Abilities of staff to overcome the unexpected problems and challenges successfully	3.92	0.894
3	Convenient for the customers to visit	3.40	1.063
4	Provide all kinds of services even not on the list to the customers	3.92	0.938
	Overall mean	3.77	

Source: Survey data (2020)

Table (4.5) describes customer perception of competence towards MCB. According to the overall mean score of 3.77, the customers agree that the employees from this bank have the core competency. However, the statement “convenient for the customers to visit” got the lowest mean score by 3.40. On the other hand, the statements “abilities of staffs to overcome the unexpected problems and challenges” and “provide all kinds of services even not in the list to the customers” got the mean score of 3.92 which is the highest. It can be assumed that the bank can provide either services or infrastructure to compete with other local banks. The employees from the bank are skillful and communicate smoothly with the customers and overcome unexpected problems and challenges although customers are not satisfied with the locations of the bank.

Table (4.6) Overall Mean Scores of CRM practices

No.	Description	Mean
1	Trust-Building	4.41
2	Commitment	4.07
3	Communication	3.92
4	Conflict Handling	3.92
5	Competence	3.77

Source: Survey data (2020)

All these practices mentioned in Table (4.6) are important for the organization to deliver the best CRM experiences to their customers. Among CRM practices, competence is 3.77, communication and conflict handling are 3.92 respectively, which are lower than

the mean score of other practices. Regarding with trust-building and commitment, MCB got a high mean score which shows that the performance in these areas is more effective to the customers and then, the customers are aware of these practices.

4.2 Customer Satisfaction and Customer Loyalty

In the banking sector, there is high competition not only between the local banks but also with the international banks in Myanmar. Therefore, it is important to get more customer satisfaction and maintain the current satisfaction level because customer satisfaction can make the customers loyal to the organization. Therefore, the practices done by the bank to implement the CRM can impact customer satisfaction and then customer loyalty.

(a) Customer Satisfaction

To understand and explore more customer satisfaction because of the CRM practices of MCB, four structural questions are built and then data are collected randomly from 125 customers of the five different branches of MCB.

Table (4.7) Customer Satisfaction

No.	Description	Mean	Standard deviation
1	Fulfill the customers' expectations	3.80	0.898
2	Favorable bank	3.76	0.766
3	Satisfied with products and services of the bank	3.64	0.689
4	Level of satisfaction	3.92	0.747
	Overall mean	3.78	

Source: Survey data (2020)

According to Table (4.7), the overall mean score is 3.78. The highest score is 3.92 and which is from the statement "Level of satisfaction". However, the mean score of "Satisfied with products and services of the bank" is 3.64 which is the lowest. It is said that MCB evaluates CRM practices on regular basis and tries to modify them if required. Customers seem satisfied that there is sufficient performance of the CRM practices and then they agree positively on what they received or experienced.

(b) Customer Loyalty

To understand and explore more customer loyalty because of the CRM practices of MCB, four structural questions are built and then data are collected randomly from 125 customers of the five different branches of MCB.

Table (4.8) Customer Loyalty

No.	Description	Mean	Standard deviation
1	Being a loyal customer.	3.80	0.803
2	Always come to mind first	3.64	0.937
3	Recommend to others	3.84	0.837
4	Want to work whenever required	3.72	0.725
	Overall mean	3.75	

Source: Survey data (2020)

According to Table (4.8), the overall mean score is 3.75. The highest mean score is 3.84 because of the statement “Recommend to others” while the mean score of “Always come to my mind first” is 3.64 which is the lowest. It can be assumed that management and employees can reach their tasks with sufficient performance. Customers are satisfied with competent services and this can tend to be loyal.

4.3 Analysis on the Effect of Customer Relationship Management Practices on Customer Satisfaction

To understand and explore more the effect of CRM practices on customer satisfaction, the linear regression model is applied for the detailed analysis of data collected from 125 respondents. The outcomes of the linear regression model are in the following table, Table (4.9).

Table (4.9) Effect of CRM Practices on Customer Satisfaction

Variables	Unstandardized		Standardized	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.141	0.326	-	0.433	0.666
Trust Building	0.299 ***	0.080	0.235	3.751	0.000
Commitment	-0.028	0.089	-0.027	-0.314	0.754
Communication	-0.115	0.102	-0.131	-1.130	0.261
Conflict Handling	0.406 ***	0.108	0.432	3.768	0.000
Competence	0.343 ***	0.084	0.429	4.096	0.000
R Square	0.660				
Adjusted R Square	0.646				
F value	46.174 ***				

Source: Survey data (2020)

Note: *** Significant at 1% level; ** Significant at 5% level; * Significant at 10% level

According to the table (4.9), R^2 is 0.660 and adjusted R^2 is 0.646. This model explains very well that the variation in customer satisfaction is predicted by the measures of CRM practices towards trust-building, commitment, communication, conflict handling, and competence because the value of R^2 is 0.660. Moreover, the value of adjusted R^2 is 0.646 and this indicates that there is a 64.60 percent variance between the independent variable (CRM practices) and the dependent variable (customer satisfaction). The value of the F test, the overall significance of the model is highly significant at a 1 percent level. This specific model can be said valid.

According to the analysis, among all CRM practices, trust-building, conflict handling, and competence have a positive effect on customer satisfaction, but commitment and communication have no significant impact on customer satisfaction. Moreover, it is found that there is no significant difference between the practices like commitment and communication, and there is no correlation and association between the changes in the independent variables and the shifts in the dependent variable. Therefore, it is difficult to say whether the increase in these two CRM practices such as commitment and communication, can lead to an effect on the customer satisfaction of MCB, or not.

Regarding trust-building, conflict handling, and competence, the respondents of this study tend to have a positive perception of these CRM practices of MCB. And, these

variables have a positive sign and highly significant value at the 1 percent level. The positive relationship indicates that the increase in trust-building, conflict handling, and competence leads to the effect on customer satisfaction of MCB. The increase in variables such as trust-building, conflict handling, and competence by 1 unit will also raise the effect on customer satisfaction by 0.299, 0.406, and 0.343 units respectively. The standardized coefficient (Beta) of conflict handling has the largest value 0.432 among the five explanatory variables indicating that conflict handling has the greatest contribution to the effect on customer satisfaction.

4.4 Analysis on the Effect of Customer Relationship Management Practices on Customer Loyalty

Due to the high competition, it is more important to get more customer loyalty and then to maintain the current loyalty level because attracting new customers is more expensive than maintaining the current customers. To understand and explore more the effect of CRM practices on customer loyalty, the linear regression model is applied for the detailed analysis of data collected from 125 respondents. The outcomes of the linear regression analysis are presented in the following table, Table (4.10).

Table (4.10) Effect of CRM Practices on Customer Loyalty

Variables	Unstandardized		Standardized	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.176	0.374	-	-0.470	0.639
Trust Building	0.203 **	0.092	0.147	2.218	0.028
Commitment	0.319 ***	0.102	0.281	3.118	0.002
Communication	-0.231 **	0.117	-0.242	-1.965	0.052
Conflict Handling	0.407 ***	0.124	0.398	3.280	0.001
Competence	0.276 ***	0.096	0.317	2.867	0.005
R Square	0.620				
Adjusted R Square	0.604				
F value	38.795 ***				

Source: Survey data (2020)

Note: *** Significant at 1% level; ** Significant at 5% level; * Significant at 10% level

According to the table (4.10), R^2 is 0.620 and adjusted R^2 is 0.604. This model explains well that the variation of the customer loyalty is predicted by the measures of

CRM practices towards trust-building, commitment, communication, conflict handling, and competence because the value of R^2 is 0.620. The value of adjusted R^2 is 0.604 and this indicates that there is a 60.40% variance between the independent variable (CRM practices) and the dependent variable (customer loyalty). The value of the F test, the overall significance of the model, is highly significant at a 1 percent level. This specified model can be said valid.

Moreover, according to the analysis, among all these CRM practices, trust-building, commitment, conflict handling, and competence, have a positive effect on customer loyalty. On the other hand, the result shows that communication has a negative effect with a significant value of 5 percent on the dependent variable, customer loyalty. Therefore, it can be assumed that the increase in communication can lead to a negative effect on the customer loyalty of MCB. Whenever the customers cannot receive the information provided by the bank clearly and the bank cannot understand what the customers would like to request, there will be an information gap, which can lead to a negative impact on customer loyalty.

The respondents of this study tend to have a positive perception of the CRM practices such as trust-building, commitment, conflict handling, and competence of MCB. Among these CRM practices, commitment, conflict handling, and competence have a positive sign and highly significant value at a 1 percent level and trust-building also has a positive sign and significant value at a 5 percent level. The positive relationship indicates that the increase in commitment, conflict handling, competence, and trust-building lead to the effect on customer loyalty to MCB. The increase in variables such as commitment, conflict handling, competence, and trust-building by 1 unit will also raise the effect on customer loyalty by 0.319, 0.407, 0.276, and 0.203 units respectively. Moreover, the standardized coefficient (Beta) of conflict handling has the largest value of 0.398 among the five explanatory variables indicating that conflict handling has the greatest contribution to the effect on customer loyalty.

4.5 Analysis on the Influence of Customer Satisfaction on Customer Loyalty

Customer satisfaction is a metric used to quantify the degree how much customers are happy with a product, service, or experience. If the level of customer satisfaction is high, this can lead to an increase in the level of customer loyalty. To examine the

influence of customer satisfaction on customer loyalty, a regression analysis is undertaken, and the result is shown in Table (4.11).

Table (4.11) The Influence of Customer Satisfaction on Customer Loyalty

Variables	Unstandardized		Standardized	t	Sig.
	B	Std. Error	Beta		
(Constant)	0.604	0.242	-	2.493	0.014
Satisfaction	0.832 ***	0.063	0.765	13.167	0.000
R Square	0.585				
Adjusted R Square	0.582				
F value	173.375 ***				

Source: Survey data (2020)

Note: *** Significant at 1% level; ** Significant at 5% level; * Significant at 10% level

According to Table (4.11), R^2 is 0.585 and adjusted R^2 is 0.582. This model explains well that the variation in customer loyalty is predicted by the measure of customer satisfaction because the value of R^2 is 0.585. Moreover, the value of adjusted R^2 is 0.582 and this indicates that there is a 58.20% variance between the independent variable (customer satisfaction) and dependent variable (customer loyalty). The value of the F test, the overall significance of the model, is highly significant at a 1 percent level. This specified model can be said valid.

Therefore, the customer satisfaction variable has a positive sign and a highly significant coefficient value at a 1 percent level. The positive relationship indicates that the increase in customer satisfaction leads to the influence over customer loyalty of MCB. The increase in customer satisfaction by 1 unit will also raise the influence over customer loyalty by 0.832 units. Moreover, the standardized coefficient (Beta) of customer satisfaction has the value of 0.765 and it indicates that the influence of customer satisfaction has the contributes to the influence on customer loyalty.

CHAPTER 5

CONCLUSION

Based on the analysis from previous chapters, this chapter includes three sections. They are (1) findings and discussions, (2) suggestions and recommendations, and (3) the need for further study for the ones who would like to understand more about the customer relationship management practices of the bank and their effects on customer satisfaction and customer loyalty.

5.1 Findings and Discussions

The data provided by the customers of MCB has been studied to evaluate the customers' perception of CRM practices, their level of satisfaction, and loyalty towards the bank for the products and services. The objective of this study is to evaluate the effect of CRM practices on customer satisfaction and customer loyalty and then analyze the influence of customer satisfaction on customer loyalty. To complete the objective, the customers from five different branches in Yangon are targeted. All respondents actively participated in this study by answering the structural questionnaire. Then data are analyzed by using SPSS software.

The results highlight that among the customer relationship management practices, trust-building and commitment have high mean values and followed by communication, conflict handling, competence have also good mean values. According to it, customers agree that MCB is a trustable bank and it provides qualified services all the time. And then, it is found that MCB cares about the relationship with the customers and keeps the promises related to products and services. Moreover, it is also found that MCB communicates with the customers very well and understands the requirements of the customers. Furthermore, it can be said that the employees from the bank also try hard to solve the complaints with full energy and use different ways to work out the problems effectively. Regards with competence, customers agree that the employees are skillful and have the ability to overcome unexpected problems and challenges and provide all kinds of services conveniently.

The analysis of the effect of CRM practices on customer satisfaction and customer loyalty indicates that most CRM practices have a positive effect on customer satisfaction and customer loyalty. However, it also shows that not all practices have a positive

significant impact on either customer satisfaction or customer loyalty, it highly contributes to customer satisfaction and customer loyalty. The result shows that “conflict handling”, “competence” and “trust-building” have a positive significant impact on both customer satisfaction and customer loyalty and then it also highly contributes to customer satisfaction and customer loyalty.

Regards with conflict handling, the result indicates that the employees from MCB bank can work out the customers’ problems with full energy and use different ways to solve the conflicts. As the employees are well trained, so they can manage to minimize the negative and obvious consequences of potential conflicts. Moreover, MCB can solve conflict handling very well through the customer service team because they understand how to handle the conflicts and problems that happened while using the products and services.

In terms of trust-building, the study finds that MCB bank strictly maintained the customers’ financial and personal information with strong procedures. Therefore, the customers have a huge trust in this bank. So, the study reveals that trust-building between the customers and the bank is successful.

The result indicates that the employees from MCB can carry out their duties with excellent performance. They have sufficient knowledge and skill regards with products and services. So they can communicate smoothly with the customers and explain confidently. Because of their abilities, they can overcome unexpected problems and challenges. Employees are skillful so that they can provide the services to the customers even though the requested services are out of their responsibilities. It also finds that the technical support team can help the bank to analyze the updated technology trend and to explore which location is the best for the bank to open its branches.

In addition, there are two CRM practices, "commitment" and "communication" which have a significant impact on customer loyalty even though these two practices do not have a significant impact on customer satisfaction. In these two practices, "commitment" has a positive significant impact, and "communication" has a negative significant impact on customer loyalty.

According to the result, the employees of MCB are well trained and understand the products and services in detail. So that they can provide the qualified services to the customers very well and serve the transactions within a short time. MCB also keeps its

commitments about its products and services to the customers but there is still room in providing the transactions conveniently and correctly.

In terms of “communication”, the result indicates that the communication strategy of the bank is not much workable for the young and middle-aged customers. It seems the communication strategy is very limited because MCB mostly focused on word-of-mouth communication to persuade and get more awareness from the customers since they are established. As a result, "communication" has a negative impact on customer loyalty even though it has no impact on customer satisfaction.

According to the outcomes of data analysis, it can be concluded that the customer relationship management practices in MCB are successful and delivered positive results to its customers. The result indicates that even though not all CRM practices can contribute a positive effect on customer satisfaction and customer loyalty, there is still a positive effect on these. Furthermore, it can also be concluded that there is an influence of customer satisfaction on customer loyalty in the context of this study.

5.2 Suggestions and Recommendations

According to the findings of the study, relevant suggestions and recommendations are coming out for Myanmar Citizens Bank. With the rise of intense competition between the local banks and the foreign banks, customer relationship management plays a critical role for all banks. CRM practices are not dispensable for the banking and financial industries. Therefore, it is important to know and understand the effect of CRM practices on customer satisfaction and customer loyalty to survive in the highly competitive banking industry in Myanmar.

Among all the CRM practices done by the bank, practices such as “conflict handling”, "competence", and “trust-building”, can impact customer satisfaction and customer loyalty significantly and positively. To enhance customer satisfaction and loyalty, MCB bank should make continuous efforts to enhance the CRM practices especially "conflict handling”, “competence”, and “trust-building”. The excellence is conflict handling and so MCB should be very conscious of improving the mechanisms used to handle conflicts and try to avoid conflict probability by closely monitoring the work environment, narrowing gaps for potential problems, and trying to reach a win-win situation at the time of conflict. Moreover, MCB should assign a dedicated person from each department to keep a record and listen to what the customers complain about. This is

important because sometimes, it is difficult to listen to the customer's complaints about the employees while they all are busy with their duties and responsibilities. Therefore, assigning a dedicated person will be very helpful for both the bank and the customers because the customers can speak out about what they feel or face while using services from the bank and then the bank can easily understand what they need to improve or amend.

Again, it is recommended that the customers have a huge trust in MCB already and the bank should take care of this continuously and find better ways to keep it in the future. On the other hand, the bank should take care and consider their actions towards competence. MCB bank should provide effective training to their employees to get more awareness and knowledge about the competence. Then, the bank should motivate the employees and then arrange the programs and facilities for the employees to be happy. So that employees can provide services to their customers actively and willingly. Regards with location, the bank should consider its location selection strategy carefully and should select the locations where the customers can come and visit conveniently.

According to the findings, there are two CRM practices, "commitment" and "communication" which have a significant impact on customer loyalty even though these two practices do not have a significant impact on customer satisfaction. In these two practices, "commitment" has a positive significant impact, and "communication" has a negative significant impact on customer loyalty. It does not mean that these areas do not need to take care of. These areas are still important for MCB and the bank should focus on developing the current practices more and more because when the customers feel happy with these practices, their satisfaction level can increase and in turn, which lead to become loyal customers of MCB.

With regards to “communication” which has a negative impact on customer loyalty although it has no impact on customer satisfaction, the bank should try to modify the communication strategy to align with their customers. Then, the messages that the bank provides should be clear and meaningful for all customers. Moreover, MCB bank should more focus on the marketing and advertising strategy because if the customers do not aware or know the name, location, products, and services of this bank, it is difficult to persuade the new customers and at the same time, to maintain the current customers. Then, MCB bank should avoid providing too much information to the customers because it can confuse and sometimes, there is a chance for the customers to miss out on the

important information. Therefore, the information provided by the bank should be useful and attractive to the customers because providing misused and unimportant information can lead to a negative impact on customer loyalty. Concerning "commitment", MCB bank should maintain keeping the promises about the products and services and should more efforts on providing the transactions conveniently and correctly, and also should focus on developing the qualified services.

Furthermore, customer satisfaction also influences customer loyalty. It can be concluded that the bank should more focus on CRM practices that promote customer satisfaction, which in turn increases loyal customers. The important implication of applying customer relationship management practices towards the customers is to get customer satisfaction and loyalty, which in turn affects the improvement of the bank, getting more market share, and more profitable. In addition, it can help the development of the banking sector and also the economic growth.

5.3 Needs for Further Research

This study assesses the effect of CRM practices on customer satisfaction and customer loyalty of Myanmar Citizens Bank (MCB). Some CRM practices which may influence either customer satisfaction or customer loyalty are not included in this study. The main challenge of this research study is the limitation of time and resources and so the survey results were conducted from only the selected five branches in Yangon. Therefore, interpretation cannot be generalized to other financial companies and banks. Therefore, it would be great if a larger sample size should be used and if some CRM practices would be included to carry out any further research study to get a better understanding of the effect of CRM practices on customer satisfaction and customer loyalty. This study will serve as a baseline for those who are eager to expand on the topic and do similar studies that are interested to analyze the whole banking and financial industry.

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APPENDIX I

Questionnaire for the Effect of Customer Relationship Management Practices on Customer Satisfaction and Loyalty in Myanmar Citizens Bank Ltd

Dear Sir/Madam,

This questionnaire survey is intended for my research to fulfill MBA degree in Yangon University of Economics (YUE). I am doing research on “The effect of customer relationship management on customer satisfaction and loyalty in Myanmar Citizens Bank Ltd.”.

I am requesting your assistance in completing the questionnaire survey. The information that you will disclose is for statistical and academic purposes only and individual responses will remain strictly confidential. Your kind response to this questionnaire would be highly appreciated.

**Ma Ei Thinza Kyaw
EMBA (17th Batch)
Yangon University of Economics**

Questionnaire to evaluate the customer's satisfaction and loyalty			
Section A: Demographic or General information			
Please select only one response appropriately by circling the number			
1	Gender		
	Male	1	Female 2
2	Age		
	18 years and below	1	40 to 59 years 3
	19 to 39 years	2	60 years and above 4
3	Education qualification		
	High school	1	Graduate 4
	Diploma	2	Master 5
	Undergraduate	3	Doctorate 6
4	Occupation		
	Student	1	Government staff 4
	Self-employed	2	Foreign company staff 5
	Local company staff	3	Others 6
5	What kind of services do you use in this bank most?		
	Saving account	1	Remittance 4
	Current account	2	Trade 5
	Debit Card	3	Fixed account 6
6	How long have you been the customer of this bank?		
	Less than 1 year	1	Within 6 to 10 years 3
	Within 1 to 5 years	2	Over 10 years 4

The response is arranging in a five (5) Likert scale ranging from 1 to 5 corresponding to 'strongly disagree,' 'disagree,' 'neutral,' 'agree,' or 'strongly agree' respectively. Please circle only one response appropriately. Thank you.

Section B: Customer Relationship Management Practices

		Strongly disagree	Dis-agree	Neutral	Agree	Strongly agree
i. Trust-Building						
1	The bank keeps my financial information confidentially always.	1	2	3	4	5
2	The bank checks all the necessary concern to my financial transaction to be secured.	1	2	3	4	5
3	Employees from this bank can be trustable.	1	2	3	4	5
4	According to my experience, this bank is reliable for me.	1	2	3	4	5
ii. Commitment						
1	The bank provides the qualified services to me all the time.	1	2	3	4	5
2	The bank commits that they will provide the transactions within a short time by convenient and correct manner.	1	2	3	4	5
3	The bank always keeps their promises about their products and services to the customers.	1	2	3	4	5
4	I always care about the relationship with the bank.	1	2	3	4	5
iii. Communication						
1	The employees from this bank understand the customers' requirements.	1	2	3	4	5
2	All the information provided in the bank can deliver the clear message to the customers.	1	2	3	4	5

3	There are clear and understandable messages regarding the bank's products and services for the customers.	1	2	3	4	5
4	The bank clearly communicates and responses my questions and enquiries.	1	2	3	4	5
iv. Conflict handling						
1	There are sufficient preventions for the potential conflicts.	1	2	3	4	5
2	The bank thinks of and explores the different ways to solve the potential conflicts.	1	2	3	4	5
3	The bank puts full efforts in order to solve the customers' problems.	1	2	3	4	5
4	The bank always listens and solves my complaints actively.	1	2	3	4	5
v. Competence						
1	The staffs have sufficient knowledge and confidence when providing services and communicating with the customers.	1	2	3	4	5
2	The staffs have abilities to overcome the unexpected problems and challenges successfully.	1	2	3	4	5
3	All branches from the bank are convenient for the customers to visit.	1	2	3	4	5
4	The staffs try to provide services to the customers even though the requested services are out of their responsibilities.	1	2	3	4	5
Section C: Customer Satisfaction						
		Strongly disagree	Dis-agree	Neutral	Agree	Strongly agree
1	The bank never fails to fulfill my expectations.	1	2	3	4	5

2	I am favorable to my bank for its overall performance.	1	2	3	4	5
3	In general, I am satisfied with the products and services provided by the bank.	1	2	3	4	5
4	Overall, I am satisfied with my bank.	1	2	3	4	5
Section D: Customer Loyalty						
		Strongly disagree	Dis-agree	Neutral	Agree	Strongly agree
1	I am a loyal customer to the bank.	1	2	3	4	5
2	The bank always come to my mind at time of need for any kind of bank services.	1	2	3	4	5
3	I would always recommend the bank to someone who seeks my advice.	1	2	3	4	5
4	I always want to work the bank whenever I need any financial supports and have problems.	1	2	3	4	5

Thank you for your very kind cooperation, help and precious time.

APPENDIX II

Regression Analysis Model 1: Effect of CRM Practices on Customer Satisfaction

Model Summary^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.812 ^a	0.660	0.646	0.39040	1.557
a. Predictors: (Constant), Competence Total, Trust-Building Total, Commitment Total, Conflict Total, Communication Total					
b. Dependent Variable: Satisfaction Total					

ANOVA^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	35.188	5	7.038	46.174	.000 ^b
	Residual	18.137	119	0.152		
	Total	53.325	124			
a. Dependent Variable: Satisfaction Total						
b. Predictors: (Constant), Competence Total, Trust-Building Total, Commitment Total, Conflict Total, Communication Total						

Coefficients ^a								
	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	0.141	0.326		0.433	0.666	-0.504	0.786
	Trust-Building Total	0.299	0.080	0.235	3.751	0.000	0.141	0.457
	Commitment Total	-0.028	0.089	-0.027	-0.314	0.754	-0.204	0.148
	Communication Total	-0.115	0.102	-0.131	-1.130	0.261	-0.317	0.087
	Conflict Total	0.406	0.108	0.432	3.768	0.000	0.193	0.619
	Competence Total	0.343	0.084	0.429	4.096	0.000	0.177	0.509
a. Dependent Variable: Satisfaction Total								

Regression Analysis Model 2: Effect of CRM Practices on Customer Loyalty

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.787 ^a	0.620	0.604	0.44910	2.610
a. Predictors: (Constant), Competence Total, Trust-Building Total, Commitment Total, Conflict Total, Communication Total					
b. Dependent Variable: Loyalty Total					

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	39.123	5	7.825	38.795	.000 ^b
	Residual	24.002	119	0.202		
	Total	63.125	124			
a. Dependent Variable: Loyalty Total						
b. Predictors: (Constant), Competence Total, Trust-Building Total, Commitment Total, Conflict Total, Communication Total						

Coefficients ^a								
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
1	(Constant)	-0.176	0.374		-0.470	0.639	-0.918	0.565
	Trust-Building Total	0.203	0.092	0.147	2.218	0.028	0.022	0.385
	Commitment Total	0.319	0.102	0.281	3.118	0.002	0.116	0.521
	Communication Total	-0.231	0.117	-0.242	-1.965	0.052	-0.463	0.002
	Conflict Total	0.407	0.124	0.398	3.280	0.001	0.161	0.652
	Competence Total	0.276	0.096	0.317	2.867	0.005	0.085	0.467
a. Dependent Variable: Loyalty Total								

Regression Analysis Model 3: Influence of Customer Satisfaction on Customer Loyalty

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.765 ^a	0.585	0.582	0.46151	2.330
a. Predictors: (Constant), Satisfaction Total					
b. Dependent Variable: Loyalty Total					

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	36.927	1	36.927	173.375	.000 ^b
	Residual	26.198	123	0.213		
	Total	63.125	124			
a. Dependent Variable: Loyalty Total						
b. Predictors: (Constant), Satisfaction Total						

Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	0.604	0.242		2.493	0.014	0.125	1.084
	Satisfaction Total	0.832	0.063	0.765	13.167	0.000	0.707	0.957
a. Dependent Variable: Loyalty Total								