RESEARCH ABSTRACT

The first chapter presents the background of the “A comparative study of relationship management among selected commercial banks in Nairobi (Kenya) and Pune (India). It specifies the problem of the study describes its significance and presents the hypothesis to be tested plus the objectives too. The project is titled “relationship management” as the term identifies relationships as not only having marketing functionality but highlights the importance of management systems underpinning effective relationships. Relationship management is a philosophy of doing business, a strategic orientation, that focuses on keeping and improving relationships with current customers rather than acquiring new customers. This philosophy assumes that customers prefer to have an ongoing relationship with one organization than to switch continually among providers in their search for value. Hence many businesses are working on effective strategies for retaining customers.

OBJECTIVES:

1. To identify how best relationship management can be used to create value segmentation in the commercial banking systems of both Nairobi and Pune cities.

2. To critically assess the effectiveness of relationship management programs in commercial banks in both Nairobi and Pune city.

3. To find out the impact of relationship management activities in assisting banks in their customer retention and maintenance in commercial banks in the cities of Nairobi and Pune.

4. To determine the level of achievement of relationship marketing in banks from Pune and Nairobi.

HYPOTHESIS:

1:2:1 Relationship management plays a role in creating business value to the bank.

1:2:2 Relationship management is better practiced in Pune than Nairobi.
LIMITATIONS OF THE STUDY:
The study will only be focused on a few selected commercial banks in Nairobi and Pune and only aspects related to relationship management will be studied and not any other aspects
1. As the area of study is vast, only a few selected banks will be studied.
2. Also because of the time limit, not all banks will be considered for the study.
3. Financial constraints might be incurred while collecting data because the study is a comparative one.

STATEMENT OF THE PROBLEM:
In Nairobi-Kenya and Pune-India, which are the areas chosen to be covered in the proposed research study; the relationship management programs in Pune-India are presumed to be more customers centric unlike those of Nairobi-Kenya. Because of the existing difference in relationship management programs as noted, the ease of opening a customer account in Pune and the hassle of opening one in Nairobi is a concern. In fact many Kenyans avoid banks altogether, storing their cash at home in pillows or mattress. James February (2008) says, “Despite a robust banking industry, 80% of Kenyan population cannot open and run a bank account.” The World Bank policy research report identifies some key barriers to maintaining bank accounts as complex documentation, and paperwork procedures and unaffordable interest rates, fees and minimum balances.
Though the Kenyan government has acknowledged the problem, the President highlighted the need to attract small businesses in his launch of the country’s poverty and growth plan known as vision 2030. To add on Anuraj Pahuja and Rajesh Verma sight a problem that most organizations now advocate the idea of customer relationship management should be a priority, but they are not sure about how to transform this desire into a business strategy, since they have no clear idea as to what relationship management actually means to customers. More simply they do not know how to make a customer loyal in the first place. Further, it is often not easy to track how many high value customers are being lost and what are the reasons behind this.
Therefore, there arises a need to carry out a study of customer relationship management in promoting banking services in commercial banks in Nairobi-Kenya compared to Pune-India.

**RESEARCH METHODOLOGY:**

**Research design** - The study used descriptive survey method. The target population was commercial banks in Pune and Nairobi with their customers. This study used stratified sampling method. **Research instrument** - the survey used Self-Appraisal (questionnaires), which contained questions for obtaining primary data from respondents. This study used both primary and secondary data. Secondary data included summaries of research findings from theses, journals, textbooks and research articles on management, marketing and technology, company reports, and reports from government agencies.

Analysis of the questions was performed using a **Statistical Package for Social Sciences (SPSS Version 9.5)** frequency tables, percentages, group means and case summaries were obtained. By use of frequencies and percentages, scores were obtained on various issues studied. To determine whether any differences existed between banks with relationship program and those who lacked such features, **T-test and Chi-square methods** were used for the findings. The 0.05 level of significance was used. The level of significance used for rejection of hypothesis and adoption of the alternative was 0.05. It’s is assumed that those banks which practiced relationship management would ideally be better placed than banks lacking such features.

Data from open-ended questions were analyzed by use of descriptive method and critical analysis and synthesis of such data.

To determine relationship management services practiced by banks, information obtained from banks and **self-appraisal questionnaires** were examined. Percentages were computed on the task areas. This study used **stratified sampling method**. The essence of such stratification was to obtain the number and type of bank to consider in the study. After stratifying the population according to the stated variables, the required representative sample was obtained. The number of banks in Kenya was 41 out of which 23 (56%) respondents were obtained and in India the number of banks was 53 out of which 30 (56%). Ten customers from each bank visited were asked to
fill in questionnaires out which in Kenya a response of 220 customers was obtained and in India a response from 287 customers was obtained.

To establish the instruments’ reliability, a pilot study was conducted. Six banks were chosen from wherefrom six management personnel were chosen and asked to indicate questions that they found difficult to understand, repetitive or ambiguous. A number of items were changed as a result of the recommendations made by respondents. Data Analysis Techniques (procedures) - In examining the use of qualitative data in a study, the data was structured in terms of themes, patterns and interrelationships; and de-textualising the data by converting extended texts into more manageable forms such as summaries, charts, diagrams and illustrations.

The qualitative data in this study was analyzed thematically through discussion, comparing possible relationships or significant differences between various variables as well as substantiating the possible causes of some research findings. The substantiation process involved search of possible reasons for the research findings. By use of frequencies and percentages, scores were obtained on various issues studied. By use of Yes and No the study established existence of some computer software systems like customer relationship management CRM.

CONCLUSIONS OF THE STUDY:
The following were the conclusions of the study:-

1. From the study it can concluded that bank managers did agree that they customized their services with customers according to their needs, this shows that banks had their customers in mind.

2. The findings of the study also showed that banks did appreciate their customers, appreciating a customer enhances relationships.

3. From the findings it was found out that banks in both countries had relational programs. Having a relational program is the first step to reaching out to the customer and it makes the process easier.

4. From the study it was found out that both banks in Pune and Nairobi considered customer relations as an important issue and they went ahead to agree that they encouraged their employees to enhance their communication skills. Customers too agree that bank employees gave
them individual attention and had ability to answer their questions. To add on customers did agree that they were much satisfied with the banks communication channels.

5. From the study it was found that banks did consider customer retention as an important issue and they continued to say that it did succeed in retaining their customers either always or most of the time. They also had a loyalty program.

6. From the study it can also be concluded that banks agreed that their employees got involved in relationship management and that they were rewarded for doing so.

7. From the study it was found that as much as banks had a relational program many did not have CRM software installed in their banks. The conclusion is most banks relied on their employees for relationship building, but having a CRM software would make the process easier especially when profiling customers and analyzing several performance measures in this area. Few customers did agree that they heard about CRM. This might be because banks did not take much initiative in informing customer about it.

8. From the study it was found that customers were satisfied with their banks but on the contrary most of them were not interested in developing a relationship with the bank.

9. It can also be concluded that relationship management was much effective and efficient; this is because banks agreed that customer relationship activities helped them in customer retention and that they were effective, this can be attributed to the customer attention, knowledge to answer customer questions and the convenient banking hours.

10. As regards to the ease in accessing a bank account the conclusion could be found out that customer preferred going to an ATM booth because it was easy and convenient, they also found the software installed in the booth much friendly to operate.

11. Banks did agree too that technology had an impact on their efficiency and it had an impact in the last 10 years. This can be concluded that banks embraced technology as a means to achieving good customer
relations, one bank manager said that there was need to constantly improve because of cut throat competition in the area of technology.

12. From this study it was found that opening a bank account in both countries was much easier than the researcher had assumed before as regards to Kenyan banks.

13. From the study it was found out that the documentation process while opening a bank account was much easier in both cities.

14. From the study it was found out that it was easy for the customer to access their accounts hence improving customer service.

**RECOMMENDATIONS:**

The researcher made the following recommendations based on the study objectives and findings:-

1. The objective which sought to find out how relationship management would be used to create value segmentation:- Value segmentation would be achieved in a much better way if banks implemented a targeted relationship management program instead of a general program. It is always assumed that only 20% of the customers do help a business in profit making. Value segmentation could also be improved through good customer service like call centers which lacked in both countries.

2. To find the impact of customer relationship management activities in assisting banks in their customer retention and maintenance, as regards to this objective bank managers agreed that customer relations management programs helped them in customer retention but customers said that they were not interested in developing a relationship with the bank, the recommendation is banks need to step up their relationship management activities especially service wise.