FEDERAL UNIVERSITY
2013
BIRNIN KEBBI
In Pursuit of Excellence

KEBBI JOURNAL OF BUSINESS MANAGEMENT

VOL. 1 NO. 2 / ISS NO.2814-2675 JULY 2024



A PUBLICATION OF

THE DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF SOCIAL AND MANAGEMENT SCIENCES
FEDERAL UNIVERSITY, BIRNIN-KEBBI, NIGERIA

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KEBBI JOURNAL OF BUSINESS MANAGEMENT

(A Publication of the Department of Business Administration Faculty of Social and Management Sciences Federal University, Birnin-Kebbi)

The objective of the Journal is to publish scholarly business research articles on issues which are relevant to Nigeria and the African region, especially those providing practical implications to promote better business decision making and public policy formulation.

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EFFECT OF CUSTOMER ORIENTATION ON CUSTOMER RETENTION IN FIRST BANK OF NIGERIA LIMITED, ILORIN BRANCH

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ABSTRACT

Customer Relationship Management is a process that caters for the overall dimension of customer identification, managing the insight of the customers and developing relationships with customers with its roots in Relationship Marketing and its focus being customer retention and relationship enhancement while emphasizing the process of integration throughout the organization's multiple sections. The objective of this paper is to determine the extent to which Customer Relationship Management affects customer retention in First Bank Ltd. in Ilorin metropolis. The study utilises survey research design that uses an infinite population due to the nature of the study. Primary method of data collection was used using closed ended questionnaire with the aid of a five points Likert scale to ascertain the degree of respondents' opinions. The study further used ANOVA and Regression Analyses for descriptive and inferential statistic with the aid of SPSS version 25.0 to analyse the data. Findings from the study showed that R Square is 0.471 and adjusted R square is reported to have 0.467 which implies that 47% of variation of the dependent variable were explained by the independent variable. Therefore, the ANOVA results regressed indicated that the estimated F value of 22.956 has a significant value of 0.000 which is less than the P-Value of 0.05 ($p<0.05$) which means that customer orientation has significant effect on customer retention. The study therefore concludes that First Bank Ltd should pay adequate attention on customer relationship management for the purpose of retaining their customers. The study recommends that the bank should endeavour to put in place mechanism that will deepen customer relationship by way of engaging customers to have enough orientation about Banking services offered for the purpose of retaining them.

Keywords: ***Customer Relationship Management and Customer Retention***

1.1 Introduction

Relationship Marketing, which came before Customer Relationship Management exploded as a field of marketing research in the late 1980s due to the shift in emphasis from customer acquisition to customer retention. The process of managing customer insight, identifying customers, and forming relationships with them is known as customer relationship management. Its foundations are in relationship marketing, and it emphasises the integration process between the various departments of the organisation while focusing on customer retention and relationship enhancement. Customer relationship management (CRM) is a Relationship

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Marketing extension that uses information technology to improve the management of customer data

Effective customer relationships have some influence on businesses in the current state of the global market, especially financial institutions. In order to accomplish their goals, businesses not only strive to satisfy their customers but also to do so more effectively and efficiently than their rivals. The banking industry in Nigeria is subject to an ever-increasing level of competition on a global scale as the dynamics of the business change and technology, complexity, innovation, and globalisation permanently alter the face of banking in Nigeria. A customer has moved from being the "king" to being the "business," and if the bank ignores them, it could suffer financial loss.

Only customers can demand the construction of facilities, the hiring of personnel, the scheduling of meetings, and the conduct of business operations. Since there is a direct correlation between customer relationship management and bank growth, banks have realised the importance of capitalising on gaining an edge in the marketplace by utilising their customer base, brand value, and expensive infrastructure investments in order to increase profits. Historically, the Nigerian banking industry has placed a lot of emphasis on products. The majority of customers received the impression that using a bank's services was a privilege. Until recently, our banks' use of customer service was incredibly low. Nevertheless, the industry underwent deregulation in 2004 along with the globalisation trend.

Customers of Nigerian banks now expect services that are worth their money. In Nigerian banks, CRM practises advanced in the 1990s. These practises now go beyond data collection to include better customer services and the maintenance of sustainable long-term customer relationships, with the goal of fostering customer loyalty and lowering customer lifetime value. It is a business strategy to identify a firm's most profitable clients and prospects in order to develop and strengthen relationships with them through individualised marketing (Onut, Erdem, and Hosver, 2007). The Nigerian economy is under pressure from competition, and the financial sector has been completely deregulated. As a result, there is now a wide range of products and services, prices, and suppliers, so the customer is in no way limited by the number of options available to them. Because Nigeria is such a competitive market, any form of customer neglect by a banking institution will have disastrous effects on that organisation. Therefore, maintaining a customer by the Bank has become vital for its sustenance and attainment of goals that will have to start with the Bank relationship manager. This established relationship is what this study seeks to investigate to understand whether relationship management of customer has effect on customer retention.

Customer relationship management (CRM) systems are being used more frequently in the banking industry to ensure customer retention. It is now difficult for banks to survive because customers now have alternative access to many products and services that were previously only provided by banks, such as deposits and withdrawals. Customers will demand higher levels of service and will only choose organisations that genuinely try to offer high-level, quick, and efficient services through all of their touch points when their inquiries or transactions are difficult to handle. A bank's reputation can quickly translate into market share and profit in the highly competitive business environment and market environment of today. CRM makes use of customer-related data or knowledge to send pertinent products or services to Banks are currently investing continuously in CRM systems to enhance their customer experience. However, there is little data on how Nigerian deposit money banks perform after implementing customer relationship management systems. This study it is hoped will provide better explanation on the phenomenon and or raise awareness of CRM systems in deposit money banks. To fill this

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knowledge gap, this study will answer the following question:

Does customer orientation affect customer retention of First Bank customers in Ilorin Metropolis? The research objective is to examine the effect of customer orientation on customer retention of First Bank customers in Ilorin Metropolis. The sole hypothesis to be tested is: $H0_1$: Customer orientation does not have significant effect on customer retention of First bank customers in Ilorin Metropolis

2.0 Literature Review

The following are the variables under investigation that were put on a review. This includes customer relationship management, customer retention and review on empirical literature. There is also the study underpinning theory.

2.1 Customer Relationship Management

Customer relationship management refers to a company's procedures, plans, and tools for handling its clients (Greenberg, 2010). By examining how customers behave towards its products and services, Customer Relationship Management (CRM) is used by all businesses to enhance their operations. This analysis also aids in the improvement of the firm's strategy for achieving its objective. Building customer trust through effective CRM management enables businesses to both make money and keep their customers (Mohammad, 2013). Additionally, as the business world becomes more digitally remote and there is a dearth of face-to-face interaction, the importance of CRM has increased (Newman, 2011). Businesses need to engage in order to fill the gap between attracting and retaining customers in this complex societal structure.

CRM has been defined in a variety of ways, according to Faed (2013). It can be summed up as the practise of attracting clients and building enduring relationships with them. Additionally, CRM combines people, processes, and technology to help a business understand and attract customers. It strengthens the relationship while concentrating on customer retention. Companies must have effective CRM programmes to ensure customer loyalty in order to fully benefit from the implementation of CRM. Faed (2013) goes on to say that sophisticated management is required to conduct proper relationships with customers. Businesses need more than just a well-designed website to compete in today's market and stay on top of the competition; they also need to engage and involve users with an exhaustive system and business-supporting strategies.

According to Wong (2011), CRM will help businesses understand their customers more thoroughly and use that knowledge to choose a more effective business strategy. The effective use of CRM could aid businesses in expanding. explained how CRM is more than just marketing or customer service; it also includes methodologies, software capabilities, and internet capabilities that aid businesses in managing their relationships with customers in a planned and organised manner (Thierauf, 2011). CRM will increase the lifetime value of each individual customer by analysing, utilising, and leveraging marketing databases and communication technologies to determine corporate practises and methods. e-CRM makes it possible for businesses to always operate in real-time, and it also makes customer interactions transparent so that businesses can analyse customer behaviour and assess the effectiveness of their efforts. Conventional communication processes are frequently time-delayed. CRM aids businesses in accelerating their revenue and profit growth. Many owners and/or managers have stabilised or grown their businesses by prioritising their CRM investment. Companies understand that maintaining their competitiveness requires them to cultivate strong client relationships.

2.2 Customer Retention

According to Peppers & Rogers (2019), the term "customer retention" refers to the actions taken

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to maintain the customer partnership and the customer's productivity. According to Buttle (2019), customer retention is the long-term management of ongoing client relationships. According to the definition given by Ginn et al. (2010): "Customers' agreed continuation of a business relationship with the company," customer retention is frequently characterised as a company's willingness to buy current customers from them. On the definition of what justifies customer retention, conflicting literature is available. Customer retention has been the subject of a large and growing body of research; in order to maximise the value of a company's customer base, a business must understand the type of customer it should target, when and how to approach those customers, how many resources should be allocated, and how many resources are actually available for various acquisition and retention strategies (Bhatnagar, Maryott, & Bejou, 2018). Customer retention is defined by the researcher as 'all marketing plans and actions aimed at retaining existing and new customers by developing, maintaining, and maximising long-term mutual benefits which strengthen and extend the joint relationship between the two parties' for the purposes of this study.

2.3Empirical Evidence

Hilda and Audu (2021) studied the impact of Deposit Money Banks (DMBs) customer relationship management practices on customer satisfaction during the Covid-19 pandemic in Kogi State, Nigeria. A survey research design was used, with 151 questionnaires completed, representing 80% of the sample. The study found that responsiveness and customer relations were the main reasons for customer dissatisfaction during the pandemic. The findings suggest that banks should train and retrain frontline staff to handle difficult customer situations during the pandemic. The focus on this study was mainly to provide an insight on customer relationship management practices vis a vis customer satisfaction with less prominence on customer retention.

Nwekpa, Chukwuma, and Agha (2017) conducted a survey in Lagos State, Nigeria, to investigate the relationship between customer relationship management and performance of paint manufacturing firms. A correlational design was used, and a structured questionnaire was administered to a sample of 273 paint manufacturing firms. The results showed a significant relationship between relationship assets and business sustainability (r =0.76) and product quality and business growth (r = 0.64). This suggests that effective customer relationship management can prevent attrition and defection, fostering high levels of customer loyalty and meeting the demands of changing business environments. This study focussed on CRM and the performance of paint manufacturing firms that completely depicts a shift from the focus of this study.

Bukola, Abosede, and Adesola (2019) found that customer relationship management positively influences SMEs' performance in Oyo state, Nigeria. They used a purposive sample technique and Pearson Product Moment Correlation Coefficient and Ordinary Least Square (OLS) methods to analyse data. Hashem and Ali (2019) also found that service quality has a significant positive impact on customer loyalty in Jordanian dental clinics, with 194 customers selected using random sampling. Both studies highlight the importance of customer relationship management in enhancing the performance of SMEs in Nigeria and Jordan. The little disjoint between the study of Bukola et'al (2019) and the focus this present study dwell much on is the customer retention issue that seem obviously different with this study. Furthermore, this study focussed on the a champion in the banking industry in Nigeria (Deposit Money Bank) (DMB) specifically First Bank Ltd.

Smalliukiene, Bekesiene, and Lipciute (2020) compared the link between customer value (measured by functional, social, emotional, and symbolic value) and customer relationships in

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Table 4.1 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.655[a]	.471	.467	.971

1.655[a].471.467.971a. Predictors: customer retention (Constant), customer relationship management

Source: Author's Fieldwork Computation, 2023

The model summary as indicated in table 4.1 above shows that R Square is 0.471; this implies that 47% of variation in the dependent variable (customer retention) were explained by the independent variable (customer relationship management) while the remaining 53% is due to other variables that are not included in the model. This mean that the regression (model formulated) is useful for making predictions.

Table 4.2ANOVA[a]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	417.969	1	417.969	22.956	.000[b]
	Residual	5079.810	280	18.207		
	Total	5497.779	281			

a. Dependent Variable: Customer retentionb. Predictors: (Constant), customer relationship managemenTable 4.2 above summarized the results of the analysis of variation in the customer relationship management with large value of regression sum of squares (417.969) in comparison to the residual sum of squares with value of 5079.810. The result indicated that the model is fit in explaining a lot of the variations in Customer retention. Thus, the estimated F-value (22.956) as given Table 4.2 with significance value of 0.000, is less than p-value of 0.05 ($p<0.05$). This means that the customer relationship management as a whole can jointly influence change in the Customer retention

Table 4.3; Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	12.418	.496		25.023	.000
	customer relationship management	.124	.026	.276	4.791	.000

a. Dependent 1Variable: Customer Retention

Source: Author's Fieldwork Computation, 2023

The dependent variable as shown in the Table 4.3 clarifies the influence of customer relationship management on Customer Retention. This was used as a yardstick to examine the influence the variables. Specifically, Hypothesis H_{01} predicted that customer orientation management is positively related to Customer Retention. Result indicated that customer orientation management had a significant positively relationship with customer retention ($\beta = 0.276$, $t = 25.023$, $p = .000$). This implies that the null hypothesis was rejected, hence, the alternate hypotheses was accepted. Thus, customer orientation management has significant influence on Customer Retention. The finding of this study is in line with the results of Bukola, Abosede, and Adesola (2020) and Hilda and Audu (2021) that customer orientation management had a

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significant positively relationship on customer retention

5.0 Conclusion and Recommendations

The study concludes that First Bank should pay adequate attention on customer relationship management for its staff to retain their prospective customers. The study recommends that customer orientation should be put in place as the Bank priority at all times in order to deepen customer relationship by a way of enlightening customers to acquaint themselves on banks services for the purpose of retaining them.

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