

CRM Dimensions Affecting Customer Satisfaction in Bangladeshi Banking Industry: A Structural Equation Modeling Approach

Tahmeem Siddiqi* Samira Sahel Imroz Mahmud

Department of Business Administration, University of Asia Pacific, Dhaka, Bangladesh

Abstract

For the banking sector in Bangladesh, achieving customer-focused business objectives is a critical ingredient for success in order to reign over the increasingly competitive market. This prompted us to illuminate the underlying dimensions of Customer Relationship Management that influence the customer satisfaction. Accordingly, Structural Equation Modeling was employed on a sample size of 210 aiming to identify those factors, explore interdependence amongst them and assess their combined effect on customers' satisfaction. In this regard, three latent variables were identified, namely customer orientation, customer experience and service process. The result signifies that among the chosen three factors, customer orientation and customer experience are proven to have significant impact on each other and on customer satisfaction concerted while the other factor- service process has been proven statistically insignificant. The research findings provide empirical support for the conjecture that CRM dimensions pave the way for the firms towards improving customer satisfaction. Besides, our research contributes to empirically valid theory by synthesizing insights from the marketing and information systems literature and by investigating the effect of organizational variables that leverage CRM investments. The implications of the findings on the part of the banking industries and directions for future research are also put forward.

Keywords: Bangladesh, Customer Relationship Management, Customer Satisfaction, Customer Orientation, Customer Experience, Service Process.

1. Introduction

The banking sector is considered to be the cornerstone of a nation's financial system. The key role of a bank is to ensure efficient channelizing of the fund from savers to borrowers. While the developed nations' financial market as well as the banking system works in unison towards this objective; the task of bridging the gap between the savers and borrowers, for developing nations, falls mostly on the shoulders of banks (Sufian & Habibullah, 2009). The banking sector of Bangladesh is also no exception when it comes to the task of matching savers and borrowers. As reported by Bangladesh Bureau of Statistics (2013), banking sector accounts for about 74% of the total financial intermediation of Bangladesh's economy. The dominance of banks in Bangladesh can be explained by various factors, such as the underdevelopment of the capital markets, among others.

The history of Bangladesh's banking industry dates back to 1971 when the country earned its liberation. However, the industry gained momentum in 1980's with the introduction of the private banks (Bangladesh Bank, 2016). The banking sector in Bangladesh is comprised of four categories of scheduled banks- state-owned commercial banks (SCBs), state-owned development financial institutions (DFIs), private commercial banks (PCBs) and foreign commercial banks (FCBs) (Sufian, 2012). As reported by Bangladesh Bank (2016), a hefty chunk of 64.5% of the total banking asset is held by PCBs followed by 27.5%, 5.2%, and 2.8% under the possession of SCBs, FCBs, and DFIs; respectively. These statistics reflect remarkable progress made by PCBs, in a very short span of time, in comparison to other forms of scheduled banks. At present 57 scheduled banks are operational in Bangladesh of which 6 are state owned and 49 are private. The scenario depicts the intensity of competition that the banking industry is facing with increasing number of private banks. The study of Padmavathy et al., (2012) stressed the remarkable transformation of the global banking industry over the past decade and its impact on the level of competition. Klien (2005) also supports the findings and attribute this unprecedented change in competition to changing regulatory, structural and technological factors. The banking industry of Bangladesh has also been experiencing this fierce competition.

Therefore, it is crucial for Bangladeshi banks to adopt customer-oriented strategies that intend to maintain and enhance the relationship with their existing customers. Banks can enhance their competitive position and generate superior returns for their equity holders by adopting successful Customer Relationship Management (CRM) practices (Padmavathy et al., 2012).

During the period of 1990, the topic CRM had become a pivotal point of interest among the industry experts (Ling and Yen, 2001). Along with other industries, the cutthroat competition of the global world in the contemporary time has prompted the banking industry to adopt CRM as a crucial strategic component. For companies like banks, which are oriented on the concept of service, the management and development of a long lasting relationship with customers have become a key issue (Palmatier et al., 2006). Experts on relationship marketing have long advocated that instead of heading toward a transaction oriented approach, the organization needs to focus on pursuing profitable and sustainable relationships with the customers (Morgan and Hunt, 1994).

Rather than conceptualizing CRM only as a strategy, Richards and Jones (2008) endorsed it as a mean to attain the strategic goal of the business. Successful implementation of CRM can bear fruit for a company, it can result in gaining customer's satisfaction, winning their loyalty and gaining long term profitability (Chen and Popovich, 2003). Dowling (2002) also stressed a similar point of view stating that sustainable CRM could form that foundation for securing profitable loyal customers through earning their satisfaction.

This article is structured as follows: the next section gives a review of the literature on various potentials of effective CRM strategies followed by the development of hypotheses for measuring CRM effectiveness. Then the research methodology is discussed along with an analysis of the demographic variables. Afterwards, the findings of the research are reported. The latter section concludes and offers avenues for future research.

1.1 Objective of this study

The present study seeks to contribute to the existing literature by examining the impact of CRM practices that enhance the satisfaction of banks' customers in the context of developing economy. Although there has been extensive literature examining the effectiveness of CRM practices in developed economies, empirical work on factors enhancing CRM in developing economies are comparatively scarce, and in the context of Bangladeshi banking industry, these type of analysis is entirely missing. Therefore, our objective of this study is to find out the impact of CRM on the satisfaction of the customers of Bangladeshi banks being a representative part of the .

2. Literature review

Managing customer relationships is inarguably one of the most pivotal aspects of operating a business. Effective management of customer relationship has made their way in the top strategic issues for most of the firms (Becker et al., 2009). As to what has been affirmed by Payne & Frow (2005), the very phenomenon "customer relationship management" gained momentum in the field of information technology (IT) vendor community and practitioner community during the mid-1990s. Erstwhile, a number of studies investigated into CRM implementation in different kinds of industries namely retailing (Minami and Dawson, 2008), tourism (Ozgener and Iraz, 2006), hotels (Lo et al., 2010), financial services (Dimitriadis, 2010), business markets (Gummesson, 2004) transport services (Cheng et al., 2008), and public services (Pan et al., 2006). Despite this pervasive adoption, a significant gap of agreement as to what constitutes CRM and how to evaluate its effectiveness persists among many of its stakeholders. (Chen et al., 2009).

In academia, "relationship marketing" and CRM are often found being used interchangeably (Parvatiyar and Sheth 2001). However, Ryals and Payne (2001) tend to describe the latter as "information-enabled relationship marketing" that is more prevalently used in the context of technology solutions.

It has been observed that many organizations, that contemplate adopting CRM, are faced with a significant setback that stems from a great deal of confusion about what constitutes the same. According to Lambert (2008), Customer relationship management can be referred to as a strategy of managing customers by recognizing customers as individuals and addressing their needs accordingly. CRM, in the words of Couldwell (1998) encompasses business process and technology that attempt to understand a company's customers by taking their distinctive attributes into account" while Goldenberg (2008) views CRM as an intricate business mechanism that incorporates people, processes, and technology which in turn results in stronger affiliation with them. Besides, it has been claimed that customer relationship management depicts a management philosophy whereby a company takes on a complete orientation towards existing and potential customer relationships" (Goddard et. al 2012). Richards & Jones(2008) supported the point of view discussed previously claiming that CRM combines technology and processes directed by strategy. Rather than conceptualizing CRM only as a strategy, they endorsed it as a mean to attain the strategic goal of the business. In the seminal study of Kim et al.(2003) a conceptual model of CRME was proposed that took into account four customer-centric perspectives namely, customer knowledge, interaction, value, and satisfaction. The authors put forward that CRM caters to customers' individual and unique needs by managing business interactions.

From a profit perspective, Berry and Linoff (1999) viewed CRM as a philosophy of generating profit, which revolves around customers' share of affluence than on market share. Correspondingly, Chen and Popovich (2003) illustrated CRM as the strategy of earning profits through the incorporation of technology in business practices, fulfilling customers' needs, wants, and maintaining a sustainable relationship. From the previous literature (Sin et al. ,2005; Eid, 2007; Becker et al.,2009) it is evident that CRM is a multifaceted notion which is also justified by the resource-based view (RBV) since it opines that effective CRM implementation and deployment calls for an integrative approach.

2.1 CRM in Financial Services

Only a few studies hitherto have examined the effectiveness of CRM in financial services industry. Abratt and Russell (1999) conducted a study in the context of a private South African bank that delved into the relationship between banks and its customers. The survey findings of 118 high net worth individuals revealed that quality

service, efficiency, and innovative products are held as the key factors regarding selecting private banks. In-depth interviews with 42 account managers of Hong Kong commercial banks unleashed that both social and business activities were instrumental in facilitating and enhancing the relationship with customers (So and Speece, 2000).

The authors argued that “strong relationships in business” is of more importance to the Asians than that of the West. They also suggested that technology was essential for leveraging human relationships to ensure customer interaction and gain competitive advantage.

Sweeney and Webb (2007) corroborated the above study by investigating the impact of the benefits derived from such relationship with customers on firm outcomes. Surveying 275 business customers drawn from an Australian manufacturing industry, the impact of functional, psychological and social benefits on the relationship commitment of customers and firm was investigated. The findings of this study unearthed that firm level relationship commitment was significantly influenced by functional benefits while the individual level relationship commitment was affected by psychological and social benefits.

Camarero (2007) examined the effect of relational benefits on the market and economic performance in the context of financial insurance service. It was reported from his study that the relational efforts such as offering better privilege, prompt communication and customized service significantly affected firms’ market performance. In addition to this, it was also put into perspective that service quality influenced relationship orientation and market performance. These findings went in line with the previous studies that were in favour of delivering quality services in order to maintain and enhance the relationship with the customers (Gurau, 2003). Relational benefits approach was used by Hennig-Thurau et al. (2002), Molina et al. (2007) and Dimitriadis (2010) to delve into the impact of preferential treatment benefits, social benefits, and functional benefits on relationship outcomes such as satisfaction, commitment, loyalty, and word-of-mouth. The results of these studies revealed that banks could enhance customer satisfaction through relational strategies that focus on strong relationship commitment.

2.2 Development of Research Hypotheses

Both firms and academicians have invested heavily in attempts to examine various dimensions of CRM as yet. According to Mendoza (2007), Organizations must conceive CRM as a strategy that contains human, technological, and processes implications. Mohammed & Rashid (2012) suggested four broad behavioral dimensions of CRM, namely customer orientation, CRM Organization, Knowledge Management and Technology based CRM and their impact on hotel industry performance. In terms of satisfaction drivers as part of CRM dimensions, Padmavathy et al. (2012), identified organizational commitment, process-driven approach and reliability to be of critical importance in driving customer satisfaction. An integrated perspective of CRM developed by Peppard (2000), took service excellence, convenience, instant and high-quality personalized service process into account. He also claimed that the customer’s experience in transacting business is critical and the channel should be aware of the transaction history. The role of technology to create value for customers was also highlighted in his research.

The core notion behind implementing a CRM program is the improvement or betterment of the level of customer satisfaction degree done through the analysis of the in depth information of the customers (Wang et al., 2010). Customer satisfaction is the central idea of every business philosophy and objective which focuses on the creation of values for customers, forestalling and managing customers’ expectations (Amoako, Emmanuel and Christiana, 2012). It has also been singled out that the whole essence of business is customer satisfaction (DR.K.VANITHA, 2012).

Despite substantial investments in the field of customer relationship management (CRM), there lies a lack of research demonstrating the benefits of such investments. Mithas et al.(2005), established a significant correlation between the use of CRM applications and greater customer satisfaction in the process of addressing the gap. He pointed out three reasons that are likely to have an effect on customer satisfaction which are customized offerings to suit the individual tastes of the customers, improved reliability of consumption experiences and effective management of customers across the stages of relationship initiation, maintenance, and termination their offerings for each customer (Reinartz, Krafft, and Hoyer 2004). In turn, effective management of the customer relationship is the key to managing customer satisfaction and customer loyalty.

In our study, three exogenous variables namely customer orientation, service process and customer experience have been considered, while the endogenous variable is customer satisfaction. The three hypotheses developed for this study has been discussed below:

2.2.1 Customer Orientation

Although the significance of customer orientation in the service oriented business cannot be underestimated, very few research works have been carried out to date validating the same. This particular construct is of critical importance as customer orientation has been regarded as a key managerial objective ever since service marketing concepts came into being (Brady & Cronin 2001). Brown *et. al* (2002) characterized customer orientation as an

“individual’s tendency or predisposition to meet customer needs in an on-the-job context”. According to them, the concept of customer orientation is constructed on two-fold dimensions:

- An employee’s certainty towards meeting customer demands.
- The extent to which the employee feels inclined towards interaction with customers.

Kelley (2002), being the pioneer of the research in the same premise, demonstrated a positive relationship between the level of customer satisfaction and the customer orientation of the employees. From a sales viewpoint, customer-oriented selling can be referred to as the degree of engagement of salespeople with the customers to help them make purchase decision (Saxe & Weitz 1982). The authors also appended that long term customer satisfaction is derived from the highly customer-centric attitudes from the salespeople. The claim was further substantiated by Voss & Voss (2000), who directly attributed firm’s performance and superior customer satisfaction to greater customer orientation leading to better understanding of its customers. Macintosh 2007 came up with his study with empirical evidences to support that a positive relationship lies between customer orientation and their perception towards customer relationship quality, while holding satisfaction and trust to be the keystones of the latter. Other marketing scholars, in line with the aforesaid inferences, put forward that firms which drive their activities on the needs of their customers gain competitive advantage in the market (Donavan et al., 2004). Yim *et al.*(2004) identified customer orientation to be one of the four cornerstones of CRM and demonstrated the vital impact of those on positive performance impacts such as customer satisfaction, customer retention and sales growth. It can thus be posited as:

H1: Customer Orientation has significant effect on customer satisfaction.

2.2.2 Service Process

‘Process’ is an essential element within the entire service marketing mix strategy. The activities, procedures, protocols and more by which the service is rendered to the customer comprise a service process (Booms & Bitner; 1981). Although considerable research has been devoted on services quality, services marketing, rather less attention has been paid to explore the significance of developing service process at par with customer satisfaction. According to Chen *et. al* (2003), three dimensions namely people, process and technology construct customer relationship management, which, upon successful execution leads to positive customer outcome. With the evolution of CRM, the business process re-engineering in line with the unique needs of the customers has become critical for a customer-centric organization. Renner (2000), in a similar vein, suggested that in order to bolster customer relationships, a firm should thoroughly understand all of its customers and then organize business processes on a one-to-one basis. Mayer *et. al* (2003) identified service process to be a vital antecedent of customer outcome i.e customer satisfaction or dissatisfaction which calls for close attention to be paid by both academicians and industry managers. In an attempt to define the descriptors of service process, they developed a model comprising two processes namely service assembly and the process of service delivery that culminated in customer satisfaction. In an extensive research conducted on Indian banks by Padmavathy *et. al* (2012), a process-driven approach was recognized among one of the five dimensions(organizational commitment, customer experience, reliability, process driven approach, process driven approach) of CRM schemes. A positive influence of process driven approach on customer satisfaction was deduced from their work. This was also aligned with prior research on the relationship between CRM dimensions and customer satisfaction (Vries and Brijder, 2000; Jun *et al.*, 2004). The authors, therefore further advocated that bank managers should be wary of orchestrating a process driven approach to foster long term rapport with the customers. We can thus hypothesize that:

H2: Service Process has significant effect on Customer Satisfaction.

2.2.3 Customer Experience

In order to have a clear perspective of what customer experience represents, few definitions of Customer can be reflected on which take into account the most pertinent scientific contributions; in this paper, we have particularly attempted to define the concept of Customer Experience as an evolution of the concept of relationship between the company and the customer. “*The Customer Experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction (LaSalle and Britton, 2003; Shaw and Ivens, 2005). This experience is strictly personal and implies the customer’s involvement at different levels (rational, emotional, sensorial physical and spiritual) (LaSalle and Britton, 2003; Schmitt, 1999). Its evaluation depends on the comparison between a customer’s expectations and the stimuli coming from the interaction with the company and its offering in correspondence of the different moments of contact or touch-points (LaSalle and Britton, 2003; Shaw and Ivens, 2005).*” Exactly how the banking industry creates good quality service experiences has long been a topic of discussion for many scholars and practitioners. Our study includes customer experience as a potential moderating variable because an analysis of the erstwhile literature shows that people with higher level of experience are distinct from those with a lower level of experience. (Mitchell & Dacin, 1996; Söderlund, 2002). Consistent with this notion, the study of Yoon (2010) deemed customer support service to have a significant influence on customer satisfaction in the high-experience group than the low-experience group. Karjaluto (2002) held personal banking service experience

synonymous with customer satisfaction/dissatisfaction of the delivery channel in use, on the other hand, a propensity to change the banking behaviour and other. Their study also put forward that consumers with positive past experience are more prone to keep up their current choice of bank. Padmavathy et al. (2012) described “customer experience” as the tendency of banks to conform to CRM schemes by promptly attending to complaints and efficiently solving problems through proactive customer support. Several studies endorsed their postulation further by empirically testing responsiveness as a determinant of customer satisfaction with banking (Jun & Cai, 2001; Liao & Cheung, 2008). Jain and Bagdare (2009) in line with this, stressed on the conveniences a customer require at its every contact point with the organization as in terms of the location of bank, available parking facilities, speed, hygienic environment and alike. The significance of customer convenience, the behaviour, capability and promptness of the employees especially the front-liners were evoked from their research work that eventually works as a prime motivator of building positive customer experience and in turn leads to satisfied customers. Notably, we also acknowledge the fact that in today’s multi-channel environment, customers’ experiences in one channel (e.g., a store) maybe significantly affected by experiences gained in other channels, for instance, the internet. (e.g., Konus., Verhoef, and Neslin 2008; Neslin et al., 2006; van Birgelen, de Jong, and de Ruyter 2006). in their holistic approach to theorizing customer experiences, recognized that a customer experience is not confined within the customer’s interaction in the service delivery point alone. Rather it is greatly impacted by a combination of multifarious experiences which evolve over time, including search, purchase, and consumption and after-sales phases of the experience. The role of past customer experiences, service landscape, service interfaces, and store brands on future experience was identified in the seminal studies of Verhoef et al.,(2009). Schmitt (1999) has investigated how companies pave way for experiential marketing by having customers sense, feel, think, act in response to the service offering and providing brands. And, Berry, Carbone, and Haeckel (2002) adjoins that in order for organizations to thrive by providing customers with satisfactory experience they must coordinate all the “clues” of experiential marketing that people detect in the buying process. Consistent with the foregoing review, it can be posited that:

H3: Customer experience has a significant impact on customer satisfaction

3. Research Methodology

In this study, both primary and secondary sources of data were used to develop a comprehensive set of criteria that can serve as a benchmark in gauging the effectiveness of CRM practices in the banking sector of Bangladesh. Several scholarly articles, relevant to the research objective, were thoroughly reviewed to collect the secondary data.

In order to test the hypothesized model, a survey questionnaire was developed. In this regard, few issues were considered, such as services offered by the banks, customers’ opinion about the service process and experience, the satisfaction they derive from conducting transactions, and their tenure of involvement with their respective banks. The questionnaire developed after studying several empirical literatures was also checked for content validity. Based on focused group discussion, with academicians and practitioners well-versed in this aspect, four dimensions of measuring CRM effectiveness for a bank were identified. Among these dimensions, three were exogenous, namely, customer orientation, customer experience, and service process; and one was endogenous, i.e. customer satisfaction. To operationalize these dimensions, twenty-one items were generated and measured on a 5-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree).

As suggested by Hair et al., (2010), the number of respondents should be at least five times the total number of parameters establishing the study variables. Baumgartner and Homburg (1996) also stated that the statistical strength of the results may be unreliable if the parameter ratio is less than 5:1. According to Hoe (2008), a sample size of 200 possesses and provides enough statistical power for data analysis. In line with the above-recommended guidelines, it was decided that the target number of respondents should be more than 200. With this view in mind, a total of 350 questionnaires were distributed to the bank customers based on judgmental sampling technique of which 210 responses were collected. The rationale behind choosing a non-probability sampling technique i.e. judgmental sampling was because the only respondents who could provide the researchers with first hand insights regarding banking service were the ones subscribing the same.

To input the data and carry out the required analysis on it, SPSS version 16.0 was used. Descriptive analysis of the respondents’ demographic attributes as well as the reliability analysis of the study variables was performed in this study. AMOS version 16.0 was used to perform Structural Equation Modeling (SEM) to test the hypotheses developed for this study.

4. Findings of the Study

4.1 Analysis of Demographic Variables

The following table depicts the respondents’ profile that highlights their gender mix, age, academic qualification, occupation, monthly income, and tenure of involvement with their respective banks.

Table 1. Demographic Profile of Respondents

Demographic Variable	Frequency	Percentage
Gender		
Male	130	61.9
Female	80	38.1
Total	210	100.0
Age (in years)		
18-20	5	2.4
21-30	118	56.2
31-40	60	28.6
41-50	18	8.6
51-60	8	3.8
Above 60	1	.5
Total	210	100.0
Academic Qualification		
Secondary or equivalent	4	1.9
Higher Secondary or equivalent	6	2.9
Undergraduate	51	24.3
Post Graduate	142	67.6
Doctoral	4	1.9
Diploma	3	1.4
Total	210	100.0
Occupation		
Student	29	13.8
Private Service	152	72.4
Public Service	11	5.2
Businessman	11	5.2
Others	7	3.3
Total	210	100.0
Monthly Income (in taka)		
Below 25,000	43	20.5
26,000-40,000	33	15.7
41,000-60,000	71	33.8
61,000-80,000	36	17.1
81,000-1,00,000	14	6.7
Above 1,00,000	13	6.2
Total	210	100.0
Years of Transaction with the Bank		
Less than 1	19	9.0
1-3	76	36.2
4-6	48	22.9
7-10	32	15.2
11-15	16	7.6
More than 15	19	9.0
Total	210	100.0

As illustrated in Table 1, out of 210 respondents, 130 are male and 80 are female. As far as the respondents' age is concerned, a hefty share of about 56.2% falls in the bracket of 21-30 years. This is followed by 28.6% falling in the age bracket of 31-40 years. Regarding the respondents' academic qualification, a vast majority of 67.6% possess a post-graduate degree followed by 24.3% possessing an undergraduate degree.

While it comes to their occupation, an overwhelming majority of 72.4% is private service holders. The second most observed occupation group, having a representation of 13.8%, belongs to the students. In terms of their monthly income, about 33.8% of the respondents reported that they are earning between 41,000 – 60,000 taka. This is followed by about 20.5% with monthly income falling below 25,000 taka. Besides, only 6.2%

respondents manage to earn above 100,000 taka. As for the tenure of involvement with the bank, about 36.2% mention that they have been transacting for 1-3 years. This is followed by about 22.9% and 15.2% transacting for 4-6 and 7-10 years, respectively.

4.2 Descriptive Statistics and Reliability Measures

Descriptive statistics help to interpret data consequentially by summarizing the data set of the population or sample (Malhotra, 2011). For achieving the basic features of the data set following methods of descriptive statistics have been applied on the data of this study.

It can be noted from the following table that the three independent constructs named customer orientation, customer experience and service process have a mean of 3.310, 3.690 and 3.785 respectively. As each of the values drops below 4.0 a corresponding value equivalent to agree on the five point Likert scale, the concluding remark is that the respondents think there is room for improvement on these factors. The dependent construct, customer satisfaction's mean value of 3.517 indicates that customers are nearly satisfied with the mentioned variables. The standard deviation of all the constructs indicate that the responses on average were a little below 1 point away from the mean. It reflects the fact that the mean of the sample more accurately portrays the mean of the actual population.

Table 2. Descriptive Statistics and Reliability Measures

Variables	Mean (Item)	SD (Item)	Cronbach Alpha
Customer Orientation (OO) (6items)	3.310	0.841	.864
Customer Experience (CE) (6 items)	3.690	0.751	.873
Service Process (SP) (4 items)	3.785	0.800	.845
Customer Satisfaction (CS) (5 items)	3.517	0.875	.901

For measuring reliability, Cronbach alpha is used here which indicates the internal consistency of the variable items. In Structural Equation Modeling (SEM), the appropriate value of Cronbach alpha is 0.7. In the above table the value of Cronbach Alpha indicates satisfactory internal consistency as the minimum value ranges from 0.845 for service process to a maximum value of 0.901.

4.3 Confirmatory Factor Analysis

Structural Equation Modeling aids to estimate the chains of dependence relationships among constructs or concepts where these constructs are latent factors represented by multiple measured variables (Malhotra, 2011). SEM incorporates all of these constructs into an integrated model. The process of conducting SEM involves two steps: firstly conducting the measurement model which helps to assess construct validity and specify the observed variable for each possible construct, secondly estimating structural model to define the relationships among the constructs based on the theory. the sufficiency of the measurement model is performed by confirmatory factor analysis.

Table 3. Results of CFAs of the Four Factors

Goodness-of-fit Statistics	Normed-Chi Square	RMSEA	CFI
Customer Orientation (OO)	2.003	0.069	0.984
Customer Experience (CE)	2.544	0.086	0.984
Service Process (SP)	1.895	0.069	0.995
Customer Satisfaction (CS)	2.158	0.074	0.991

In order to examine the suitability of the model, three fit indices are appointed such as: Normed chi-square, root mean square error approximation (RMSEA) and comparative fit index (CFI). The cut-off values for CFI have to be 0.9 at least; while normed chi square and RMSEA values have to be retained within 5 and 0.08 respectively (Malhotra, 2011). The CFAs of the four factors or constructs are listed on Table 2. The four factors or constructs has been validated since the cut-off points of all the three indices are sufficiently satisfied by the factors or constructs.

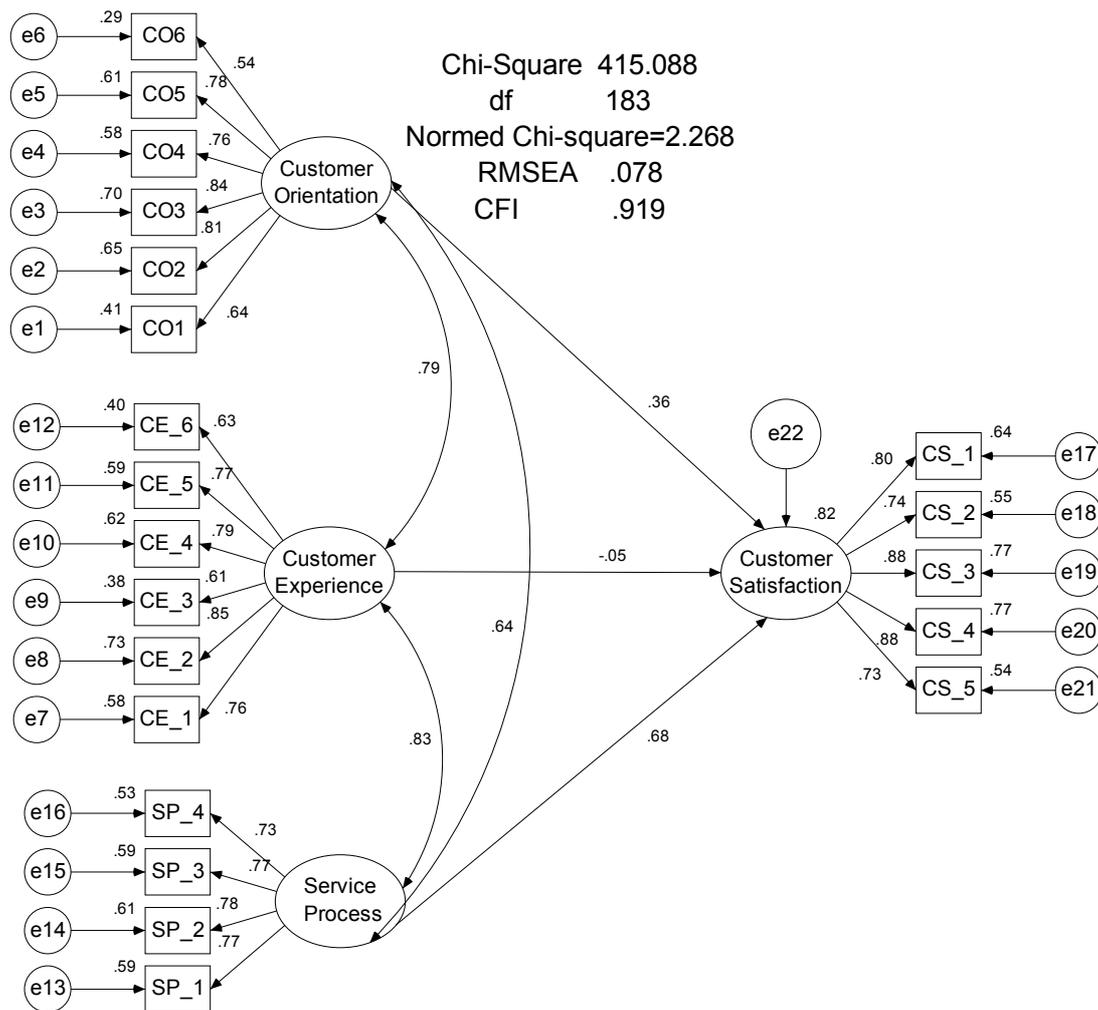


Figure 1. Path Diagram, Source: Data analysis using AMOS, Version 16.

Following the validation of the CFA values, structural model was used to estimate the proposed model. Figure 1 shows the hypothesized model's path coefficients. It can be observed from the figure that the measurement model have an adequate fit to the sample data as all the three fit indices have met their threshold values (Normed Chi Square = 2.268; RMSEA = 0.078; CFI = 0.919). The item loadings having values greater than 0.5, indicate the constructs' adequate convergent validity. Now by turning to the three hypotheses that have been developed in this study we can observe the following:

H1: At $p < 0.001$, the first path coefficient Org Orien \rightarrow Cus Sat has proved to be statistically significant. As a result the first hypothesis is accepted. It means that organizational orientation has a positive impact on customer satisfaction in the retail banking industry of Bangladesh.

H2: It can be discerned that the second path coefficient Cus Exp \rightarrow Cus Sat is not statistically significant at $p < 0.001$. So the hypothesis that customer experience effect customer satisfaction positively is rejected by the model.

H3: The third hypothesis postulated that service process affirmatively effects customer satisfaction. So the third path coefficient Ser pro \rightarrow Cus Sat is also significant at $p < 0.001$.

Figure 1 demonstrates that customer satisfaction is more extensively controlled by service process (0.68) than that of customer orientation (0.36) whereas, customer experience's effect is insignificant (-0.05). The integrated effect of these exogenous variables on customer satisfaction is 82%. The correlations among the factors that can be observed from both figure 1 and table 3 is statistically significant respectively 79%, 83% and 64%.

Table 4. Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Result
Cus Sat	<---	CusExp	-.052	.143	-.364	.716	Not supported
Cus Sat	<---	CustOrien	.451	.116	3.900	***	Supported
Cus Sat	<---	ServProc	.774	.136	5.681	***	Supported

5. Discussion and Implications

This study focuses on the impact of the dimensions of CRM on customer satisfaction in which two are proved to be statistically significant while nullifying the third one.

The first dimension, 'Customer Orientation' implies the bank's efforts to render a standard service to its customers. This dimension reflects up on the values, beliefs and attitudes the bank nurtures to ensure its service to the customers. As the study shows by proving the first hypothesis that customer service can be influenced by customer orientation to a great extent. This finding can be validated by the prior studies (Kelley, 2002; Macintosh, 2007; Voss & Voss, 2000; Yim et al, 2013). In many cases the employees of most of the public banks and some private banks in Bangladesh exhibit disinclination towards showing care and respect in serving the customers, who are critical for their success. This nonchalant manner of the employees creates an unfriendly environment for the customers and results in customer dissatisfaction. Banks need to take proper actions to address this issue and impart training facilities to encourage employees to create a customer oriented ambience, which in turn will lead to satisfaction.

The third dimension, 'Service Process' is a combination of the mechanisms and techniques of delivering services to the customers. An efficient service process helps to result in expected outcomes within minimum time. In this study it has been deduced that service process positively influences customers' satisfaction. In other words, customers who appreciate the efficacious service process of the banks are likely to become more pleased with the transactions. This uncovering coincides with the studies previously reported (Chen et. al., 2013; Mayer et al., 2003; Padmavathy et. al, 2012; Vries and Brijder, 2000; Junet al., 2004). In Bangladesh, the line between the basic categories of services offered by the commercial banks is quite thin. However, it is the process of availing those services that sets apart the customers' desired banks from the undesired ones. Customers launch complains regarding slow service process of many banks, the repercussion of which is switching one bank from another. Banks need to review their service processes and redesign them with the integration of proper technological means if needed. At this age of extreme competition among the commercial banks the designing of the service processes needs to be done keeping in mind the customers' preferences.

6. Limitations & Direction for Future Research

Some theoretical shortcomings, however, were surfaced from our study, suggesting issues that merit further research.

- As mentioned above, in this study, the impact of only three dimensions of CRM in the context of Bangladeshi retail banking has been examined namely customer orientation, service process, and customer experience. Further studies can explore other factors, such as reliability, organization's image, convenience and comfort, the integrity of the service providers and so forth.
- This study is cross-sectional, which stresses the customary call for the employment of longitudinal studies to corroborate cross-sectional findings and better evaluate the customers' perceptions vis-à-vis customer satisfaction on different time periods. Besides, this can also inquire into the lacuna between what the consumers expect and what they are offered by the service providers.
- The current study deals with a sample size of 219 taking into account only three exogenous variables, comprising 21 significant measurement items altogether. There is thus a scope of taking up a bigger sample size encompassing the respondents from other metropolitan cities, particularly, Chittagong and gather their insights. The empirical evidence accumulated from such bigger sample size would be of immense value as far as the rigor, and the generalizations of the research findings are concerned.
- As our study is limited to findings within the context of business to customer, additional research can be carried out to test our model in business-to-business relationships. Obviously, the external validity of our findings needs additional attention regarding the replication of our study in a similar research setting.
- Regarding the application of structural equation modeling in this study, the inclusion of further depending variable, for instance, customer loyalty can be taken into consideration. The impact of customer satisfaction on the aforementioned can thus be assessed and the implications of CRM dimensions can be extended further.

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