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Effect of Customer Relationship Management on the Performance of Selected Commercial Banks in Southern Malawi: An Employee Perspective

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Abstract

The performance of any business entity ensures its long-term success. For firms operating in the service sector, the relationship between customers and service providers is paramount for long-term survival and growth. The customer relationship management (CRM) concept has provoked much interest in various sectors, including banking. As much as it is important to gather information from the clients themselves regarding the effectiveness of CRM, it is also necessary to gain the perspectives of front-line employees. This study analyzes the effect of customer relationship management and the performance of retail banks in southern Malawi from the perspective of employees. Data were collected from ninety-nine (99) employees who interacted directly with customers in their daily duties. Pearson correlation and regression analyses were used to investigate the relationships between the variables. The findings show that while customer complaint resolution, customer empowerment, and customer knowledge have a significant effect on performance, customer orientation does not. The practical implication of this study is that customer relationship management is instrumental in improving organizational performance. However, employees should go beyond the mere assent of being customer-centric to actually perform value-added activities in their interactions with customers. Every aspect of customer relationship management should be monitored and improved. As employees are key players in enforcing good relationships with customers, they should be trained and provided with the necessary tools to be effective in their roles.

Keyword: employee-customer relations, customer orientation, customer empowerment, customer complaint resolution, customer knowledge

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