Learning Orientation for Performance of Commercial Banks in Nepal:

A Mediated Model Using Customer Relationship Management

- Sarita Bista (Quest International College, Pokhara University, Gwarko, Lalitpur, Nepal)
Dr. Niranjan Devkota* (Research Management Cell, Kathmandu Model College, Tribhuvan University, Bagbazar, Kathmandu, Nepal);
Krishna Dhakal (Research Management Cell, Quest International College, Pokhara Univeristy, Gwarko, Lalitpur, Nepal)
Dr. Surendra Mahato (Nepal Commerce Campus, Tribhuvan University, Minbhawan, Kathmandu)
& Udaya Raj Paudel (Quest International College, Pokhara Univeristy, Gwarko, Lalitpur, Nepal)

Abstract:

This study aims to investigate the relationship between learning orientation and performance of commercial banks in Nepal, with a specific focus on the mediating role of customer relationship management (CRM). Using an explanatory research design and convenient sampling, data was collected from 260 participants with the aid of KOBO Toolbox. Both descriptive and inferential statistics were used to evaluate the data quantitatively. The results suggest that CRM plays a mediating role between learning orientation and banking performance, providing theoretical relevance in terms of organizational learning theory. The findings emphasize the importance of factors that empower and enable customers, such as customer skills and satisfaction, for the survival of the banking industry. Banks should prioritize excellent customer service and a positive consumer experience to enhance their performance. The concern of, this paper lies in its empirical investigation of the interrelationships between learning orientation, CRM, and performance in a specific context, as well as its theoretical and practical contributions to the field of organizational learning in the banking industry.

Keywords: customer relationship management, firm performance, learning orientation, structural equation modelling

Introduction:

Serving and maintaining excellent relationship with customers is one of the most difficult challenges for any organization where marketing is no longer limited to the creation, sale, and distribution of goods which is becoming increasingly focused with the building and maintenance of mutually beneficial long-term client relationships (Kotler & Gertner, 2002). Customers have grown fully aware of their rights over time as a result of competition and technology advancements, and the enhanced offer has quickly become an anticipated one where economic liberalization is characterized by increased competition, a wide range of consumer choices, and well-informed and demanding customers that appreciate quality and value for money.

Corresponding Email: niranjandevkota@gmail.com

In the 1990s, companies were forced to rethink their management systems to adapt and fit themselves to the new competitive environment as a result of the new framework for company activities that emerged which was characterized by globalization of markets, technological development, a larger number of competitors, and increased customer demands. Many companies have recognized a need to be more customer-centric in recent years as a result of tough competition (Bull, 2003). Roh (2005) revealed that companies that use customer relationship management improve their client connections, gain loyal customers, and get a significant payoff in terms of greater revenue and lower costs.

Customer Relationship Management (CRM) is one of the strategies that banks are employing to counteract market competition which brings together the power of relationship marketing and IT to build lucrative, long-term connections with customers where it allows cross-functional integration of processes, people, operations, and marketing capabilities (Payne & Frow, 2004). CRM is more of an evolution than a revolution. As a result, maximizing the potential of each consumer should be the primary focus of any organization. Customers who are dissatisfied cause market damage because they are more likely to persuade others to defect. Moreover, it should come as no surprise that CRM is a buzz emerging issue in the corporate world. Customers are critical to a company's success, yet they have received less attention than they deserve. Private commercial banks, on the other hand, have tried variety of techniques to keep consumers (Feinberg & Kadam, 2002). In India, Sharma (2012) discovered that CRM allowed HDFC Bank to achieve significant company expansion by retaining profitable client segments resulting in greater individual customer margins that helps to reduces the cost of customer management by making it easier to introduce new goods since they are tailored to the needs of particular consumers, and it has been discovered that loyal customers are more likely to buy 50% of new items than new customers. Client relationship management (CRM) is a holistic approach to relationship management that focuses on customer retention and relationship growth.

Today's banks are all about marketing. The most important job of marketing in financial institutions is to combine the elements of the marketing mix in a cohesive form that can be utilized to advance the achievement of the institution's marketing objectives. This is done through marketing strategy. Banks attempt to use ways to deliver their services to clients. Banks use marketing to identify current and potential markets for the products and services they supply (Faraj Aldaihani, 2020). In addition, Kutu et al. (2023) stated recent advancements in banking sector technology have substantial repercussions for the marketing strategies used by banks. Customers will be happier and stay with the firm if the company makes its CRM as robust and trustworthy as possible. Customer satisfaction is a component of client relationship management that leads to increased profitability, customer loyalty, and retention. Client relationship management activities are the most effective and efficient way to build and sustain customer relationships (Omotayo, 2015).

Marketing nowadays encompasses not just product creation, supply, and sales, but also ongoing product development, after-sales services, and a long-term client connection. Building customer loyalty is a notion that has received increased attention in today's company (Bang et al., 2000), because loyal consumers are a fundamental component of successful firms and organizations. Many organizations, such as banks, insurance firms, and other service providers, recognize the benefits of Customer Relationship Management (CRM) and its ability to help them recruit new customers, retain existing ones, and optimize their lifetime value (Azzam, 2014).CRM's usage in the private and public banking sectors has been emphasized after establishing and gaining a clear picture of it. Customer satisfaction can be achieved by maintaining high customer service quality. This leads to the company's prosperity and expansion (Terrell & Brown, 1981). As a result, every bank that wants to expand its banking business or increase its profitability must think about the problems that influence its client relationships (Chaudhari, 2020).

In, various research on customer relationship management and business performance has been conducted all around the world. The majority of these studies, as well as many others, have shown that implementing customer relationship management improves business performance, competitive advantage, and cost efficiency. According to the findings of Semunesh and Tesfahun's (2016) research, there is a lack of timely and organized data, an information gap between stakeholders, technical inefficiency, difficulty in implementing new strategies, less attention for customers, and a lack of long-term relationships with customers, all of which are indicators of low Customer Relationship Management practice problems that can impede an organization's performance.

In the case of Nepalese commercial banks, a customer-oriented strategy was a challenge. In such situations, the only way to keep and attract customers is to develop close relationships with them. Customer relationship management and customer satisfaction and loyalty have a strong and beneficial link (Chris Adalikwu, 2012). Customer relationship management is being implemented by Nepalese commercial banks in order to create and maintain relationships with their clients. The lack of tools and criteria for measuring and evaluating the customer relationship has been identified as one of the reasons for the failure of customer relationship management implementation (Khan et al., 2022). This concept of the organization, as well as other concepts, cannot be managed properly without being measured, according to various studies. As a result, a complete instrument for evaluating customer relationships is required. Therefore, CRM can play a vital role in firm performance. Customer relationship management has been the subject of several research. However, in the Nepalese context, just a tiny percentage of businesses recognize the importance of customer relationship management, particularly in the banking industry, and only a few do research into it. As a result, we believe that customer relationships demand special attention and a lot of hard effort, both of which are beneficial to the baking industry's future success. Fundamental customer relationship management solutions are in high demand and attract clients since they address marketing and service quality in depth. Banks should pay more attention to components that enable or empower customers, such as customer skills and customer satisfaction. A company can preserve a customer's record with the use of these technologies in order to create a future relationship with thrustor relationship management in the banking sector has made it easier for banks to respond to constantly changing customer requirements as a result of corporate growth and technology advances. Relationships are crucial for retaining both new and existing clients. In the banking business, it is a major driving factor. As a result of severe global and local rivalry, the notion of relationship marketing has emerged. Customers seek a bank that is more than a banker, one that is concerned about their whole well-being rather than just what can be marketed to them, in order to form effective long-term relationships. Customers now have access to a wide range of services and products to meet their demands. To satisfy banking consumers, Nepalese commercial banks must also improve banking service characteristics. In the banking industry, forming and maintaining solid, long-term client relationships has become a key competitive advantage.

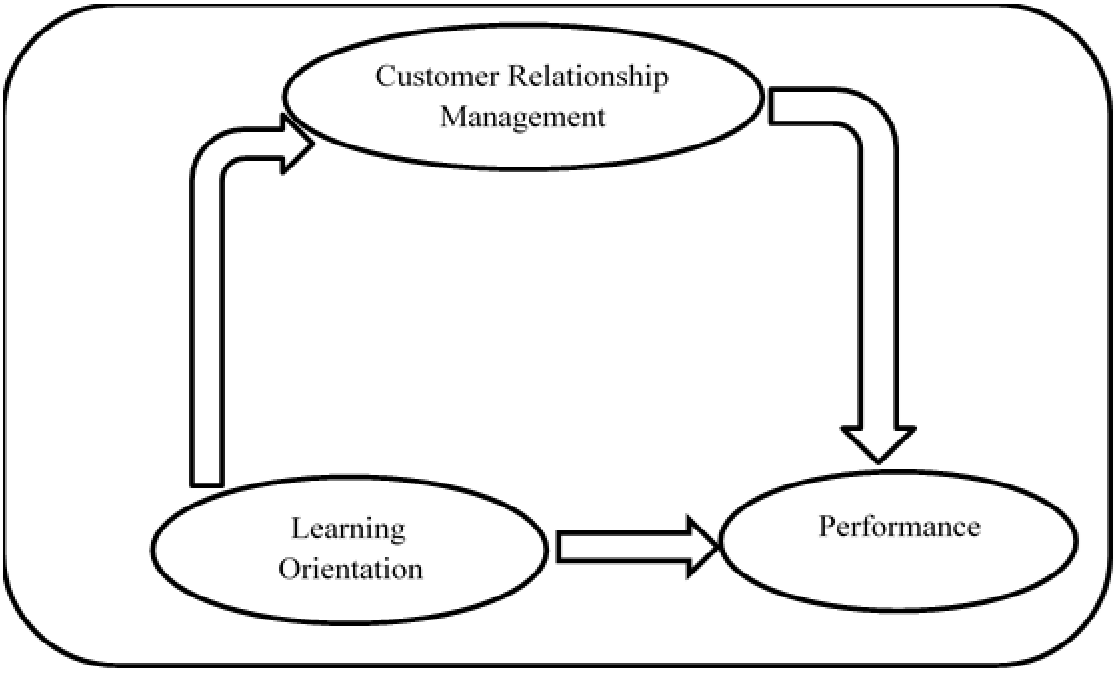
The influence of customer relationship management on banking performance in Nepalese commercial banks is investigated in this study. The impact of customer relationship management activities on firm performance must be investigated. In the future, Nepalese commercial banks will benefit from this research. Still several questions need to be addressed: what are the Factors examining Customer Relationship Management on Banking performance in Kathmandu Valley? What are the challenges on Customer Relationship Management in Banking Industry? What can be the proper managerial Solution for effective CRM on Banking Industry? The major objective of this study is to analyze the impact of customer relationship management in Nepalese commercial Banks by analyzing CRM on Banking performance also by identifying challenges on CRM and thus to recommend managerial solution for effective CRM on banking sector.

Theoretical Background and Research Model:

The researchers have reviewed 5 theories including Customer Relationship Management Theory (Urbanskiene et al., 2008), Theory of Organization Public Relationship(Ferguson, 2018), Relationship Management Theory (Ledingham, 2018), Organizational Learning Theory (Akgün et al., 2014), Theory of Stakeholders Loyalty (Rezaei Sajad, 2015). The theory of relationship management explains how to achieve symmetry (managing organizational–public interactions around common interests and goals) and when to use it (Ledingham, 2018). Moreover, CRM stands for "information-enabled relationship marketing" and is more typically used in the context of technological solutions (Urbanskiene et al., 2008). Likewise, Broom et al. (2009) explains the organization–public relations theory as the management of an organization's interactions with the public which also says in a competitive environment, an organization's willingness to be open when communicating with the public is important. The level of consumer trust that the organization will do what it says is another important factor for consumers (Grunig et al., 1995). Similarly, Stakeholders Loyalty Theory explains loyalty refers to a customer's resolve to constantly reinvest in a chosen service where stakeholder loyalty has been acknowledged for its role in the formation of many successful firms. Customers in the banking business frequently form attitudes about purchasing behavior based on previous experiences, which can lead to loyalty or dissatisfaction (Isnalita & Narsa, 2017). Likewise, organizational learning theory refers to a change that occurs because of an organization's experience. There are several interpretations of the idea in the organizational learning literature. The terms "change," "learning," and "adaptation" have all been used to describe how organizations adapt (Peltier et al., 2013). Among these theories Organizational learning theory best fits for this study as it highlights the relevance of learning, knowledge production, and innovation in the setting of commercial banks in Nepal. In accordance with this theory, banks may acquire a competitive edge in the market by investing in staff training and development, fostering an innovative culture, and exploiting new technology.
Further, customer relationship management theory (Urbanskiene et al., 2008) can be relevant and useful to provide a framework for accepting the customer relationship management. Customer relationship management (CRM) systems are usually a key component of a company's knowledge management function which combines data from both internal and external sources to help management and field employees construct and communicate the company's value proposition (Stein & Smith, 2009). Moreover, a holistic CRM strategy has more implications for businesses in terms of identifying complementary organizational procedures that effectively harness all CRM aspects to contribute to firm success. Study examines impact of organizational learning and customer relationship management (CRM) on a company's performance (Peltier et al., 2013). Figure 1 represents the conceptual framework proposed by the researchers.

Figure 1

Conceptual Framework



CRM and Performance:

CRM is a set of iterative procedures for converting customer data into customer relationships by making active use of and learning from the data gathered where organizations may present the appropriate product to the right consumer at the right time through the right channel to meet the customer's shifting wants using precise and up-to-date customer information. Customers are more inclined to develop long-term relationships with such businesses (Battor & Battour, 2013). Companies with strong CRM capabilities are more likely to comprehend the worth of each client to the company, identify each customer's profitability, and differentiate the more lucrative customers from the less profitable ones. Companies will thus be able to better manage individual client connections and assess the contribution of these interactions to the firm's profitability (Reinartz et al., 2004).

The favorable influence of CRM on company performance is investigated and supported by empirical research. CRM is a major driver of outstanding performance, according (Battor & Battour, 2013) to CRM activities are associated with higher profits, greater customer retention, and increased customer knowledge, which in turn is associated with greater customer satisfaction. Researchers propose the following hypothesis:

H1: Customer Relationship Management has a positive impact on performance.

Learning Orientation and Performance:

Learning orientation refers to a collection of organizational characteristics that are frequently linked to a company's willingness to learn, such as dedication to learning, shared vision, and open-mindedness. Whether an organization is likely to develop a learning culture is influenced by its commitment to learning value. Learning is unlikely to occur if an organization gives little importance on it (Battor & Battour, 2013).

A company with a strong learning focus is more than a knowledge collector or storehouse; it is also a knowledge processor. Customer, channel, and competition feedback must all be leveraged to create core competencies. The degree to which businesses are likely to encourage generative learning as a long-term core capability is influenced by their learning orientation (Calantone et al., 2004)

Learning processes are difficult to build, particular, intangible, and deeply buried in the fabric of the organization; as a result, a company's learning aptitude is difficult to replicate or purchase and may serve as a long-term source of superior performance. Greater learning is required for superior performance in the long run. They also anticipate changes in the environment and market and make necessary modifications (Calantone et al., 2004). As a result, learning makes it easier for organizations to modify their behavior and improve their performance (Battor & Battour, 2013). As a result, the research suggests the following hypothesis:

H2: Learning orientation has a positive impact on performance.

Learning Orientation and CRM:

Theoretical considerations and a few published empirical investigations both show that learning may play an important role in customer interactions (Calantone et al., 2004). Companies that have a strong learning capability have a better understanding of their consumers' changing demands and preferences. Customers are better serviced and can recognize and respond favorably to offer that meet their preferences as the accuracy of a business's understanding of consumer preferences improves.

Customer knowledge is of limited value until it is shared across the organization. Sharing client information allows different divisions within a company to take coordinated activities. Employees with this understanding may respond to any client request in a contextual manner and better manage their customer relationships, say researchers. In essence, no company will be able to learn unless common information is present. Organizational learning, which plays a vital role in building a culture of shared knowledge in the organization, may help firms generate greater CRM capabilities, therefore firms wishing to form strong relationships with consumers should embrace a higher degree of learning (Battor & Battour, 2013). As a result, the research suggests the following hypothesis:

H3: Learning Orientation has a positive impact on Customer Relationship Management.

Mediating role of Customer Relationship Management:

Customer Relationship Management plays a role of mediator between dependent variable (Firm Performance) and independent variable (learning orientation). In this research Customer Relationship Management mediates FP and LO.

H4: CRM Mediates the Relationship between Learning Orientation and Firm Performance.

Variable Table and its Definition:

The variables utilized in the study are discussed in this section. For this study, 7 learning Orientation items, 6 Customer Relationship Management items, and 5 Firm Performance items were adopted. However, owing to low loading, some things were erased during data cleansing and administration. The variables listed in table 1, however, may not be the only variables utilized in the study, and required variables are chosen based on the study's objectives. The table below gives a thorough summary of the observed factors that SEM has confirmed:

Table 1

Observed variables and its description.

Construct	Observed Variables	Variable Notation	Explanation
Learning Orientation (LO)	Organizational Survival	LO3	Learning is seen as a critical commodity in my organization, since it is required to ensure Organizational survival.
	Committed	LO5	All employees are committed to the goals of this organization.
	Shared Assumption	LO7	We are not afraid to critically examine our shared assumptions about how we do business.
Customer Relationship Management (CRM)	Technology-based CRM improvement	CRM2	We invest in technology to collect and handle "real-time" customer feedback and information.
	Data Quality	CRM4	Our databases are designed to ensure that data is of high quality.
	Functional Area	CRM6	Several functional areas are served by our information systems.
Firms Performance (FP)	Customer Satisfaction	FP1	Customer satisfaction has received a lot of attention at my organization when it comes to evaluating its Performance.
	Sales Growth	FP2	Our company's ability to create revenue through sales over a set period of time is measured by our sales growth rate.
	Return on investment	FP3	Return on investment (ROI) is a metric used by my company to assess the effectiveness of an investment.

Note: *LO1, LO2, LO4, LO6, CRM1, CRM3, CRM5, FP4 and FP5 are rejected during data analysis as their value does not meet the threshold value for factor loading which is < 0.50.*

Study Area and Population:

Since the researchers' research focus is the Kathmandu Valley in Nepal. Kathmandu Valley is made up of three districts: Kathmandu, Lalitpur, and Bhaktapur, all of which are located in Nepal's Bagmati Province and cover an area of 899 square kilometers, with a total area of 665 square kilometers. The Valley encompasses the whole Bhaktapur area, as well as 85 percent of Kathmandu and half of Lalitpur districts. The Kathmandu Valley is located between the latitudes of 27o 32' 13" and 27o 49' 10" north, and the longitudes of 85o 11' 31" and 85o 31' 38" east, with a mean elevation of 1,300 meters (4,265 feet) above sea level. Kathmandu Valley is located in the central part of the country as well as the capital city of Nepal. The Kathmandu valley has become a hub for many business and service activities. Being the capital city of Nepal and one of the only regions which accumulates highest concentration of population and center for different major business sector. The population of this study are commercial banking employees. As of Nepal Rastra Bank Supervision Report (2021) there were 44,605 individuals working in different commercial banks as of mid-July 2021. Therefore, this study adopted probability sampling. In order to calculate the sample size required for this study. Researchers adopt probability sampling statistical formula which is inferred by Neilson (2011) in their study. The sample size was calculated using the formula n = N*X / (X + N – 1), Where, X = Zα/2^2 *p*(1-p) / MOE^2, Zα/2 is that the critical value of the traditional distribution at α/2 (e.g., for a confidence level of 95%, α is 0.05 and also the critical value is 1.96), MOE is that the margin of error, p is that the sample proportion, and N is that the population size. The sample size is 258, we also add non-respondent error 5% and thus, sample size must have 271 for this study but due to COVID-19 only 260 sample size was collected by adopting the principal of convenient sampling.

Research Instrument and Data collection:

The major research instrument in this study was a structured questionnaire with an interview. For data collection, a structured questionnaire has been established and devised to conduct a survey as well as get primary data on CRM in banks. This study uses 5-Point Likert scale where 1 is strongly disagree and 5 is strongly agree. To achieve the study's varied aims, the researchers created a connected questionnaire and is set to KOBO Toolbox. However, questions were created to address the study's topic and were written in simple, clear language to express the questions' aim. The collected data were analyzed by using descriptive and inferential methods, which included structural equation modeling based on multiple latent constructs. The first section uses descriptive statistics to provide and discuss data on respondents' socio-demographic characteristics, general understanding of customer relationship management, problems in implementing CRM practices, and managerial tactics. The results of understanding CRM factors using inferential statistics are presented and discussed in the second half of the discussion, which makes up the majority of this research. The following procedure was used to analyze the data, which included descriptive and inferential analysis.

Results and Discussion:

Socio-demographic Characteristics:

Under socio-demographic analysis general information about the surveyed banking employees is covered. Age, Gender, job experience, Marital status and educational level were all taken into consideration. A questionnaire survey of 260 respondents was undertaken, and the results are described further in this chapter.

The respondents were 47.31% male and 52.69% female in gender. This shows that there are equal numbers of employees in banks in Kathmandu valley on the basis of gender, which also indicates that the ratios of respondents of male and female are balance and the result provided can be useful for both groups. There is no gender bias in the result. However, this factor has been selected in socio-demographic characteristics as it helps us to know that both male and female are equally involved in understanding. In the similar study by Sarma (2008) both male and female had equal knowledge about the customer relationship management in banking industry. This indicates that our study has similar participation of respondents in comparison to previous study, but others group people are still not so valued and aware about customer relationship management. The respondents were separated into five categories, with the bulk of respondents falling into the 20-30 age group (153 respondents) with only three respondents falling under the age of 20, and four respondents are above the age of 50. Thus, the data reveals that the maximum number of respondents belong to the age group of 20-30 which shows that a greater number of young people in the banking sector. Raza et al. (2020) state that older people are less in banking industry. i.e., young employees are more involved in customer relationship management in banking.

The majority of the respondents are educated, based on their educational backgrounds. In this survey, respondents range from those with no formal education to those with a master's degree or above and findings indicates, majority of the respondents 58.85% have a master's degree and above with minimal 5.38% of respondents have completed at least one year of Intermediate (+2) schooling. The majority of those polled hold a master's degree or above, as well as a bachelor's degree. This indicates that the majority of bank staff are illiterate. Karkee and Comfort (2016) in similar study area as our study explained education is given more priority. Our studies also show that a greater number of people are well educated in the banking sector.

Similarly, Majority (57%) of respondents have 1 to 5 years of experience and just 6% have less than 1 year of experience. The majority of human resources personnel had between one and five years of experience. Wirtschaft (1999) states that 35% of the respondent were having less than 4 yrs of experience, 31.8% where between 5 to 9 years, 18.9% were between 10 to 14 years and 5.5% were 20 years and above. In our study years of experience are different in comparison to previous study because of different classification of experience category. Likewise, 21% of respondents were Junior Assistants followed by 14% of Assistants with least 0.77 percent were Deputy Managers. The majority of responders at Commercial Banks were Junior Assistants, according to this survey.

General Understanding of Customer Relationship Management:

This section discusses the general understanding of Customer Relationship Management of Bank Employees. There may be different levels of understanding among respondents when it comes to CRM Practices in Banks. Adoption and its advantages Some Employee may have a firm understanding of CRM, whereas some employees may have limited understanding of CRM practices.

Awareness about Customer Relationship Management in Banking:

In this part, respondents' knowledge of customer relationship management methods in banking is assessed. Based on the statistics, it has been determined that all banks should engage in customer relationship management (CRM). The banking business has been commoditized. Customers' experiences with their banks are what gives one bank a competitive advantage over another, with everyone offering essentially the same products and services and little space to compete on pricing. So, every bank needs to make relationships with customers for customer satisfaction. The study shows that 51% of the respondents say they interact with customers daily. Where, 32% of the bank employees respond that they interact with customers sometime in a week. 23% and 14% of the respondent rarely and weekly interact with the customers. This shows that to satisfy the customer banks must maintain a good relationship with their customers. Likewise, the bank is a significant service provider. Customers are the most important aspect of a bank. The customer is the one who utilizes banking products and services and evaluates their quality. A banking relationship is an agreement between the customer and the bank. Different categories of consumers are dealt with by the banker.

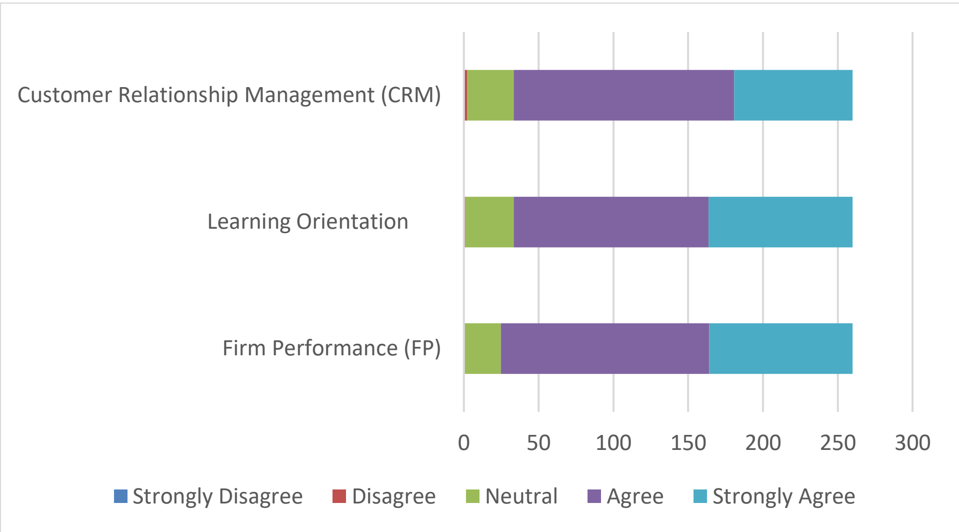
Impact of Customer Relationship Management on Firm Performance:

This section discusses the impact of customer relationship management on firm performance in the banking sector. It is the main research variables for the study as customer relationship management, learning orientation, firm performance.3 constructs are taken in the study where 1 is independent variable, 1 is dependent variable and 1 is mediating variable. Below the impact of customer relationship management on firm performance in discussed separately according to the variable. Each construct is displayed on separate table and beneath each constructs a certain number of questions are asked where respondents have answered whether they strongly disagree (1), disagree (2), neutral (3), agree (4) and strongly agree (5) to the statement.

Firm performance refers to an organization's capacity to effectively employ existing resources to meet goals in accordance with the company's established strategies, while keeping the users' needs in mind. From figure 2 we found that most of the respondents agrees on customer satisfaction has received a lot of attention at their organization when it comes to evaluating its Performance, they also agree with the statement of firm performance as 144 agreed banks' ability to create revenue through sales over a set period of time is measured by our sales growth rate. Similarly, 119 Strongly agreed with statement Return on investment (ROI) is a metric used by my company to assess the effectiveness of an investment. From this we can conclude that banks are performing well to maintain a good relationship with their customers.

Figure 2

Overall Discussion of Variables



A learning orientation is a conceptual framework that allows stakeholders to review and adjust inputs, outputs, processes, and policies in order to achieve growth. It contains explanatory variables such as Organizational survival, Committed and Shared Assumption.

The figure 2 revealed that most of the people i.e., 134 respondents all the employees are committed to the goals of the organization, 132 of the respondents agreed and 99 of the respondents strongly agree that they are not afraid to critically examine their shared assumptions about how they do business. Likewise, 98 of respondents strongly agree and 125 respondents agree that Learning is seen as a critical commodity in my organization, since it is required to ensure Organizational survival. From this we can conclude that most of the respondents of the study apply Customer relationship management in their Bank and most of the employees agree that learning orientation is one of the major factors for better customer relationship management in Banking industry.

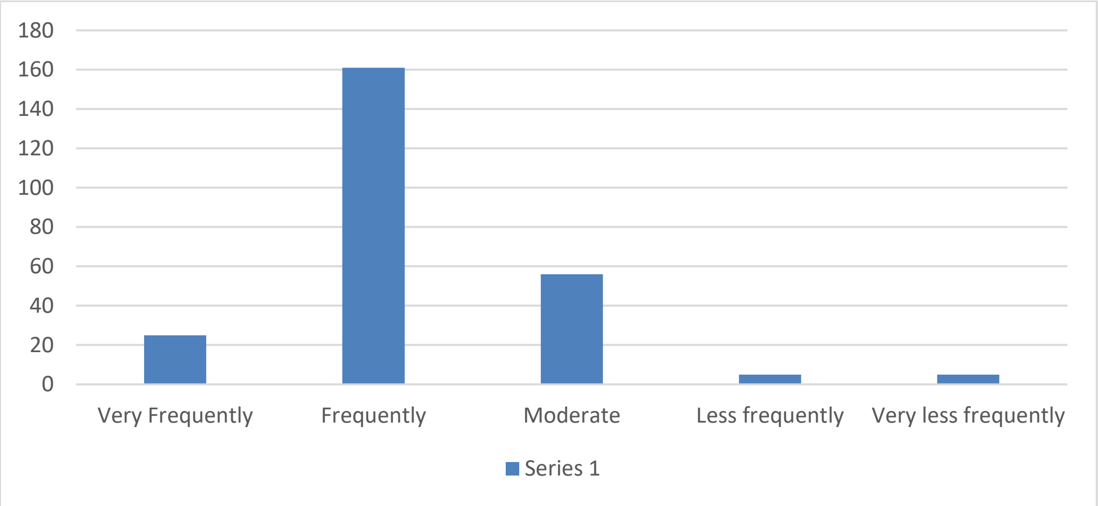
Likewise, in customer relationship management it has Technology-based CRM improvement, Data Quality, and functional areas. The findings revealed that the majority of respondents i.e., 163 respondents have agreed that bank invest in technology to collect and handle "real-time" customer feedback and information. Likewise, 87 of the respondents strongly agree and 142 respondents agree with the statement that bank databases are designed to ensure that data is of high quality, 137 agree that several functional areas are served by bank information systems. From this, we conclude that Customer relationship management is an important factor in banking industry.

Challenges in Customer Relationship Management:

This section contains useful information about the challenges of customer relationship management in banking industries. The major challenges faced by banking industry are quality of customer data (46%), using right technology (45.77%), lack of skilled people (43%), alignment of people and process (40%), determining the right time for customer needs (37%), real time data cross all customer channels (25%), incorporating customer data and customer preferences to the customer database (22%), having 360-degree view of customer (16.54%), getting management sponsorship (6.15%). The different views of the respondents were collected and tabulated regarding challenges in Customer relationship management. The study revealed that that most of the employees are facing challenges. From figure 3, we can say that 61.92% of the respondents are frequently facing challenges while adopting Customer relationship management.

Figure 3

How often challenges arises.



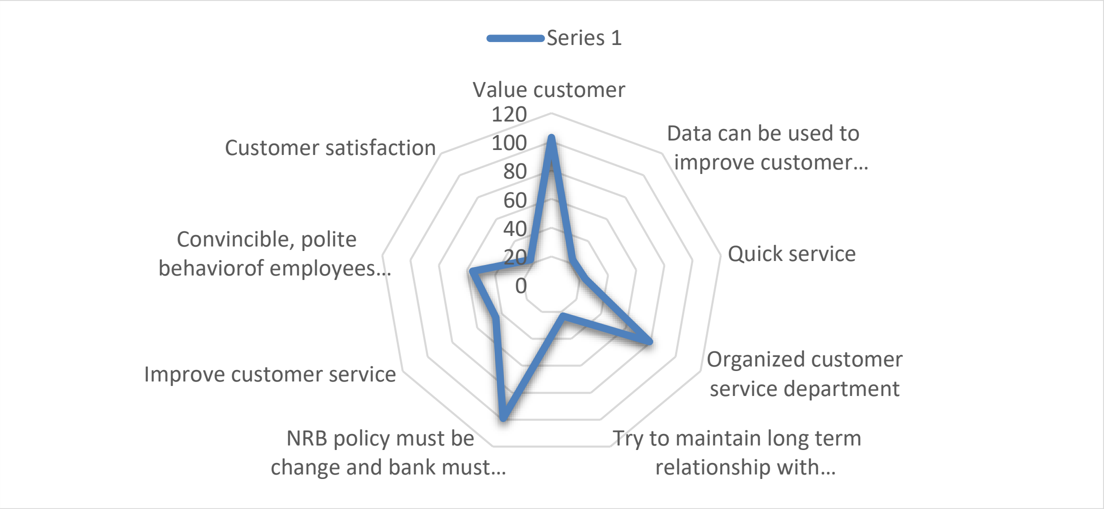
Similarly, respondents were also asked the question like from whom or where such challenges have arrived? In this respect, respondents opined that the major source of challenges are due to Organization policy (50%), Employees (47.69%), Stakeholders (43.08%), Government policy (37.31%), and 3.08% respondents opine that it is due to some other factors.

Managerial Solution:

This part covers descriptive analysis for the study's aim, which is to suggest essential managerial strategies in customer relationship management. It contains a detailed analysis of the most effective managerial strategy for customer relationship management in banking, as well as the responsible authorities for implementing the strategy and a question about what should be done to improve customer relationships in the banking industry.

Figure 4

Suggestion of CRM



Source: Field Study

Almost all the respondents think that occurred situation is manageable. Respondents were asked about what the management strategies for the effective Customer relationship management are. According to employees of different commercial bank for effective customer relationship management, Use modern technology(16.92%), build customer trust (39.61%), employees must be responsible (8.46%), customer feedback (36.92%), provide personalize service (28.46%), provide proper training to the employees (1.92%), Communication of organization vision to employees and stick with concrete plan (10.38%), become trust advisor to customer (46.92%), Try to solve problem of customers as quickly as possible (18.07%).

Respondents to the survey made several ideas for improving customer relationship management in banking. The respondents were also asked about the authorities in charge of executing the aforementioned management methods, according to the results. Finally, respondents were asked to react to an open-ended question about how to improve customer relationship management in Kathmandu Valley commercial banks.

Inferential Analysis:
Summary Statistics:

The data is summarized using the mean, standard deviation, skewness, and kurtosis. The mean and standard deviation are in the range of 4.19 to 4.21 and 0.611 to 0.68, respectively, indicating minimal variation. Skewness is a measure of symmetry in a distribution, whereas kurtosis is a measure of a distribution's peak or flatness (Mohammed, 2022). The negative skewness of the data is represented by values ranging from -1 to +1 in this study. Similarly, all kurtosis measures fall between -1 and +1, indicating that the data does not have a normalcy problem.

Exploratory Factor Analysis (EFA):

The goal of exploratory factor analysis (EFA) is to find out how important a set of response-influencing factors are. The EFA's main aims are to determine the number of common variables impacting a set of measurements, as well as the strength of the association between each factor and each observed measure. The data's applicability must be evaluated using KMO and Bartlett's tests before it can be considered. The KMO value in our analysis is 0.743, which is higher than the 0.60 minimal requirement. Similarly, the data is significant since Bartlett's Test value is 0.001, which is less than 0.05, suggesting that the data is significant.

Common Method Bias:

The single factor test of Harman is used to evaluate if the study exhibits common method bias. Harman's single-factor test is used to see if the first extracted component explains more than 50% of the variation in the results of an EFA study. The overall variation for a single component in this study is 35.45%, which is less than 50%, indicating that there is no common technique bias in this investigation.

Confirmatory Factor Analysis:

Confirmatory factor analysis (CFA) examines if a collection of components has the expected effect on answers (Pett et al., 2011). The fitness indicators CMN/DF is 1.413, RMR is 0.015, RMSEA is 0.040, GFI is 0.972, IFT is 0.988, TLI is 0.982, and CFI is 0.988 are used to assess if the model fit is great or not. The model fit in this study is excellent, since all of the indicators meet the CMN/DF0.80, IFT>0.90, TLI>0.90, and CFI>0.90 requirements for good fitting (Blunch, 2012).

Measurement Model:

Table 2

Reliability and Validity

Construct	**Indicators**	**Factor Loading**	**Cronbach's Alpha**	**CR**	**AVR**	**MSV**
Firm Performance	FP1	.710	0.823	0.813	0.591	0.106
	FP2	.773				
	FP3	.750				
Learning Orientation	LO3	.705	0.811	0.813	0.592	0.106
	LO5	.736				
	LO7	.743				
Customer Relationship Management	CRM2	.735	0.813	0.824	0.611	0.073
	CRM4	.736				
	CRM6	.725				

Source: Field Study

Convergence validity and discriminant validity were used to establish the data's reliability and validity, as indicated in table 2. The data must meet the conditions of CR>0.70 and

AVE>0.50 to verify convergence validity. Similarly, the data must meet the conditions of AVE >MSE and square root of AVE > correlation to indicate discriminant validity (see table 3). Because it meets the above-mentioned requirements, the result of this investigation exhibits both convergence and discriminant validity (table 2).

Table 3

Latent Construct Correlation

	LO	**CRM**	**FP**
LO	**0.769**		
CRM	0.325	**0.769**	
FP	0.242	0.271	**0.781**

Source: Field Study

Mediation Analysis:

The research investigates whether the mediating variables have a significant impact on the dependent or independent variable. To determine the mediation connection, the Sobel Test was used.

SOBEL Test Results:

Table 4

SOBEL Test Results

			Mediating effect		**Test statistic**	**p-value**
			b	**s**		
LO-CRM-FP	A	0.252	0.171	0.059	2.41	0.0159
	S	0.058				

From the given result of Sobel Test, we can see that P-value is less than 0.05 which implies that Customer Relationship Management (CRM) plays any mediating role between Firm Performance and Learning Orientation. This indicates that there was an indirect relationship.

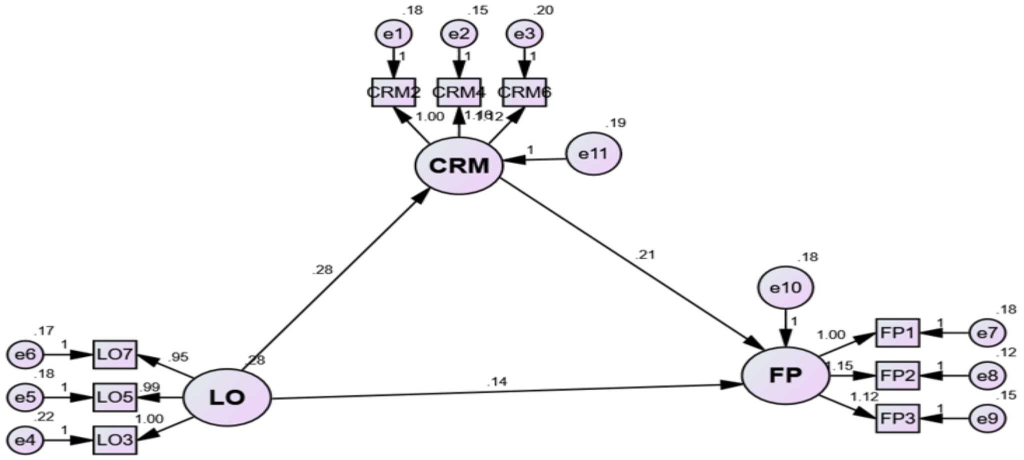
Test of Hypothesis:

Table 4 shows that H1, H2, and H3 are all accepted, implying that there is no significant association between the variables in any hypothesis. The degree to which a variable participates in the transmission of change from a cause to its consequence is measured by mediation analysis. The influence of the mediating factors was investigated using the Sobel test. After doing the Sobel test, it was discovered that the mediating variable 'Customer relationship management' has a mediating influence on the link between the independent variable (Learning Orientation) and the dependent variable (Firm performance).

The regression analysis, variable analysis, and assessment of the normalcy pattern are all analyzed using SEM in the inferential phase of the study. Five factors are investigated when latent variables are compared to observable variables. The model's fitness standards show that she is in good shape. The result is an X 2 /df (CMIN/DF) of 1.413 (1.4133<3). The p value for a meaningful association between latent variables and observable variables is less than 0.05, according to the findings. Because the meaning level of all the hypotheses (p-value) is less than 0.05, the hypotheses in this analysis are considerably accepted. Thus, as a result, all independent variables employed in this study have a substantial impact on all contingent factor hypotheses, as all hypotheses are dismissed.

Figure 5

Structural Model



Source: Field Study

Table 5

Path Estimates for Structural Model

	Estimate	**S. E**	**C.R**	**P**	**Conclusion**
H1: LO→CRM	0.281	0.068	4.127	***	Significant
H2: LO→FP	0.144	0.067	2.151	0.031	Significant
H3: CRM→FP	0.206	0.078	2.655	0.008	Significant

Source: Field Survey

Discussion:

To develop and assess the link between the variables in this study, the reliability test and multiple linear correlation were utilized. From hypothesis, customer relationship management, learning orientation, and firm performance are all important factors to consider and have significant relationship with Customer relationship management. Customer Relationship Management (CRM) has a favorable effect on productivity according to supported hypothesis (H3) and is consistent with Guerola-Navarro et al. (2021) study. CRM's positive impact on business performance is researched and validated by empirical studies. CRM efforts are related with higher earnings, more customer retention, and increased customer knowledge, which in turn is associated with greater customer happiness (Battor & Battour, 2013).

Similarly, the supported hypothesis H2 states that there is a significant relationship between learning orientation and firm performance. This finding is consistent with Real et al. (2014) study. A company's learning aptitude may be a long-term source of excellent performance.

Long-term greater performance necessitates more learning. As a result, learning makes it easier for businesses to change their ways and improve their results (Battor & Battour, 2013). The accepted hypothesis H1 means learning orientation has significant relationship on customer relationship management. Customer knowledge is of limited value until it is shared across the organization. Sharing client information allows different divisions within a company to take coordinated activities. Employees with this understanding may respond to any client request in a contextual manner and better manage their customer relationships, say researchers. In essence, no company will be able to learn unless common information is present. Organizational learning, which plays a vital role in building a culture of shared knowledge in the organization, may help firms generate greater CRM capabilities, therefore firms wishing to form strong relationships with consumers should embrace a higher degree of learning (Calantone et al., 2004).

Conclusion and Recommendation:

The concept of Customer Relationship Management (CRM) has gained considerable attention in the current business environment, owing to the increasing competition and the rise in customer expectations from e-commerce and online purchases. Nepalese commercial banks have also recognized the significance of CRM in enhancing their competitiveness in the market. CRM involves the integration of relationship marketing and information technology to foster cross-functional cooperation, which leads to efficient operations, improved marketing abilities, and enhanced customer satisfaction. While CRM has been established as a strategy for ensuring customer centricity, the lack of comprehensive tools for measuring customer relationships poses a challenge in implementing such a concept.

Although Nepalese commercial banks are familiar with CRM, there is a need to focus on customer skills and satisfaction to further empower the customers, as they are critical to the banks' success. Excellent customer service and a favorable consumer experience are crucial for the survival of banks in the industry. Therefore, CRM-based solutions have a significant impact on marketing success, and banks must train their employees to be adaptable to changing consumer demands. It is essential to understand customers' expectations and apply relevant policies and training to ensure their satisfaction, which is influenced by factors such as tangibility, dependability, responsiveness, assurance, and empathy.

Efficient CRM in Nepal requires the use of contemporary technology and the development of client trust, according to banking employees. In light of this, the study aims to provide critical management practices to strengthen customer interactions and to suggest strategies for improving customer relations in Nepalese commercial banks. It is imperative for banks to leverage strategic factors such as CRM data as marketing information for long-term planning. Banks should focus on building long-term relationships with customers and have defined budgets for specific goals to avoid attracting new clients at the expense of existing customers.

References:

Ahmad Mohmmad Azzam, Z., & Professor, A. (2014). The impact of customer relationship management on customer satisfaction in the banking industry: A case of Jordan. *European Journal of Business and ManagementOnline), 6*(32), 2222–2839.

Akgün, A. E., İmamoğlu, S. Z., Koçoğlu, İ., İnce, H., & Keskin, H. (2014). Bridging organizational learning capability and firm performance through customer relationship management. *Procedia - Social and Behavioral Sciences, 150(1)*, 531–540. https://doi.org/10.1016/j.sbspro.2014.09.071

Bang, H. K., Ellinger, A. E., Hadjimarcou, J., & Traichal, P. A. (2000). Consumer concern, knowledge, belief, and attitude toward renewable energy: An application of the reasoned action theory. *Psychology and Marketing*, *17*(6), 449–468. https://doi.org/10.1002/(SICI)1520-6793(200006)17:6<449::AID-MAR2>3.0.CO;2-8

Battor, M., & Battour, M. (2013). Can organizational learning foster customer relationships? Implications for performance. *Learning Organization*, *20*(4–5), 279–290. https://doi.org/10.1108/TLO-11-2012-0073

Broom, G. M., Casey, S., & Ritchey, J. (2009). Toward a concept and theory of organization-public relationships. *Journal of Public Relations Research, 9*(2), 83–98.

Bull, C. (2003). Strategic issues in customer relationship management (CRM) implementation. *Business Process Management Journal*, *9*(5), 592–602. https://doi.org/10.1108/14637150310496703

Calantone, R. J., Tamer, C. S., & Yushan, Z. (2004). Learning orientation, firm innovation capability, and firm performance. *Industrial Marketing Management*, *31*(1), 515 citation_lastpage=524.

Chaudhari, V. M. (2020). Role of CRM in Indian banking sector. *International Journal of Engineering and Management Research*, *10*(1), 59–63. https://doi.org/10.31033/ijemr.10.1.11

Chris Adalikwu. (2012). Customer relationship management and customer satisfaction. *African Journal of Business Management*, *6*(22), 98–107. https://doi.org/10.5897/ajbm12.634

Donaldson, L. (1999). Performance-driven change: The organizational portfolio.

Faraj Aldaihani, F. M., Bin Ali, N. A., Hashim, H. B., & Basha, N. K. (2020). Impact of social customer relationship management on customer retention of Islamic banks in Kuwait: The mediating role of customer empowerment. *International Journal of Supply Chain Management*, *9*(1), 330–337.

Feinberg, R., & Kadam, R. (2002). e-CRM Web service attributes as determinants of customer satisfaction with retail Web sites. *International Journal of Service Industry Management*, *13*(5), 432–451. https://doi.org/10.1108/09564230210447922

Ferguson, M. A. (2018). Building theory in public relations: Interorganizational relationships as a public relations paradigm. *Journal of Public Relations Research*, *30*(4), 164–178. https://doi.org/10.1080/1062726X.2018.1514810

Grunig, J. E., Grunig, L. A., Sriramesh, K., Huang, Y. H., & Lyra, A. (1995). Models of public relations in an international setting. *Journal of Public Relations Research*, *7*(3), 163–186. https://doi.org/10.1207/s1532754xjprr0703_01

Guerola-Navarro, V., Oltra-Badenes, R., Gil-Gomez, H., & Fernández, A. I. (2021). Customer relationship management (CRM) and Innovation: A qualitative comparative analysis (QCA) in the search for improvements on the firm performance in winery sector. *Technological Forecasting and Social Change*, *169*, 120838.

Isnalita, & Narsa, I. M. (2017). CSR disclosure, customer loyalty, and firm values (study at mining company listed in Indonesia stock exchange). *Asian Journal of Accounting Research*, *2*(2), 8–14. https://doi.org/10.1108/AJAR-2017-02-02-B002

Khan, R. U., Salamzadeh, Y., Iqbal, Q., & Yang, S. (2022). The impact of customer relationship management and company reputation on customer loyalty: The mediating role of customer satisfaction. *Journal of Relationship Marketing*, *21*(1), 1-26.

Kotler,P., & Gertner, D. (2002). Kotle Gertner2002_Article_CountryAsBrandProductAndBeyond. *Henry Stewart Publications 1350-231X*, *9*(4), 249–261..

Kutu, S., Devkota, N., Upretee, S., Paudel, U. R., & Dhakal, K. (2023). Commercial Bank Readiness for Adoption of Marketing 4.0: Evidence From Nepal. In *Marketing and Advertising in the Online-to-Offline (O2O) World* (pp. 247-266). IGI Global.

Ledingham, J. A., & Baesecke, F. H. (2019). Relationship management the core focus of public relations.

Mohammed, M. B., Adam, M. B., Ali, N., & Zulkafli, H. S. (2022). Improved frequency table's measures of skewness and kurtosis with application to weather data. *Communications in Statistics-Theory and Methods*, *51*(3), 581-598.

Mišić, B., & McIntosh, A. R. (2015). Effective connectivity. In *Brain Mapping: An Encyclopedic Reference* 1(1), 1-18. Elsevier Inc. https://doi.org/10.1016/B978-0-12-397025-1.00336-5

Omotayo, F. O. (2015). Knowledge management as an important tool in organisational management: A review of literature. *Library Philosophy and Practice*, *1*(1), 1-23.

Payne, A., & Frow, P. (2004). The role of multichannel integration in customer relationship management. *Industrial Marketing Management*, *33*(6), 527–538. https://doi.org/10.1016/j.indmarman.2004.02.002

Peltier, J. W., Zahay, D., & Lehmann, D. R. (2013). Organizational learning and CRM success: A model for linking organizational practices, customer data quality, and performance. *Journal of Interactive Marketing*, *27*(1), 1–13. https://doi.org/10.1016/j.intmar.2012.05.001

Raza, A., Rather, R. A., Iqbal, M. K., & Bhutta, U. S. (2020). An assessment of corporate social responsibility on customer company identification and loyalty in banking industry: A PLS-SEM analysis. *Management Research Review*, *43*(11), 1337-1370.

Reinartz, W., Krafft, M., & Hoyer, W. D. (2004). The customer relationship management process: Its measurement and impact on performance. *Journal of marketing research*, *41*(3), 293-305.

Rezaei Sajad. (2015). The non-economic consequence of disclosure: Evidence from Islamic banks. *The Eletronic Library*, *34*(1), 1–5.

Roh, T. H., Ahn, C. K., & Han, I. (2005). The priority factor model for customer relationship management system success. *Expert Systems with Applications*, *28*(4), 641–654. https://doi.org/10.1016/j.eswa.2004.12.021

Sarma, M., & Pais, J. (2008). Financial Inclusion and development: A cross country analysis. *In Annual Conference of the Human Development and Capability Association, New Delhi*, *168*(10–13), 1–30. https://doi.org/10.1002/jid

Sharma, A. N., Elased, K. M., & Lucot, J. B. (2012). Rosiglitazone treatment reversed depression- but not psychosis-like behavior of db/db diabetic mice. *Journal of Psychopharmacology*, *26*(5), 724–732. https://doi.org/10.1177/0269881111434620

Sharma, S. (2019). Descriptive statistics, 1(1), 1–14. https://doi.org/10.32964/tj18.5

Sinharay S. (2010). An overview of statistics in education. *International Encyclopedia Of Education*, 1(1), 1–11.

Stein, A., & Smith, M. (2009). CRM systems and organizational learning: An exploration of the relationship between CRM effectiveness and the customer information orientation of the firm in industrial markets. *Industrial Marketing Management*, *38*(2), 198–206. https://doi.org/10.1016/j.indmarman.2008.12.013

Terrell, T. D., & Brown, H. D. (1981). Principles of language learning and teaching. In *Language* 57(3), 1-18. https://doi.org/10.2307/414380

Urbanskiene, R., Žostautiene, D., & Chreptavičiene, V. (2008). The model of creation of customer relationship management (CRM) system. *Engineering Economics*, *3*(58), 51–59. https://doi.org/10.5755/j01.ee.58.3.11552

Wirtschaft, Z. B. W. L. (1999). Digitales archiv. *Materials Testing*, *41*(7–8), 307–317. https://doi.org/10.1515/mt-1999-417-807