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Factors Affecting Customers' Switching Intention in the Banking industry:

The case of Commercial Bank of Ethiopia

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**FACTORS AFFECTING CUSTOMERS' SWITCHING INTENTIONS IN
THE BANKING INDUSTRY:**

THE CASE OF COMMERCIAL BANK OF ETHIOPIA

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Declaration and confirmation

I declare that the research entitled “Factors affecting customers’ switching intention in the banking industry: The case of Commercial bank of Ethiopia” is my original work and has not been presented in Addis Ababa university or any other university, and that all sources of material used for the research have been duly acknowledged.

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Abbreviations/Acronyms

EJBM :- European journal of Business and management

JPAG:- Journal of Public Administration and Governance

NBE:-NATIONAL Bank of Ethiopia

CBE:- Commercial Bank of Ethiopia

CBB:- Construction and Business Bank

DBE:-Development Bank of Ethiopia

ESI:- Ethiopian Insurance Corporation

SBOCIBS-Switching Behavior of Customers in Banking Sector

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ABSTRACT

Customer switching means forsake one service provider for another. Service switching can be viewed as a process resulting from a series of decisions and critical service encounters overtime rather than specific moment in time when a decision is made. Customers decide to switch service for a variety of reasons. Dissatisfied customers have an intention to switch the bank. Therefore, the objective of this research is to investigate customer switching intentions as a complex phenomenon that is affected by a series of bank actions in terms of service quality, price, commitment and anger incident as a direct variables and involvement, switching costs, alternative attractiveness, and relationship duration as a moderating variable at Commercial bank of Ethiopia. Cluster sampling method was used and the data collection method was questionnaires. A total of 420 questionnaires were distributed to the selected individual customers of commercial bank of Ethiopia through the selected branches in Addis Ababa; out of it 385 questionnaires returned and properly field. Questionnaires were analyzed using Cronbach's Alpha, descriptive statistics, ANOVA, correlation and regression. Service quality and anger incident factors have strong influence on customers switching intention whereas price of the bank and bank commitment factors have weak influence on switching intentions and the variability of customers switching intention can be explained to the extent of 39.2% by service quality, price, bank commitment and anger incident. This study also underlines the moderator role of involvement and knowledge about alternatives has an indirect effect on switching intentions.

Key words: - Switching intention, service quality, bank commitment, price, anger incident

CHAPTER ONE

1. Introduction

This chapter aims to provide a comprehensive background of the study that gives a complete understanding of this paper to the audience. In this chapter it is also discussed briefly about the company profile, statement of the problem, research question, research objective, significance of the study, scope of the study, limitation of the study, and organization of the chapters.

1.1 Background of the Study

The Western World has experienced a post-industrial service economy for several decades. This is not the situation in all parts of the world. In industrial countries the value added to the gross domestic product (GDP) in service was, in 2003, in USA already 77% and in the UK 73%, respectively. As the service impact on employment, in 2002 in USA 76% of total employment was in services and in the UK 75% (Christian, 2007).

Some researchers proved that services sectors of the developing as well as the Middle East Countries contribute more to the GDP of the country, which represents average figures of 47% and 53% of its GDP respectively (Syed Shahzaib, 2012). In today's Market place, the Size of the service sector is increasing all over the World, in both developed and emerging countries (Love Locked Wing, 2007). In Egypt, the service sector represents the largest and fastest growing economic sector and accounts for almost 51% of GDP. (Heba Sadek et.al. 2011). In Ethiopia also, the contribution of services sector to GDP, in 2002, was 41.8% (NBE biritu , 2006).

Services represent a huge and growing percentage of the world economy; yet in many countries, including the United States, customer perceptions of service are not good. According to IBM's former CEO, Gerstner, says "Services are going to move in this decade to being the front edge of the industry." Put the most simple terms, services are deeds processes, and performances provided or coproduced by one entity or person for another entity or person (Valarie et.al, 2013,).

The heterogeneous nature of many services means that some failure is inevitable. But, what matters is handling of a compliant. Dissatisfaction with the service can also become more intense

if the compliant does not feel that the compliant is being handled appropriately. Ideally, front line employees should be empowered to take decisions about the best course of action. However, many companies find this uncomfortable suggestion believing that the employee will always err on the side of the counter, and perhaps be over-generous with any compensation. Other companies take a more progressive view, as Jan Carlzon CEO of SAS said:

What' s the danger of giving away too much? Are you worried about an over-satisfied customer? That' s not much of a worry. You can forget about an over-satisfied customer, but an unsatisfied customer is one of the most expensive problems you can have ... the danger is not that employees will give away too much. It' s that they won' t give away anything because they don' t dare (Nudie and Pirrie, 2006).

In recent years there has been a refocusing of marketing away from customer acquisition to that of customer retention. The traditional role of marketing has been to win customers. Little attention or effort was devoted to keeping them. This preoccupation with customer acquisition rather than customer retention has been criticized as a 'leaky bucket' approach to business. To support for retention over acquisition came in a report claiming that a reduction in customer defections by 5% across a range of service industries generates an increase in profits anywhere from 25 to 85% (Nudie and Pirrie, 2006).

Service sector includes financial services, transportation, hospitality services, professional services and services provided by the public sector. Today, services are still mostly defined in this out dated way. The reason why this is anachronistic way of defining the amount and importance of services in a society is the fact that it views services as something provided by a certain type of organization. There are two reasons why this is misleading:

- It neglects the hidden services of manufactures and agriculture
- It views services as a 'sector' of the economy, not as business logic and a perspective on how to create a competitive advantage. (Christian, 2013).

The financial sector has been described as a foundation for the society's infrastructure and for stimulating the growth of economy and provides services that are vital for both companies and

households. Actors in the sector include banks, credit companies, thrust companies, insurance companies and securities companies (Konkurrensverret, 2009).

Financial institutions in Ethiopia were under direct control of the monetary authorities (Government), during the command economic era. As a result there were only three government banks (CBE, CBB and DBE) and one insurance company (EIS).

But after the enactment of the licensing and supervision of banks and insurance companies' proclamations in 1994 and for micro-financing institutions proclamation in 1996, the private banks, insurance companies and micro financing institutions started to sprout (NBE, Birritu Buletinal, 2000).

This study focuses on the customers switching intentions among banking industry in Ethiopia on the case of a government owned bank known as Commercial Bank of Ethiopia. In recent years, the market has become slightly more competitive due to new market entrants from actors in other industries expanding their core business (Konkurrensverret, 2009).

Chakravalt, (2003) and Charrvaryscoft, (1999), banks survival is only possible when there is a strong and direct relationship between clients and banks as well. Otherwise, customers will try to switch from this bank.

1.2 Background of the company

1.2.1 Introduction about Bank

There is an old joke attributed to comedian Bob Hope that says "A Bank is a financial institution where you can borrow money only if you can prove you don't need it." Although many of bank's borrowing customers may get the impression that old joke is more truth than fiction, the real story is that banks today readily provide hundreds of different services to millions of people, businesses, and governments all over the World. And many of these financial services are vital to our personal well- being and the well- being of the communities and nations where we live (Rose and Hudgins, 2008).

Banks are the principal source of credit (loan able funds) for millions of individuals and families and for many units of government. More than any other financial-service firm, banks have a reputation for public trust (Rose and Hudgins, 2008).

Marketing is becoming increasingly necessary in today's banks' competitive environment. Intensified rivalry from other institutions has caused the banks to think seriously about how they can compete effectively. This has led them to pay increasing attention to marketing techniques (Meidan, 1988).

According to Meidan,(1988), the main functions of commercial banks are:

- a). the safekeeping function (deposit taking function)
- b). lending function, &
- c). providing a variety of financial and related services that are indirectly related to the previous two main banking functions (above).

1.2.2 Commercial Bank of Ethiopia

CBE was established in 1963, under the Ethiopian monetary and banking law. As per proclamation No. 207/1955, of October 1963, CBE took over the commercial banking activities of the former state bank of Ethiopia. It started operation on January 1, 1964; with a capital of Ethiopian birr 20 million (bank's website).

Currently CBE have more than 1000 branches stretched across the country and its assets of 311 billion birr as on September 30th 2015. It has more than 11 million account holders.

VISION

“To become a world-class commercial bank by the year 2025.”

MISSION

We are committed to best realize stakeholders' needs through enhanced financial intermediation globally and supporting national development priorities, by deploying highly motivated, skilled and disciplined employees as well as state-of-the-art technology. We strongly believe that winning the public confidence is the basis of our success.

1.3 Statement of the Problem

Since the enactment of the licensing and supervision of banks and insurance companies' proclamations in 1994, the market has been liberalized to private financial sectors and a significant number of private banks have been opened of which there are now nineteen.

This makes the banking sector to expand its operation rapidly. Increasing competition, diversification of service and application of aggressive marketing techniques has appraised customers not only the availability facilities but made them conscious about better service. Therefore, this services sector is one of sector which suffers from the problem of switching.

It is also important to recognize that in banking marketing two fundamentally different functions must perform. I.e. it must attract depositors on one hand, and attract borrowers and users of service on the other. This double sided nature of banking business makes the market stiffer and their competition becomes increasing from time to time. Hence, marketing strategy is becoming increasingly necessary in today's competitive environment in Ethiopia. According to Chetan et.al., (2005), marketer's understanding of the divers of customer's buying behavior will help them to serve their customers effectively and efficiently and attract new customers.

According to Mudie and Pirrie, (2006), there has been a shift from a transaction to relationship focus in marketing. It has been suggested that firms frequently focus on attracting customers ("the first act") but then pay little attention to what they should do to keep them ("the second act"). Due to little attention, their relationship is weak and customers may not satisfy with what they get from the service provider. Hence, customers decide to switch to a different service provider.

According to Anto'n Comarescarrela, (2007), switching is a dear problem from the firm point of view and an important decision for the customer. Whenever a service failure occurs, people expect to be adequately compensated in a fair manner. However, recent studies shows that many customers feel they have not been treated fairly not received adequately recompose. (Christopher and Jochen, 2011).

As the researcher have an experience to look the problem closely about the situation of switching customers from his/her bank and see how the reaction of the bank towards his defected customers. The researcher has made a preliminary survey by asking some defected customers, most of them mentioned that the bank doesn't satisfied their needs in terms of loan approval and

foreign currency as the customer wants. According to the banks' customer attraction and migration measurement rate, significant number of customers switching his/her bank because of low fixed (time) deposit. As far as the researcher's findings (knowledge) on related literature in the county, the researcher is also impressed that no related works had been done before in this area. Therefore, the researcher aims to add some knowledge to the area and contributed to the understanding of how banks work towards the determinant factors of customer switching intention.

This study is highlighting and analyzing relationship dissolution- for customer of Commercial Bank of Ethiopia - as a complex phenomenon arising from a serious of bank's actions that can provoke the switching intentions and provides the answers of many questions regarding the banks and their customer's relationship.

1.4 Research Questions

1. What are the direct factors that provoke customers' intention to switch banks?
2. Which moderating factors (involvement, switching costs, alternative attractiveness, and relationship duration) those contribute to customers' intention to switch banks?

1.5 Objectives of the Study

1.5.1 General Objective of the study

The main objective of this study is to investigate the factors which affect the intentions of banking customers and why people switch from one bank to another.

1.5.2 Specific Objective

1. To investigate switching intention- for customer of CBE – as a complex phenomenon involving a series of banks' actions represented by factors that affecting these intentions.
2. To clarify direct factors according to their effect on switching intentions for customer of CBE.
3. To identify moderating factors that may be playing an important role as moderators in the switching process.

1.6 Significance of the Study

The study would generate valuable information on customer defections that would assist CEO to make relevant decisions to investigate in the development service recovery strategy for dissatisfied customers.

The finding is useful in identifying the factors that would affect customer's switching intention. As far as the researcher's knowledge, this study is not done in other researches in Ethiopia. Hence, this study would be beneficial for banking organizations to understand the switching intention of customers and to know the importance of these strong influencing factors the researcher used as variables for their customer retention and attraction. This study provides the answers for many questions regarding the banks and their customers, relationship. It may be very useful as a guideline to reduce switching phenomenon in banks which increases the profitability and actions will be made by banks- to reduce switching – will be reflected positively on customers and increase their satisfaction.

1.7 Scope of the Study

The research paper would focus on the assessment of “the determinant factors of customer switching intentions” among commercial banks in Addis Ababa.

This paper should not go through in detail to study about in each and every banks branch. This study is restricted in both space and time. Due to constraints of resources and time as well as purpose of the study, not all branch included into the study area.

The study focused on customers who have used services of the Commercial Bank Ethiopia. For the purpose of this study the variables under considerations are service quality, bank commitment, anger incident, price as a direct variable and involvement, switching costs, alternative attractiveness and relationship duration as a moderating variable.

Even if the researcher would understand the factors of customers switching intention should consider the following variables, such as brand image, advertisement, religious belief, convenience (bank branches), due to the time and cost, this study would not included it. But as

the researcher reviews different articles, the above variables have supported by different researchers study.

1.8 Limitations of the Study

As with any research study, there are potential limitations or weakness that should be addressed. The possible limitations of the study in survey questionnaires are hardly possible to place sufficient questions in the questionnaires to cover each aspects of given subject. Moreover, the use of questionnaires can also cause biased or incorrect result if any unknowledgeable person fills in the questionnaires. In addition to that managers and customers would not be cooperative in giving reliable information. Therefore, some of the outcome and generalization may not be taken as fully confident in reflecting the real situation of customer switching intentions at the bank.

1.9 Operational definitions of Key Terms

- ◆ **Switching:-** customers switching intention means forsake one service provider for another (Garland, 2002).
- ◆ **Commitment:** - is frequently defined a desire to maintain A relationship (Morgan and Hunt, 1994). Or Commitment is an enduring desire to maintain a valid relationship (Gronroos, 2007)
- ◆ **Involvement:** - Involvement of customer in decision making to deal with a certain bank, which represents an individual state of arousal or motivation towards an object that is activated by a person's perception of the relevance or importance of that object (Mills, 2006).
- ◆ **Switching Costs:** - The costs that are incurred by customers for terminating transaction relationships and initiating a new relation (Oyeniya & kAbiodun, 2009).
- ◆ **Alternative attractiveness:** - Customers weighs the pros and cons between available choices (Moore and Parreck, 2006).
- ◆ **Duration of Customer Relationship:** - The length of time that a relationship between exchange partners has existed (Palmatier et.al, 2006).
- ◆ **Anger:-** Response to personal offence (an injustice); this injustice is that person's power to settle.

- ◆ **Quality:** - has been variously defined as “fitness for use”, “conformance to requirements”, and “freedom from variation”. The American society for quality control defines quality as the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs (Kotler and et.al, 2005).
- ◆ **Price:** - price in banking industry refers to fee implementation, bank charges, interest on loans, interest for saving accounts and deposits. Price is consideration of what one pays for the benefit or service customers get from another (Murungu, 2013)
- ◆ **Service quality:** - is a focused evaluation that reflects the customer’s perception of elements of the service such as outcome quality, interaction quality and physical environmental quality (Zeithmaland Bitner, 2003).

1.9 Organization of the study

This paper is organized into five chapters. The first chapter is the introductory part which addresses background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, limitation of the study and operational definition of key terms. The second chapter deals with the review of related literature which will describe the detail theoretical aspects that support and clarify the practical aspect of the study. The third chapter covers the research design and methodology. The fourth chapter discuss about data presentation and analysis. Finally in chapter five, summary of findings, conclusions, and recommendations of the study are to be discussed.

CHAPTER TWO

2. LITRATURE REVIEW

This chapter aims to provide a comprehensive literature review for the theoretical framework of this study focuses on factors affecting customers switching intentions in the total industry with a special focus on Commercial Bank of Ethiopia. In this section also included an empirical study that thoroughly covers the most important studies previously done on banking sectors. On the last, a conceptual model has been summarized and presented.

2.1 Theoretical Review

2.1.1 What are Services?

Many authors define services on their own words. According to Lovelock and Wirtz, (2011) defined as Services are economic activities offered by one party to another often time-based, performances bring about desired results to recipients, objects, or other assets for money, time, and effort, professional skills, facilities, networks, and systems; but they do not normally take ownership of any of the physical elements involved.

According to Zeithaml and Bitner, (2003) put in a most simple terms, service are deeds, processes, and performances. Compatible with our simple, broad definition is one that defines services to “include all economic activities whose output is not a physical product or construction, is generally consumed at the time it is produced, and provides added value in forms (such as convenience, amusement, timeless, comfort, or health) that are essentially intangible concerns of its first purchaser.

2.1.2 What is switching?

Switching is defined as “Make a shift in or exchange of, and a change” by word of Webster dictionary while behavior is defined as “The action or reaction of something “. This study provides answer for, why the banking customers switch to another bank or open their account in another bank? Which factors intervene to change the behavior of banking customers? A lot of reasons exist which significantly influence the compliant behavior of the consumers towards banks in which they have accounts. When customers complain to the banks it means they are not

satisfied with the banks services and their their trust and loyalty with the banks goes down. (Alfani et.al, 2010)

2.1.3 Switching Behavior

According to Abaei and Ashtiani, 2015, studies infer that customer-satisfaction negatively affects customer switching behavior. Therefore, customer's satisfaction does not lead to customer switching behavior. This indicates that customers switching behavior is related to customers abandoning. In other words, customers' dissatisfaction with bank affects customers abandoning the bank.

Research has shown that only 1 out of every 25 dissatisfied customers complain to the firms. The remaining 24 shows their displeasure by engaging in what is known as firm- switching behavior or negative word-of- mouth communication. It is estimated that unhappy customer will tell between 10 or 11 people about their bad experience (Kenneth Eclow and David L.Kurtz, 2003).

2.1.4 Model of Consumer Behavior

No two people are created the same. Certainly this is the case in consumer behavior. Which individual differences, however, are most crucial based on research and marketing experience of what difference do these variables make in our thinking and strategy (Govind, 2006, p.58)? Hence, the behavior of humans as consumers is complex. Marketer's understanding of the divers of consumer's buying behavior will help them to serve their customers effectively and efficiently and attract new customers (Chetan et.al.2005).

Consumers around the world vary tremendously in age, income, education level, and tastes. They also buy an incredible variety of goods and services. How these divers' consumers relate with each other and with other elements of the world around them impacts their choice among various products, services and companies (Kotler and Armstrong, 2012).

Consumers make many buying decisions every day, and the buying decision is the focal point of the market's effort. Marketers can study actual consumer purchases to find out what they buy, where, and how much. But learning about the why of consumer buying behavior is not so easy- the answers are often located deep within the consumers' mind (Kotler and Armstrong, 2012).

Often, consumers themselves don't know exactly what influences their purchases. "The human mind doesn't work in a linear way," says one marketing expert. The mind is a whirling, swirling, jumbled mass of neurons bouncing around, considering and continuously creating new concepts and thoughts and relationships inside every single person's brain all over the world (Kotler and Armstrong, 2012).

According to Govind, (2006), the customer is influenced by both intrinsic and extrinsic factors. Intrinsically, his needs, motives, perceptions and attitudes tend to influence what he purchase and where he purchases. However, extrinsic influences such as family, social class, the culture and economic factors will also affect his behavior.

2.1.5 States of Satisfaction

Business buyers and consumers experience varies of satisfaction with a service. These customer satisfaction states are angry, dissatisfaction, irritated, okay, pleased, and excited. The state of satisfaction is determined by how consumers perceive the service they received compared to what they had expected prior to the service. The following figure.2 relates the level of customers expectations to the states of satisfaction (Clow and Kurtz,2003).

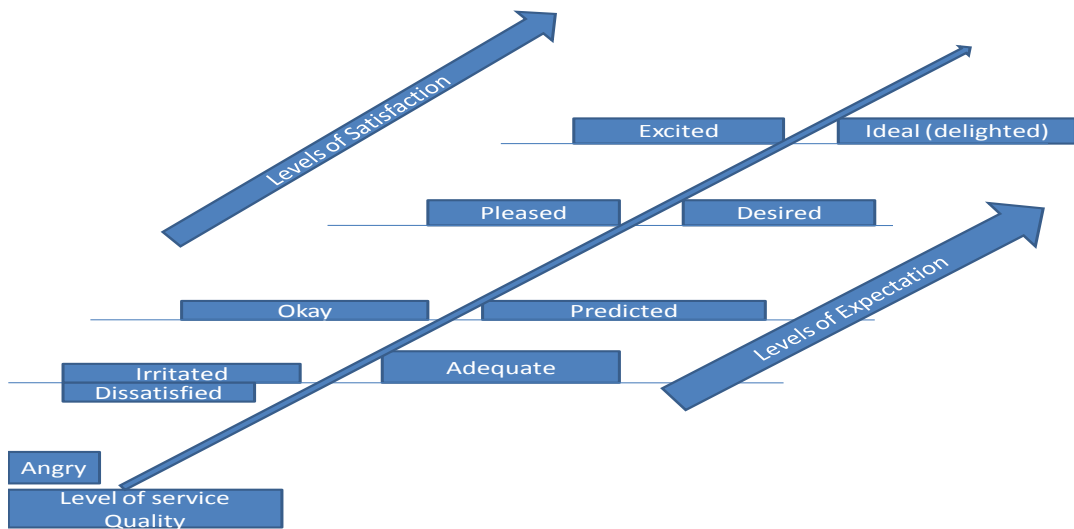


Figure 2.1 States of satisfaction (source: Clow and Kurtz, 2003)

If the service is performed at the level that is predicted are expected, the satisfaction level is considered to be just “Okay”. The highest level of satisfaction would be the “excited “level. At this level, the perceived level is at or above the desired level of service and close to the ideal level of service.

Going in other direction, if a service is predicted to be below the predicted level of expectations, customers will experience the “irritated” state of satisfaction. If the service performance is below the adequate level of expectations, the customer will be “dissatisfied”. If the service is extremely below the adequate level, the customer will be “angry”.

2.1.6 Service Failure and Recovery

Service failures are instances where a service is either not performed or is performed poorly. In terms of satisfaction states, service failures are the instances when customers leave a service angry or dissatisfied. In both situations, the service performance is below the adequate expectation level of the customer. Service failures do not automatically result in firm- switching behavior and negative word-of- mouth communication. Customers can often be recovered. A strong service recovery process can produce positive results and overcome most service failures (Clow and Kurtz, 2003).

2.1.7 Service Recovery

Service recovery is an umbrella term for systematic efforts by a firm to collect a problem following a service failure and retain a customer’s good will. Service recovery efforts play a crucial role in achieving (or restoring) customer satisfaction. Effective service recovery requires thoughtful procedures for resolving problems and handling disgruntled customers (Lovelock and Wirtz, 2005).

2.1.8 Switching versus Staying following Service Recovery

Ultimately, how a service failure is handled and the customer’s reaction to the recovery effort can influence future decisions to remain loyal to the service provider or to switch to another provider. Whether or not customers switch to a new provider following service failure will depend in addition on a number of other factors. The magnitude and critically of the failure will clearly be a factor in future repurchase decisions. The more serious the failure, the more likely the customer is to matter what the recovery effort (Zeithaml and Bitner, 2004).

The decision to switch to a different service provider may not occur immediately following service failure or poor service recovery, but may follow an accumulation of events. That is, service switching can be viewed as a process resulting from a series of decisions and critical service encounters over time, rather than one specific moment in time when a decision is made (Zeithaml and Bitner, 2004).

2.1.9 Customer Satisfaction

Customers form judgment about the value of marketing offers and make their buying decisions based upon these judgments. Customer satisfaction with a purchase depends upon the product's performance relative to a buyer's expectation (Kotler and et.al, 2005). In order that customers drive a high level of satisfaction, the production service has to be clearly in line with the customer expectation on order to create customer loyalty and a long-term relationship it is important that the customer is satisfied with the service which he receives (Apte, 2004)

2.1.10 Gap model of customer Satisfaction

Berry, Parasuraman and Zeithaml (1990) had proposed an excellent model in 1990 to explain customer behavior with respect to quality expectation, called the gap model (Govind Apte, 2004). The gap model of service quality serves as a framework for service organizations attempting to improve quality service and service marketing (Zeithaml and et. al, 2004).

The customer Gap: is the difference between customer expectations and perceptions. Customer expectations are standards or reference points that customers bring in to the service experience, whereas customer perceptions are subjective assessments of actual service experiences. Closing the gap between what customers expect and what they perceive is critical to delivering quality service (Zeithaml and et.al, 2004). Berry, Parasuraman and Zeithaml have proposed four types of gaps between the customer expectation and perception (Apte, 2004). These gaps occur within the organization providing the service called provider gap. These include, Gap 1: the listening gap, Gap 2: the service design and standards gap, Gap 3: the service performance gap and Gap 4: the communication gap.

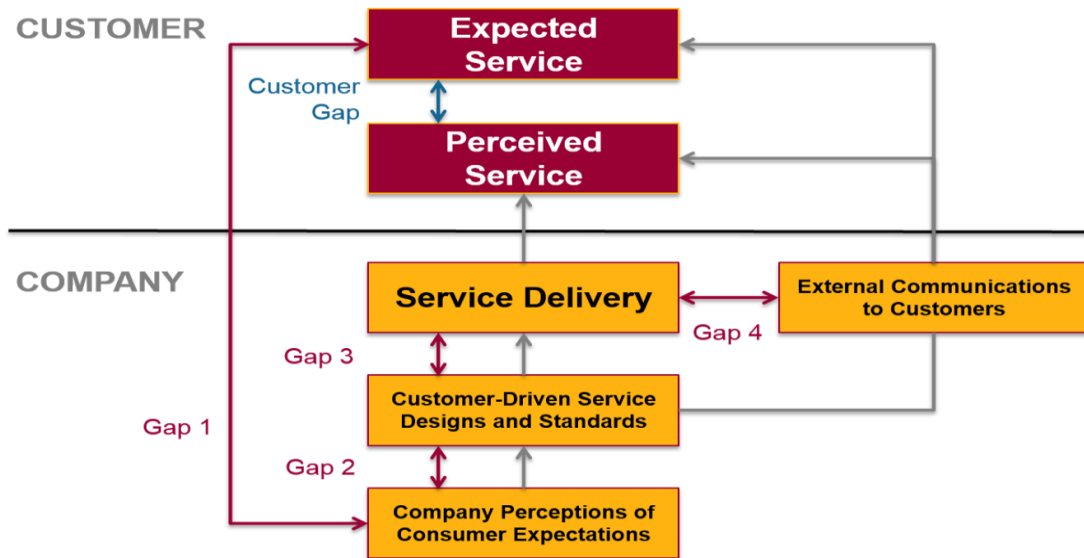


Figure 2.2 Gaps model (source: Apte, 2004)

- Gap 1 is the distance between what customers expect and what managers think they expect- clearly survey research is a key way to narrow this gap.
- Gap 2 is between management perception and the actual specification of the customer experience – Managers need to make sure the organization is defining the level of service they believe is needed.
- Gap 3 is from the experience specification to the delivery of the experience – Managers need to audit the customer experience that their organization currently delivers in order to make sure it lives up to the spec.
- Gap 4 is the gap between the delivery of the customer experience and what is communicated to customers - All too often organizations exaggerate what will be provided to customer, or discuss the best case rather the likely case, raising customer expectations and harming customer perceptions.
- Finally, Gap 5 is the gap between a customer's perception of the experience and the customer's expectation of the service – Customers' expectation have been shaped by word of mouth, their personal needs and their own past experience. Routine transactional surveys after delivering the customer experience are important for an organizational to measure customer perceptions of service.

The key to closing the customer gap is to close provider gaps 1 through 4 and keep them closed. To extent that one or more of providers gaps 1 through 4 exists, customers' perceptions perceive service quality shortfalls (Zeithaml and et.al, 2004).

2.1.11 Service Expectations

Customer expectations are beliefs about service delivery that service as standards or reference points against which performance is judged (Zeithaml and et.al, 2004). What are the components of customer expectations? Expectations embrace several elements, including desired, adequate and predicted service, and a zone of tolerance that falls between the desired and adequate service levels. The model of the following shows the factors that influence the different level of customers' expectations (Lovelock and Wirtz, 2011).

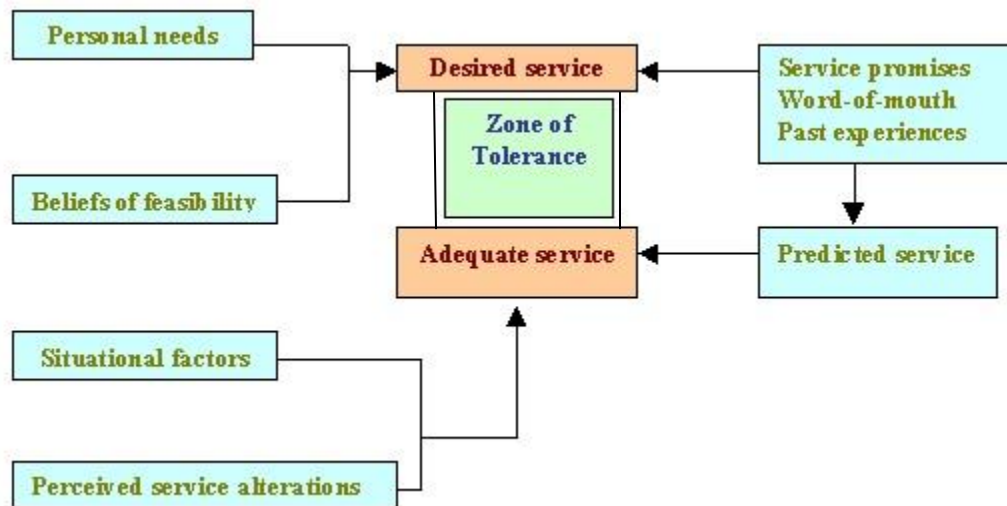


Figure 2.3 Service expectation (source: Lovelock and Wirtz, 2011)

Desired level service: the level of service which the customer hopes to receive. This is the level they wish or dream about (Apte, 2004).

Adequate level of service: the minimum level of service customers will accept without being dissatisfied (Lovelock and Wirtz, 2011). The service is considered to have failed when it falls below the adequate level of service.

Predicted service: this is the level of service customers actually anticipate receiving.

Zone of Tolerance: the gap between the desired level of service and the adequate level of service.

This is area of flexibility (Apte, 2004). According to Lovelock and Wirtz, (2011), the zone of tolerance is the range of service with in which customers don't pay explicit attention to service performance. When service falls outside this range, customers will react either positively or negatively.

2.1.12 Customer perceptions

How customers perceive services, how they assess whether they have experienced quality service and whether they are satisfied. We will be focusing on the perceived service box in the gaps model.

Customers' perceptions of quality and Customer satisfaction

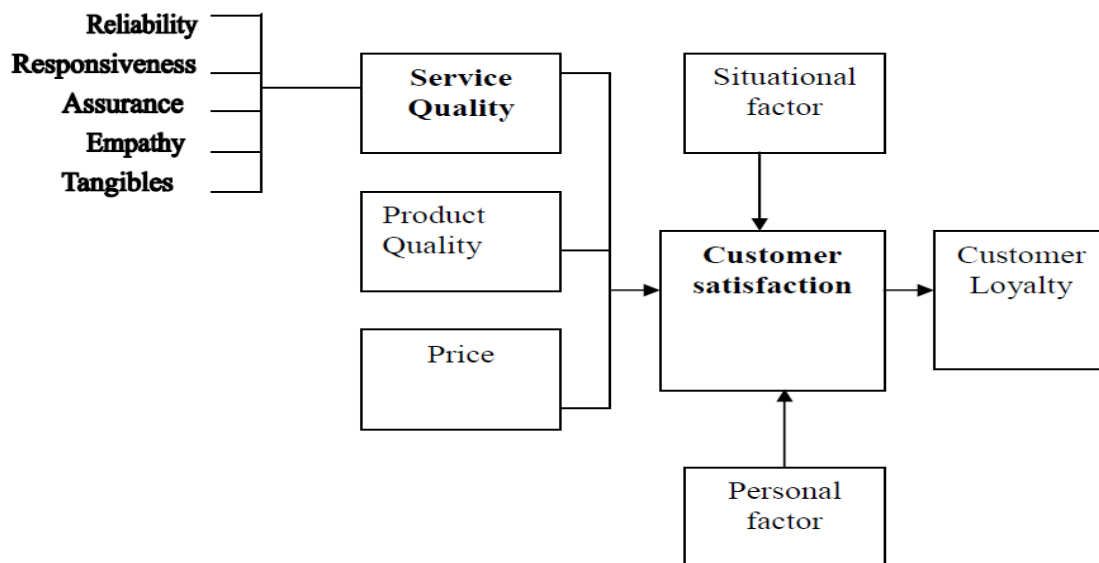


Figure 2.4 customer perceptions (Zeithaml et.al, 2004)

Service quality is a focused evaluation that reflects the customer's perception of reliability, assurance, responsiveness, empathy, and tangibles. Satisfaction, on the other hand, is more inclusive: it is influenced by perceptions of service quality, product quality, and price, as well as situational factors and personal factors (Zeithaml et.al, 2004).

2.1.13 Relationship Marketing

Relationship Marketing involves creating, maintaining and enhancing strong relationships with customers and other stakeholders. Relationship marketing is oriented more towards the long term. The goal is to deliver long term value to customers and the measure of success is long-term customer satisfaction. It involves building relationships at many levels- economic, social, technical and legal - resulting in high customer loyalty (Kotler et.al, 2005).

According to Clow and Kurtz, (2003), the purpose of relationship marketing is to build long-term connections between the company and its customers and to develop brand and firm loyalty.

According to Mudie and Pirrie, (2006), there has been a shift from a transaction to relationship focus in marketing. It has been suggested that firms frequently focus on attracting customers (the “first act”) but then pay little attention to what they should do to keep them (the “second act”). James L.Inns illustrates this point in the interview,

He referred to the “bucket theory of marketing” . By this meant that marketing can be thought of as a big bucket; he said “there’ s a hole in the bucket.” When the business is running well and the hotel is delivering on its promises, any holes are small and few customers are leaving. When the operation is weak and customers are not satisfied with what they get- and therefore the relationship is weak- people start falling out of the bucket through the holes faster than they can poured in through the top.

Hence three levels of marketing objectives can be identified: 1, get customers 2, keep customers 3, and grow customers in to a customer relationship (Christian, 2007).

Relationship marketing essentially represents a paradigm shift within marketing- away from an acquisition/transaction focus toward a retention relationship focus. Relationship marketing (or relationship management) is a philosophy of doing business, a strategic orientation that focuses on keeping and importing current customers rather than on acquiring new customers (Zeithaml and Bitner, 2004).

What specific marketing tools can a company use to develop stronger customer bonding and satisfaction? It can adopt any of three customer value- building approaches. The first rely primary on adding financial benefits to the customer relationship. The second approach is to add social benefits as well as financial benefits. Here company personnel work to increase their social bonds with customers by learning individual customer's needs and wants, and then individualizing and personalizing their products and services. The third approach to building strong customer relationship is to add structural ties as well as financial and social benefits (Kotler et.al, 2005).

2.1.14 Building the right relationships with the right customers

Companies should manage customer equity carefully. They should view customers as assets that must be managed and maximized. But not all customers, not even all loyal customers, are good investments. Surprisingly, some loyal customers can be unproductive, and some disloyal customers can be profitable.

The nature of the customer's relationship with the firm may also influence whether the customer stays or switches providers. Research suggested that customers who have "true relationships" with their service providers are more forgiving of poorly handled service failures and are less likely to switch than are those who have a "pseudo- relationship" or a "first- time encounter" type of relationship (Zeithaml and Bitner, 2004).

According to Zacharias et.al, (2009), study results provide some interesting insights related to the complex relation among satisfaction, switching cost perception and customer's loyalty. In this study, an attempt was made to assess the influence of satisfaction on loyalty in the banking sector. It was operationalized based upon three dimensions often found in the literature- intentions to repurchase, price sensitivity and intention to recommend the service to others.

Thus, customer's satisfaction is expected to have a positive effect on loyalty dimensions. As per Zacharias et.al, 2009, study found that the higher the customers' satisfaction level is, the more inclined they will be to conduct positive and friendly intention towards their bank. The study indicates that, the higher the customers satisfaction level, the greater their propensity to repurchase. In other words, they will be more prone to continue to do business with their current service provider. Similarly, it was possible to verify an association between the levels of

satisfaction and the two other evaluated dimensions related to loyalty; that is, price sensitivity and willingness to recommend the bank to others. The result of the research showed that, the higher bank customers' satisfaction level is, the greater their acceptance will be to pay a higher price for their services, and the greater their intention to say good things about the bank to others will be.

2.1.15 Creating Customer Loyalty and Retention

Good customer relationship management creates customer delight. In turn, delighted customers remain loyal and talk favorably to others about the company and its products. The aim of customer relationship management is to create not only customer satisfaction but also customer delight (Kotler and Armstrong, 2012).

Losing a customer means losing more than a single sale. It means losing the entire stream of purchases that the customer would make over a lifetime of patronage (Kotler and Armstrong, 2012).

The ultimate aim of customer relationship management is to produce high customer equity. Customer equity is the total combined customer lifetime values of all of the company's current and potential customers. As Such, it's a measure of the future value of a company's customer base. Clearly, the more loyal the firm's profitable customers, the higher its customer equity. Customer equity may be a better measure of a firm's performance than current sales or market share. Whereas sales and market share reflect the past, customer equity suggests the future (Kotler and Armstrong, 2012).

According to Megdadi et.al, (2013), study infers that among different factors they can understand that customer satisfaction is the most correlated element with loyalty. The correlation of 0.61 between these two factors shows that a little change in customer satisfaction has a major influence on the loyalty of the customer towards bank service. The next factor which is more important is the commitment. The correlation between commitment and loyalty is 0.63 which shows that the highly committed customers are always loyal to the bank. The next fact which is more important is the tangible perceived quality with a correlation of 0.58 which shows a strong relationship with loyalty.

2.1.16 Customer Retention

A company could lose 100 customers a week, but gain another 100 customers and consider its sales to be satisfactory. Such a company, operating on a 'leaky bucket' theory of business, believes that there will always be enough customers to replace the defecting ones. However, this high customer churn involves higher costs than if a company retained all 100 customers and acquired no new ones (Kotler et.al, 2005).

Companies must pay close attention to their customer defection rate and undertake steps to reduce it. First, the company must define and measure its retention rate. Next, the company must identify the causes of customer defection and determine which of these can be reduced or eliminated (Kotler et.al, 2005).

From Boohene et.al, (2013), customer retention as a concept has its root from the planned behavior theory and is something that consumers may exhibit to brands, services and products or activities. Customer retention has been conceptualized as a dimension of a customer loyalty construct (Zeithaml, Berry & Parasuraman, 1996). The terms "customer retention" and "customer loyalty" are often used interchangeably in literature. However, customer retention and loyalty are not surrogates of each other because the two terms can refer to different things. Henning- Thurau and Klee (1997) also suggested that the conceptualization of customer retention needs further clarification. Zineldin, (2000), views retention as a commitment to continue to do business or exchange with a particular company on an ongoing basis. A more comprehensive definition of retention is the customer's liking, identification, commitment, trust, willingness to recommend and repurchase intentions, with the first four being emotional – cognitive retention constructs and the last two being behavioral intentions (Strauss and Friege, 2001). Customer retention is concerned with repeated patronage, which is closely related to repeated- purchasing behavior and brand loyalty (Buttle, 2004).

According to Boohene et.al, (2013), study inferred that a moderate and positive significant correlation was observed between service quality and customer retention. This indicates that as service quality increases, customer retention increases and vice versa. And also, moderate and positive significant relationships were observed between customer trust and customer retention. The relation indicates that medium scores of customer trust is associated with medium scores of customer retention. This indicates that as customer trust increases, customer retention increases

and the opposite is true. In addition the study inferred that there were strong and positive significant relationships between switching barriers and customer retention as well as customer commitment and customer retention.

2.1.17 Customer Satisfaction and Service Quality are Prerequisite for Loyalty

Lovelock and Wirtz (2011), the foundation for true loyalty lies in customer satisfaction, for which service quality is a key input. Highly satisfied or even delighted customers are more likely to become loyal apostles of a firm, consolidate their buying with one supplier, and spread positive word of mouth. Dissatisfaction, in contrast, drives customers away and is a key factor in the switching behavior.

According to Lovelock and Wirtz (2011), the satisfaction- loyalty relationship can be divided into three main Zones: Defection, indifference, and affection (see fig.2.5). The zone of defection occurs at low satisfaction levels. Customers will switch unless switching costs are high or there are no viable or convenient alternatives. Extremely dissatisfied customers can turn into “terrorists”, providing an abundance of negative feedback about the service provider. The zone of indifference is found at intermediate satisfaction levels. Here, customers are willing to switch if they find a better alternative. Finally, the zone affection is located at very high satisfaction levels, where customers may have such high attitudinal loyalty that they do not look for alternative service providers. Customers who praise the firm in public and refer others to the firm are described as ‘apostles’. High satisfaction levels lead to improved future business performance.

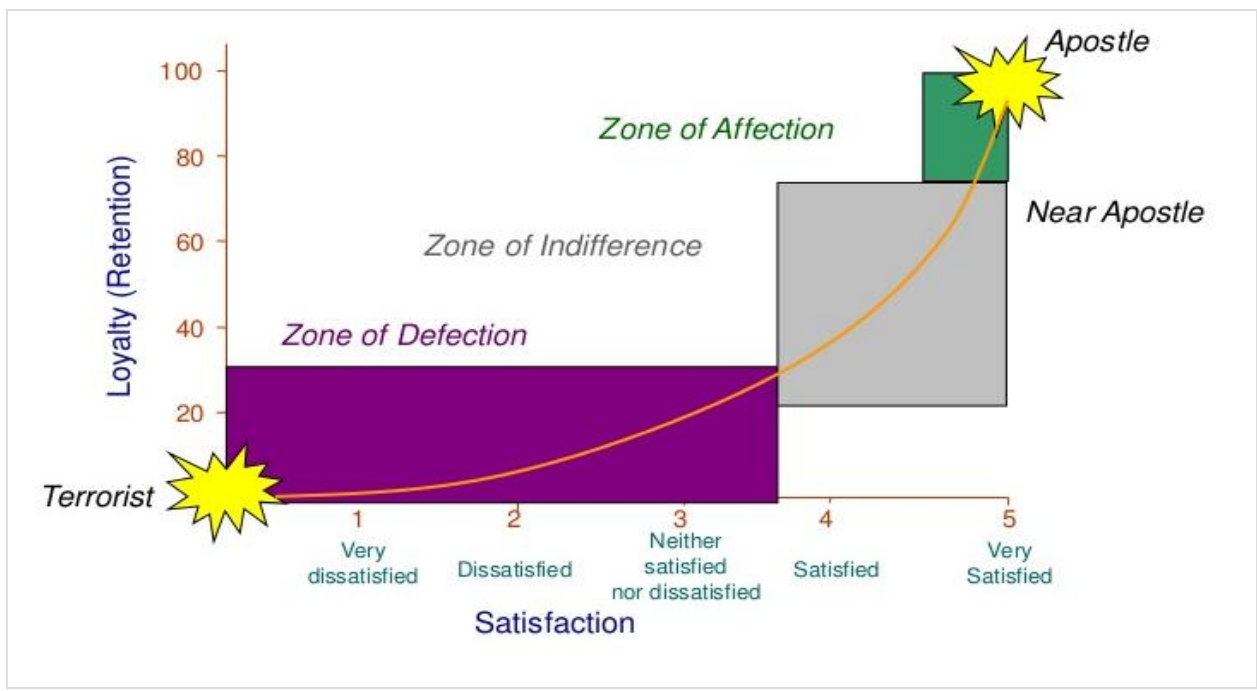


Figure 2.5 Customer satisfaction-loyalty relationships (Source: Lovelock and Wirtz, 2011)

2.1.18 What is Customer Relationship Management?

Michael porter says: ‘True leaders will be those that don’ t just optimize within an industry, but that actually reshape and redefine their industry’ (Wilmshurst and Mackay, 2002).

Companies that are thinking about implementing CRM need to be aware that it is a business process enabled by technology, not a technology itself. The most critical part of CRM is the integration of business processes and the technologies that support them. The ultimate aim should be to provide a single view of the individual customer across the organization, and to provide that view to anyone who needs it. The definition of CRM is as follows: ‘CRM is a collection of technology-enabled business processes aimed at willing, knowing and keeping profitable customers’ (Wilmshurst and Mackay, 2002).

Many companies use CRM to manage detailed information about individual customers and carefully manage customer ‘touch points’. In recent years, there has been exploitation in the number of companies using CRM. CRM consists of sophisticated software and analytical tools

that integrate customer information from all sources, analyze it in depth, and apply the results to build stronger customer relationships (Kotler et.al, 2005).

According to Kotler and Armstrong (2012), by using CRM to understand customers better, companies can provide higher levels of customer service and develop deeper customer relationship. They can use CRM to pin-point high-value customers, target them more effectively, cross-sell the company's products, and create offers tailored to specific customer requirements.

2.1.19 Variables of the Present Study

According to Mustefa Murad (2011), adopted from Anto'n, et. al. (2007) and Halinen and Ta'htinen (2002), variables of the present study are divided in to direct and moderating factors.

2.1.19.1 Service Quality

Customer satisfaction and company profitability are linked closely to product and service quality delivered through the whole value chain. Higher levels of quality results in greater customer satisfaction, while at the same time supporting higher prices and often lower costs. The profit impact of marketing strategy studies shows similarly high correlation between relative product quality and profitability (Kotler et.al, 2005).

Most customers will no longer tolerate poor or average quality. According to GE's chairman John F.Welch, Jr: 'Quality is our best assurance of customer allegiance, our strongest defensive against foreign competition and the only path to sustained growth and earnings' . Quality has been variously defined as 'fitness for use ', 'conformance to requirements' and 'freedom from variation'. The American society for quality control defines quality as the totality of features and characteristics of a product or service that bear on its ability to satisfy stated or implied needs (Kotler et.al, 2005).

According to Pirzada et. al, (2014), studies shows that there is a significant and positive relationship prevail between service quality and SBOCIBS. That is service quality more than 33.8% contribute in SBOCIBS. It means if we increase the service quality then the switching of customers towards other banks will be reduced with the same extent. Hence quality of services also plays the crucial role in the switching intentions of customers. If the services are good then customers will be satisfied and loyal otherwise they will tend towards switching to another bank.

Mustefa Murad conducted a research in (2011) and inferred that service quality has a significant negative effect on customer switching intentions, which means that low level of service quality (poor/deficient service quality) motivates customer intentions to switch the bank.

According to Murad, (2011), with regard to three dimensions of service quality, i.e. outcome quality, interaction quality and physical environmental quality and customer switching intentions, there exists a significant negative relationship between them.

According to Uddin and Akhter (2012) study, the empirical results found significant positive relationship among service quality and customer satisfaction.

Rizwan, (2013), low service quality and low firm commitment undermine customer satisfaction and have only an indirect effect on switching intentions. According to the results of the study, the both variables service quality and customer switching intention has a significant relationship. That means increase in service quality leads to decrease in customer switching intention more than 40%. An important finding of Murad study involves that customer switching intention could reduced through better service quality on competitive prices and offering innovative product features as per market demand.

According to Abaei and Ashtiani , 2015 , infers that the quality of banking services negatively affects customer switching behavior. Superior quality of banking services influences customers' intentions of switching behavior, in that the more the banking services is, the less the customer switching behavior would occur. .

2.1.19.2 What is pricing?

Pricing means something quite different to those on one side of a deal and those on the other. Price tells the supplier, manufacturer, service provider or retailer if their accounting methods are good enough and how much profit they will make, and it tells the purchaser what the cost will be to them, through cost is not necessarily evaluated purely in terms of immediate cash payment (Kotler and et.al, 2005).

Gabor says: 'But if you have a good product, don' t spoil it by trying to sell it too cheaply. In other words, gives the customer the price which

he wants and remembers that it is not necessarily the cheapest price which gives him the greatest satisfaction (Wilmshurst and Mackay, 2002).

Companies today face a fierce and fast-changing pricing environment. According to one pricing expert, pricing involves “harvesting your profit potential”. If effective product development, promotion and distribution sow the seeds of business success, effective pricing is the harvest. All products and services have a price, just as they have a value. Pricing is controversial and goes by many names. In the narrowest sense, price is the amount of money charged for a product or service. More broadly, price is the sum of all the values that consumers exchange for the benefits of having or using the product or service. Pricing is the only element in the marketing mix that produces revenue: all other elements represent costs (Kotler et.al, 2005).

2.2.19.2.1 General Pricing Approach

The price that the company charges will be somewhere between one that is too low to produce a profit and one that is too high to produce any demand. The following fig. shows summaries the primary considerations in setting price.

Product costs set a floor to the price; customer perceptions of the product's value set the ceiling. The companies must consider competitors' prices and other external and internal factors to find the best price between these two extremes (Kotler et.al, 2005).

Kotler et.al, (2005) companies set prices by selecting a general pricing approach that includes one or more of these three sets of facts-costs, consumer perception and competitor's prices.

Value-based pricing: - uses buyer's perceptions of value, not the seller's cost, as the key to pricing.

Cost-based pricing: - is product driven. The company designs what it considers to be a good product, totals the cost to making the product and sets a price that covers costs plus a target profit.

Cost-based vs. Value-based Pricing

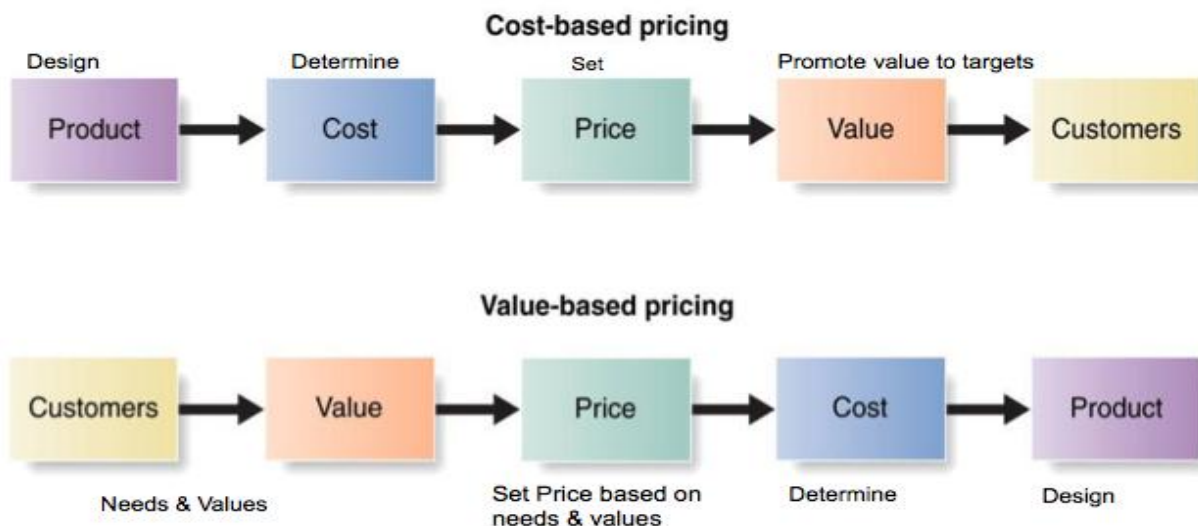


Figure 2.6 Cost based-values based pricing (Kotler et. al., 2005)

Murad conducted a research in 2011, and inferred that the fair price has a significant negative effect on customer switching intentions, which means that unfair price motivates customers to switch the bank.

According to Rizwan, (2013) price unfairness has a strong effect on switching as directly through satisfaction. As per the results of the study, the both variables service quality and customer switching intention has a significant positive relationship that means increases in price lead to increases in switching intention more than 50%.

Murungu, (2013) Price in banking industry refers to fee implementation, bank charges, interest on loans, interest for saving accounts and deposits. Price is consideration of what one pays for the benefit or service customers get from another. As per Fadhili Murungu, study revealed that the price element in a banking industry induce the customers to switch over from one bank to another bank.

According to Uttam et.al, (2008) inferred in their interview session they tried to testify the reasons of dissatisfaction explaining some possible incidents in different functional areas of the

banks. The respondents commonly expressed in some areas of dissatisfaction. i.e. high interest rate on loan, low interest rate on savings, denial of the loan, undue expenses and so forth.

Pirzada et.al, (2014) study shows that, there is a significant positive relationship between profit and interest rates and the SBOCIBS. The study confirms profit and interest rates contributed more than 52.2% in the dependent variable SBOCIBS.

2.1.19.3 Bank Commitment

According to Murad, (2011) bank commitment has a significant effect on customer switching intentions, which means that low level of bank commitment motivates customer intentions to switch the bank.

Rizwan, (2013) low commitment undermine consumer satisfaction and have only an indirect effect on switching intentions.

According to Megdadi et.al,(2013), commitment is frequently defined a desire to maintain a relationship (Morgan and Hunt ,1994).

In a conceptualization and study of employees' commitment to an organization, (Allen And Meyer, 1990) identified three types of commitment to an organization: Affective, Continuance and Normative. (Morgan and Hunt, 2004).

2.1.19.4 Anger Incident

Anger incident has a significant positive effect on customer switching intentions, which means that anger incident which customer experiences by the bank motivates his/her intentions to switch the bank.

According to Rizwan, (2013) anger incidents have a strong effect on switching as an indirect effect through satisfaction.

Gull and Iftikher, (2012) study inferred that the relationship between anger level and negative behavior responses is perfectly significant and moderately strong. The impact of anger level on the dimensions of negative behavior response showed that the relationship between anger level with negative word of mouth and switching is perfectly significant and moderately strong. The

strength of relationship between anger and negative word of mouth is 49.9% and the strength of relationship between anger and switching is 40.5%.

Table 2.1 Comparative Analysis of Strength of correlation

	Dissatisfaction	Anger
Negative behavior response	42.1%	40.6%
Negative word of mouth	42.4%	49.9%
Compliant behavior	24.6%	25%
Third party compliant behavior	NS	NS
Switching	37.3%	26.3%

As shown in the above table, Negative word of mouth is more likely to be spread by angry customers as compared to dissatisfied customers. Similarly compliant behavior is higher in angry customers as compared to dissatisfied customers. The switching behavior is more common in angry customers as compared to dissatisfied customers. One of the possible of this is the loyalty of customers. Only loyal customers stay with the organization in case of minor dissatisfaction which if not treated properly will make them angry whereas non loyal customers will switch even at very minor service failure.

2.1.19.5 Involvement

2.1.19.5.1 Types of consumer buying behavior

- 1. Complex buying behavior:** Consumers undertake complex buying behavior when they are highly involved in a purchase and perceive significant differences among brands. Consumers may be highly involved when the product is expensive, risky, purchased infrequently, and highly self expensive. The following figure shows the types of consumer buying behavior based on the degree of buyer involvement and the degree of differences among brands (Kotler and Armstrong, 2012).

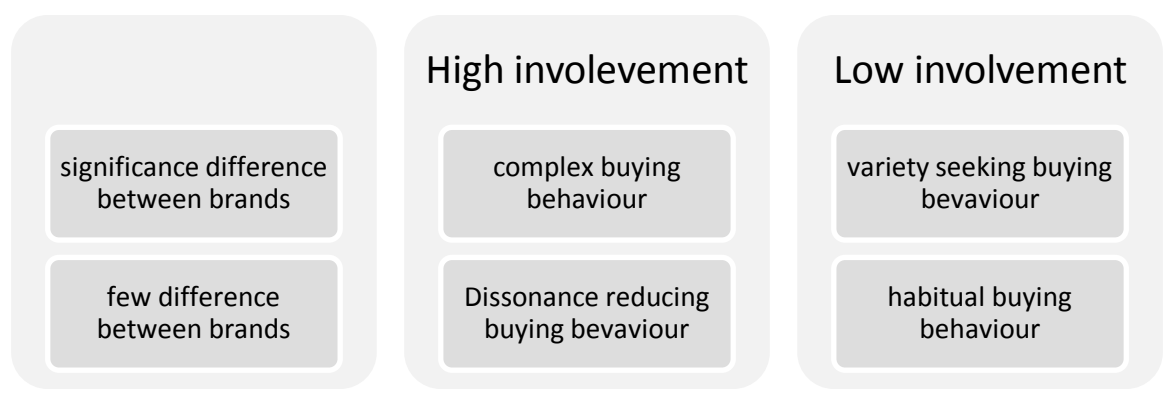


Figure 2.7 Buying behavior (Source: kotler and Armstrong, 2012)

1. **Dissonance –Reducing Buying Behavior:** occurs when consumers are highly involved with an expensive infrequent or risky purchase but see little difference among brands.
2. **Habitual buying behavior:** occurs under conditions of low-consumer involvement and little significant brand differences. Consumers appear to have low involvement with low-cost, frequently purchased products.
3. **Variety seeking buying behavior:** consumers undertake variety seeking buying behavior in situations characterized by low consumer involvement, but significant perceived brand differences. In such cases, consumers often do a lot of brand switching (Kotler and Armstrong, 2012).

2.1.19.5.2 The Buyer Decision Process

As Kotler and Armstrong, (2012), the following figure shows that the buyer decision process consists of five stages. Need recognition, information search, evaluate alternatives, purchases decision and post purchase behavior.

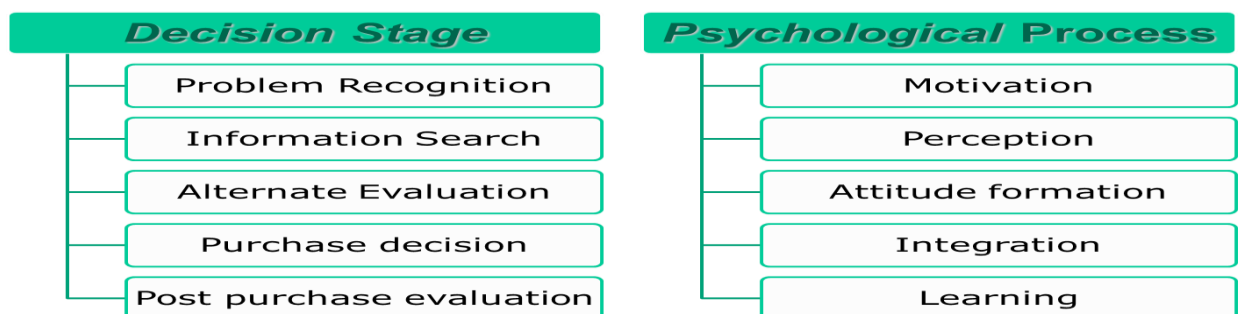


Figure 2.8 The Buyer decision process (Source: kotler and Armstrong, 2012)

1. Need recognition: the buyer recognizes a problem or need. The need can be triggered by internal stimuli when one of the person's normal needs. A need can also be triggered by external stimuli.
2. Information search: An interested consumer may or may not search for more information. As more information is obtained, the consumer's awareness and knowledge of the available brands and features increases. The stage of the buyer decision process in which the consumer is aroused to search for more information, the consumer may simply have heightened attention or may go into an active information search.
3. Evaluation of Alternatives: The stage of the buyer decision process in which the consumer uses information to evaluate alternative brands in the choice set. Unfortunately, consumers do not use a simple and single evaluation process in all buying situations. Instead, several evaluation processes are at work.
4. Purchase Decision: in the evaluation stage, the consumer ranks and forms purchase intentions. Generally, the consumer purchase decision will be to buy the most preferred brand.
5. Post purchase Decisions: After purchasing the product, the consumer will either be satisfied or dissatisfied and will engage in post purchase behavior of interest to the marketer. If the product falls short of expectations, the consumer is disappointed, if it meets expectations, the consumer is satisfied; if it exceeds expectations, the consumer is delighted. Almost all major purchases, however, result in cognitive dissonance, or discomfort caused by post purchase conflict.

2.1.19.6 Switching Costs

Switching costs refers to the risk, investment and loss of customers having to take because of changing service providers. Some studies have divided switching costs the loss of finance, time, psychology and relationship.

The view of the past researchers, infers that there are many kinds of switching costs, and each kind can relatively restrain customers' switching behavior and increase their repurchase intention. Switching cost is also the practical strategy used by many enterprises to keep the customers. However, according to Ting, (2014) study queries this view and in some researchers, the relationship between switching cost and customers' repurchase intention is insignificant. This

study proposed that customer satisfaction was factor which should be concerned. The study found that consumers with different degrees of satisfaction would lead to different results. For consumers with high and low satisfaction, switching cost significantly and positively influences customers' repurchase intentions.

According to Uttam et.al,(2008) the finding of this research support earlier investigation that shows the switching costs as an important barriers for switching the services providers but a significant difference was noted here in this research is that switching costs was not the most important switching barriers as found in the earlier research.

Malik et.al, (2014), study inferred that no significant relationship between switching costs and switching intentions. Hence the study did not find significant relationship switching costs with switching intentions.

According to Zacharias et.al, (2009) the researcher findings also contradicted the traditional market trend in banking services related to a certain amount of inertia on the part of customers, who, even being dissatisfied with services, would remain as customers due to switching costs. The research revealed that, apparently, regardless of their satisfaction level, customers do not find it very difficult or costly to switching banks. One should bear in mind that bank customers currently have each time more a wider range of choices, and therefore, it has become easier to switch suppliers.

2.1.19.7 Alternative Attractiveness

According to Xiayuxu et.al (2013) study shows that satisfaction, subjective norm, alternative attractiveness and need for variety are all significantly associated with the switching intention. Surprisingly, subjective norm and alternative attractiveness are more strongly associated with switch intention. Alternative attractiveness has a strong and significant effect on social network game player's switching intention. If the alternative social network game is more attractive than the current social network game, the players are very likely to switch to the alternative one.

Uttam et.a,l (2008) study inferred that availability and attractiveness of alternatives also act as a major switching barrier for customer to switch the banks.

According to Anderson and Narus, (1984), customer is dependent on a service provider because they perceive there is no superior alternative in the market place. Furthermore they categorize the impact of the alternative services providers into four categories, which as per them are the number of alternatives available, the degree of difference among those available, the degree of difficulty in understanding the various alternatives and the degree of difficulty in comparing them.

As per Uttam et.al, (2008), finding , it is clear that the respondents perceive that all the available alternatives are similar and have not so much variances in the services they are offering which make them feel there is clearly lack of the superior services providers.

2.1.19.8 Relationship duration

According to Uttam et.al, (2008), respondents feel that the long term relation with the bank and with their staffs will be lost if they change the bank making new relationship takes time for them. The know - how with the bank make them feel secure than others. Another respondents in the conversation mentioned that, he has the full trust with the bank, if any problems happen bank can solve or support with service recovery. In a sense, he feels secured, which supports Morgan and Hunt, (1994) trust definition on the relationship benefits, which argue that trust, defined as confidence in the exchange partner's reliability and integrity is a key mediating variable in relational exchange.

According to Koksai and Dema, (2014) relationship is one of the main components of customer loyalty in banking sector as in other business.

2.2 Empirical Review

2.2.1 Local Study

1. Tesfaye, (2015), study aimed to examine their relationship and effects of service quality with customer satisfaction using the five service quality dimensions of SERVQUAL model in the context of banking industry in Ethiopia.

A total of 385 questionnaires were distributed in 12 branches, out of which 290 questionnaires were collected and the responses rate were 75.3%.

Findings indicate that the estimate the overall service quality is predictor of customer satisfaction by 58.3% based on quality dimensions. From the researcher findings, among all SERVQUAL dimensions, reliability dimension has the highest gap score which indicates customers are more dissatisfied by being attributes of reliability dimension. From the research, empathy gap is the smallest but still shows dissatisfaction of customers.

According to this study it can be conclude that:

- 1) customers of CBE perceived low level of service quality from the bank personnel
- 2) It is further concluded that service quality is a strong predictor of customer satisfaction in case of CBE.
- 3) The empirical evidence proves that there is a significant relationship between service quality and customer satisfaction.

2. Tsedenya, (2015), study aimed to analyzing the factors that influence customers to stay loyal and investigate the relationship between customer satisfaction, service quality, price perception, customer trust, brand image and customer retention in the context of four star hotels in Ethiopia.

A total of 384 questionnaires were distributed in 10 selected four star hotel, 309 questionnaires were collected out of which 298 questionnaires were usable to the research which made the response rate drop from 80.47% to 77.6%.

Findings indicate that the majority of customers (77.8% of respondents) have intentions to stay with their responsive specific hotel. I.e. majority of them are satisfied with the services rendered by their choice of hotel.

From the researcher findings, among all variables, service quality had strong and positive significance relationship with customer retention and moderate and positive significance relation was found between customer satisfaction, brand image, price perception, customer trust and customer retention.

3 Mesfin, (2014), study aimed to examine the perception of service quality in Awash International bank, Wegagen Bank and Abay Bank were involved in the research and the effect that quality perception has on satisfaction and loyalty behavior of customers in the context of private banking sector in Ethiopia.

A total of 240 banking service quality questionnaires were distributed to high grade branches in their respective banks, out of which 161 questionnaires were appropriate for statistical analysis which made the response rate 67.7%.

The findings indicate that the service excellence dimensions is fully mediated by customer satisfaction in the Ethiopian private banking sector i.e. their impact on customer loyalty pass through customer satisfaction. From the findings it demonstrated that the dimensions of the BSQ model which were used to measure the perceived service quality of the Ethiopian private banking sector and have a significant relationship between perceived service quality and customer satisfaction and loyalty.

2.2.2 Foreign Study

4. Nawaz et.al., (2014), study aimed to investigate which factors influence customer's switching behavior specifically in banks. They examine the relationship between switching behavior, service quality, convenience, religious belief, advertisement, profit and interest rate in the context of Banking sector in Pakistan.

The study was collected data from 250 respondents by using self- administered questionnaire survey technique. Out of which 50 questionnaire were excluded from further analysis due to incomplete and extreme level of response. After eliminating unusable responses among the completed questionnaires, 200 respondents were coded for analysis.

Findings indicated that the variables which were used in the study have shown 72% positive relationship. Three variables: bank branches, service quality, profit and interest rate asserted significantly positive impact on the switching behavior of customers in Pakistan banks.

The study concluded that profit rates and interest rates offered by banks to its existing, potential customers plays a very important role in customers for retailing, sustaining and to make them loyal. Quality of service also plays the crucial role in the switching intentions of customers.

5. Murad, (2011), study aimed to investigate customer switching intentions as a complex phenomenon that is affected by a services of bank actions interms of service quality, price, commitment, and anger incident as direct factors, in addition to other moderating factors that moderate the effect of the direct factors on these intentions, namely customer involvement in decision making, switching costs, alternative attractiveness, and duration of customer relationship.

A total of 550 questionnaires were distributed, of which 385 were retrieved and met the screening requirements, representing a net response rate of 70%.

The study concluded that the variation of switching intentions is related to the variation of the level of dissatisfaction-the failure of bank's actions- in terms of service quality, price, commitment, and anger incident. More dissatisfaction/failure meets more customer switching intentions and vice versa.

6 Gall and Olsson, (2012), study aimed to investigate which predictors that affect switching intentions and how these predictors affect students' switching behavior, which in the extension will contribute to how retail banks can work towards manage these rising issues in the case of banking sector in Sweden.

A researcher designed questionnaire electronically which was distributed to the population of Umea University students of population size 36,081. Out of 230 invited students to the event on face book, the final sample was taken from 129 respondents and a response rate was 56%.

Findings indicated that the Variable attitude towards switching had a significant and strong positive relationship with switching intention. The five of the staying reasons were significantly related to switching intentions, i.e. brand, image, customer satisfaction, relational investment and

attractiveness of alternatives. Additionally, attitudes towards switching and subjective norms were significantly related to switching intention. The two independent variables involvement and customer inertia were not significantly related to switching intention.

7 Kishada and Wahab, (2013), study aimed to examine the relationship between customers loyalty and to determine the factors (such as satisfaction, switching costs, perceived value, service quality, trust, price and image) that affecting loyalty among the Islamic banking customers in the context of Islamic banking industry in Malaysia.

A total of 250 questionnaires were distributed, but only 124 response were received resulting in a response rate of 49.6%.

Findings indicated that “trust” have significant influence on customer loyalty. That is trust positively influences customer loyalty and the rest variables are rejected.

The study recommended that managers of Islamic Banks have to demonstrate the importance of customers by building trust to enhance customer loyalty.

8. Uttam et.al, (2008), study aimed to testifies the relationship between switching barriers namely Inertia, Investment in relationship, Switching costs, availability of alternatives and service recovery in the context of Swedish consumers.

Data were collected, through a one-to one in depth interview was conducted. A total of 7 interviews were conducted: open ended and semi structured questionnaires were used in the interview guide. Among the respondents 3 females and 4 males were participated.

The findings visualized that through Swedish customer have some sort of dissatisfaction they do not move to other banks and continue taking services because of inertia, investment in relationship, switching costs, availability of alternative, family's ties/bonds and service recovery which act as a switching barriers for switching. Individual or several factors can be barrier to a person for moving or changing the bank which answers the main focus of the research question.

Moreover, they are not interested in secondary Bank as additional service provider because of hassles to maintain additional account, additional effort to create new relationship as well as non-conversance and lack for not having any additional or secondary bank.

2.3 Conceptual Framework and Research Hypothesis

Based on the above literature, the following research hypothesis is proposed.

2.3.1 Direct independent variables

1. Service quality

According to Gronroos, (2007) the quality of a service as it is perceived by customers has two dimensions: a technical or outcome dimension and a functional or process-related dimension. He explains that 'What' the customer receives and 'How' the customer receives it, respectively.

There is third dimension which is discussed by Rust and Ovilier, the need for explicitly recognizing the physical environment of the service encounter thus the 'Where' of the service quality perception would be added to the 'what and how' of service quality perception (Gronroos, 2007).

According to Pirzada, (2014) quality of service also plays the crucial role in the switching intentions of customers. If the services are good then the customers will be satisfied and loyal otherwise they will tend towards switching to another bank. Banks should take much care about the services they produce to customers.

H1. There is a negative relationship between the level of delivered service quality and customer intentions to switch the bank.

2. Commitment of the bank

Commitment means that one party in a relationship feels motivated to some extent to do business with another party. Commitment has also been defined as an enduring desire to maintain a valid relationship. If the service provider has taken extra trouble to do so, for example inspite of excess demand for its services at some point in time, the sense of commitment is even deeper (Gronroos, 2007).

According to Rizwan et.al, (2013) study found that the low level of the bank commitment motivates customer intentions to switch the bank.

H3. There is a negative relationship between the level of bank commitment to maintain the relationship and customer intentions to switch the bank.

3. Price of the bank

Have you ever noticed what a wide variety of terms service organizations use to describe the price they set? Universities talk about tuition, professional firms collect fees, and banks charge interest on loans (add service charges) (Lovelock and Wright, 2011). Interest rates which different bank charge differently (Laroche and Taylor, 1988). Bank clients always try to make investment in those banks which pay more on their deposits and charge low on their borrowings and then make comparison of own banks with other banks in the market as well.

Pirzada et.al, (2014) found that interest rates offered by banks to its existing, potential customers plays a very important role in customers for retailing, sustain and to make them loyal.

According to Rizwan et.al, (2013) study found that unfair price motivates customer's intentions to switch the bank. The role of interest, profit rate on deposit and savings also has a strong influence on customer switching behavior in banking sector (Pirzada et.al, 2014).

H2. There is a negative relationship between the fair price of the bank and customer intentions to switch it.

4. Anger incident

Anger is one of the most powerful emotions, which has impact on social relations as well as well as effects on the person experiencing this emotion (Lazarus, 1991). Customers may experience both anger and dissatisfaction in response to waiting for service, dealing with unresponsive or impolite employees and core service failures such as billing errors or poorly executed repair jobs (Bouguie, pietels and Zeelenberg).

According to Rizwan et.al., (2013) anger incidents customer experiences by the bank motives his intentions to switch the bank.

H4. There is a positive relationship between customer experience of an anger incident and his/her intentions to switch the bank.

2.3.2 Moderating Independent Variables

5. Involvement of customer in decision making

Customer behavior research suggested that in the decision process, an individual's involvement with a product can impact behavior towards that product (Mills,2006). Involvement of customer in decision making to deal with certain banks which represents an individual state of arousal or motivation towards an object that is activated by a person's perception of the relevance or importance of the object (Murad, 2011).

It is difficult to improve service quality and productivity without full understanding of the customer's involvement in a given service environment (Lovelock, 2006).

Ha. The more highly - involved the customer, the stronger the relationship between (the service quality, the fair price, the bank commitment, and the anger incident) and his/her intentions to switch the bank.

6. Switching costs

In many instances, customers develop loyalty to an organization in part because of costs involved in changing to and purchasing from a different firm. These costs, real and perceived, monetary and non monetary, are termed switching costs.

Switching costs include investments of time, money, or effort- such as set up costs, search costs, learning costs, and contractual costs- that make it challenging for the customer to move to another provider (Zeithaml, et. al, 2009).

According to Bansal and Taylor, (1999) and Colgate et.al, (2007) in the case of high switching costs customers may not choose to switch due to the sensation of being trapped by the current provider. High switching costs have shown to have a negative impact on switching intention in previous research, meaning that the higher the impact on switching costs are, the lower the switching intention will be (Gall and Olsson, 2012).

Hb. The higher the switching costs, the weaker the relationship between (the service quality, the price, the bank commitment, and the anger incident) and customer's intentions to switch the bank.

7. Alternative attractiveness

The risk of defection is high if customers are dissatisfied, especially when there is a variety of competing alternatives available. One study of customer switching behavior in service industries found that close to 60% of all respondents who reported changing suppliers did so because of a perceived failure: 25% cited failures in the core service. 19% reported an unsatisfactory encounter with the employee. 10% reported an unsatisfactory response to a prior service failure. And 4% described unethical behavior of the part of the provider (Lovelock and Wright, 2011).

Alternative comprise of situations where the customer believes that the alternatives to the current service provider are too similar and far that the alternatives are worse (Colgate et.al, 2007). If low competition exists or there is little perceived difference among the available alternatives of service providers, there is a chance that the customer chooses to stay with the service provider, even through being unsatisfied (Sharoma and Palterson, 2000).

Hc. The higher the alternative attractiveness, the stronger the relationship between (the service quality, the price, the bank commitment, and the anger incident) and customers intentions to switch the bank.

8. Duration of customer relationship

The nature of the customers' relationship with the firm may also influence whether the customer stays or switches providers. Research suggests that customers who have "true relationship" with their service providers are more forgiving of poorly handled service failures and are less likely to switch than are those who have a "pseudo relationship" or a "first-time encounter" type of relationship.

A true relationship is one in which the customer has had repeated contact overtime with the same service provider. A first- time encounter relationship is one in which the customer has had only one contact, on a transaction basis, with the provider. And a pseudo relationship is one in which the customer has interacted many times with the same company but with different service providers each time (Zeithaml, et.al, 2009). According to Reicher and Sasser, findings, the longer customer was with a service provider the more profitable they become (Mudie and Pirrie, 2006).

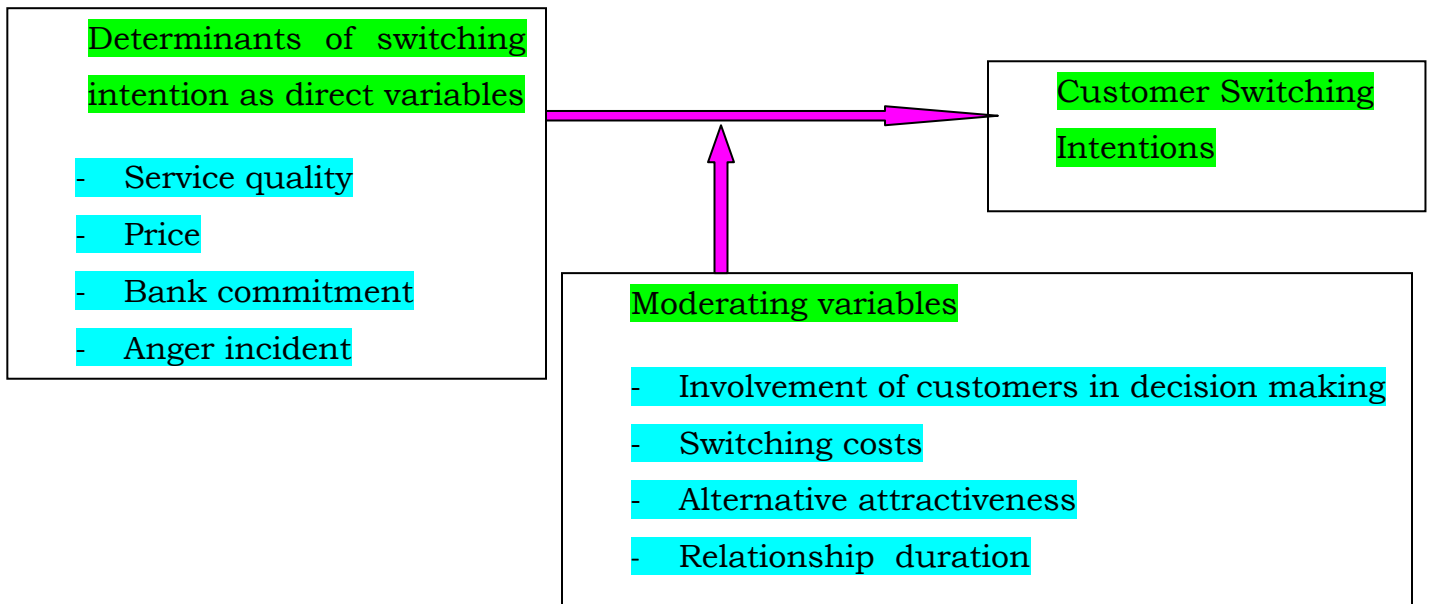
Two other switching factors are related to the sense of relational investment with the current service provider; emotional bonds and social bonds (Colgate et.al, 2007). Emotional bonds concern situations where the customer is afraid to switch due to being afraid to hurt the feelings of the service provider, embarrassment of leaving, or having a sense of loyalty towards the current service organization. Social bonds are relational benefits connected to the service provider that may prevent service switching, for example, knowing the staff; being recognized by the staff; being understood by the staff; or perceiving the staff as friendly (Colgate et.al, 2007).

Hd. The more duration of the customer relationship, the weaker the relationship between (the service quality, the price, the bank commitment, and the anger incident) and customers intentions to switch the bank.

2.3.3 Conceptual Framework

By reviewing the related literature and recognizing the influencing factors on consumers' switching intention toward using banking services, the conceptual framework of this study is formed as the following.

As shown on the fig (2.9) the study is adopted from the model of Mured, (2011) whom is adapted from the model of Anto'n et.al. (2007) which used "services quality, bank commitment, price and anger incident" as direct variables and "involvement of customer in decision making, switching cost and alternative attractiveness" as moderating variables on addition to "duration of customer relationship" as a new moderating variable which is added depending on the study of Renaweeramenon (2008) which found that relationship duration moderate the satisfaction negative word of mouth relationship.

Conceptual model of customers switching intentions

Figur 2.9 Conceptual frame work (Source: Developed by Mustefa Mura Adopted from the research depending on/ Anto'n et.al.2007)

CHAPTER THREE

Research Design and Methodology

3 Introduction

This chapter explains in detail the research design and methodology that will be used to achieve the objectives of the study. Research approach and design, population of the study, sampling design and sampling techniques, source and instruments of data collection, procedure of data collection and method of data analysis are discussed. The variability and reliability tests of the research and ethical considerations are also addressed in this chapter.

3.1 Research Approach

The purpose of the study is to investigate the determinant factors of customers intention intended to switch from their bank to other in Ethiopia. As a result to realize this relationship, the researcher mainly would use quantitative type of research design. Quantitative research places heavy emphasis on using formalized standard questions and predetermined response options in questionnaires or surveys administered to large numbers of response (Hair, et.al, 2000).

Quantitative research is based on the basic approach that knowledge about reality can be obtained 'through the eyes of the researcher.' It is the researcher who- from behind the desk – creates an image of the phenomena to be examined. This is done by means of a careful and consistent study of literature, accepted concepts and current findings by others, which are then used to help formulate the problem definition, research objectives and research questions (Pennick, 2010).

Thus, in this paper both descriptive and inferential statistics methods would be applied. The reason is that these methods are suitable to explain and interpret relations of variables in the study.

Descriptive analysis refers to statistically describing, aggregating and presenting the constructs of interest or associated between these constructs and inferential statistics are the statistical procedures that are used to reach conclusions about associations between variables. They differ from descriptive statistics in that they are explicitly designed to test hypothesis (Bhattachjee,

2012). Questionnaire would be used as instrument of data collection and inferential analysis will be done to see the effects between the variables.

3.2 Research Design

For us, a design describes a (flexible) set of assumptions and considerations leading to specific contextualized guidelines that connect theoretical notion and elements to dedicated strategy of inquiry supported by methods and techniques for collecting empirical material (Pennink, 2010).

A research design is simply the framework or plan for a study, used as a guide in collecting and analyzing data. It is the blueprint that is followed in completing a study. It resembles the architect's blueprint of a house (Churchill and Locobucchi, 2002).

Although research designs may be classified by many criteria, the most useful one concerns the major purpose of the investigation. On this basis we may identify the broad classes of designs as exploratory, descriptive and causal (Green et.al, 1998).

This research uses more on descriptive research design. According to Churchill and Locobucchi, (2002) the descriptive research study is typically concerned with which something occurs or the relationship between two variables. The descriptive study is typically guided by initial hypothesis.

3.3 Population Sampling Design

According to Paul et.al, (1998) in designing the sample, the researcher must specify three things. 1) Where the sample to be selected from, 2) The process of selection and 3) The size of the sample. The sample design must be consistent with the relevant population which is usually specified in the problem formulation stage of the research process.

3.3.1 Target population

A defined target population consists of the complete group of elements (people/objects) that are specifically identified for investigation according to the objectives of the research project (Green et.al, 1998).

The target population of the research would be customers of CBE who reside in Addis Ababa. The researcher assumed that individual end customers would have judged the service given by

the bank and measures it as to stay and intentions to switch their bank. Therefore, the study of this paper only focused on CBE's customers around Addis Ababa.

3.3.2 Sampling Frame

According to Gillbert, (2002) sampling frame is the listing of the elements from which the actual sample will be drawn. In order to determine the sample size of the population, an initial base the study would take the CBE's total customers registered in Addis Ababa. But the information with regard to detail list and number of customers for banks is confidential and cannot be accessed by the academic researcher (Leul and Ayel, managers of bank, personal communication, Feb. 15, 2016). But depending to the banks website, the number of activated accounts throughout the country is around 11 million. And as per the monthly report of June 2015, CBE has 600 branches in Addis Ababa. Therefore, the sampling frame is the customers using the services of these branches. To ensure the clarity of the phenomenon, and the diversity, CBE would be selected precisely where they are the banks that have more branches and customers than others in Addis Ababa.

3.3.3 Sampling Technique

In probability sampling, each sampling unit in the defined target population has a known, non zero probability of being selected for the sample (Hair et.al., 2000). The advantage of probability sampling are that, if done properly, it provides bias-free method of selecting sample units and permits the measurement of sampling error (Gree, 1998). To make the sampling more representatives to this study, the researcher applied cluster sampling technique.

In cluster sampling the total population is divided into a number of relatively small subdivisions which are themselves cluster of still smaller units and then some of these clusters are randomly selected for inclusion in the overall sample (Kothari,2004).

CBE categorizes its Addis Ababa branches in to four districts. i.e. East, North, West and South. The researcher is also adopting the four districts as it is. And a multi- stage random sample design technique is used further (Bhattacharjee, 2012). In simple random sampling, it is a lottery method in which individual units are picked up from the whole group (Kothari, 2004). Hence within each cluster of bank's districts, selected a simple random sample of each grade levels from 2 to 4. And within each branch grade level, select a simple random sample of customers for

study. In this study grade one branches will not be included because, there is only one grade one branches in Addis Ababa and that gives unique services to its respective customers.

So to have representative samples not only from each district but also from each grade, as a result by using a four- stage sampling technique each district and each grade branches will be included in the study. The four- stage sampling process consisting of cluster and simple random sampling. The following table shows the sample-size distributed in each branch.

Table 3.1 Sample size determination of customer survey

District	Grade	Name of Selected Branches	No. of questionnaires distributed
East	4	Andenet	35
	3	Airport	35
	2	Haile G/selasie	35
North	4	Arat Kilo	35
	3	Mehal merkato	35
	2	Sidist Kilo	35
West	4	Addis Ketema	35
	3	Kolfe	35
	2	Alem bank	35
South	4	Nefas silk	35
	3	Balcha	35
	2	Mexico	35

Furthermore, to study this complex phenomenon, the purposive sample will be used. Two categories of customers will be targeted. The first category will be employees (employed customers) as they are the most numerous, who are the most in touch, the biggest number of bank's customers. The second targeted category will be business men who include traders and business men as they are the most in touch with the bank. Employed customers are employees of government, united nation and private sector who are customers for the bank. Business men customers are traders, businessmen and company owners who are customers for the bank.

A total of 420 questionnaires were distributed by dividing the total questionnaires among the 12 selected branches equally. Since we collect data as the time of distributed the questionnaire whiles the customers are using the service as usual, the researcher divides the questionnaire

equally to the selected branches.

3.3.4 Sample Size

In probability sampling, how large a sample should be is a function of the variation in the population parameters under study and the estimating precision needed by the researcher (Cooper and Schindler, 2008). This refers to the number of items to be selected from the universe to constitute a sample. The size of the sample should neither excessively large, nor too small. It should be optimum.

This study is conducted in Addis Ababa so the population of the study could be customers of CBE found in Addis Ababa city due to online connections of many of the branches found in the country. Customers of the bank throughout the country can get services in any branch of the bank in the city because of this underlined reason it was difficult to determine the size of the population for the study. According to Medaneil and Gates, (2003), the following formula is used to calculate the required sample size for problems involving proportions:

$$n = \frac{Z^2}{E^2} [P(1 - P)]$$

If there is no basis for estimating p, the researcher can make what is sometimes referred to as the most pessimistic, or worst-case, assumption regarding the value of P? Given the value of Z and E, what value of P will require the larger possible sample? A value of 0.50 will make the value of the expectation P(1-P) larger than any possible value of P.

Therefore, for the purpose of this study the 5% of the population proportion with a 95% degree of confidence the sample size was calculated as follows:

As 95% degree of confidence, $Z_{\alpha/2} = 1.96$

For the error to be 5%

$$n = \frac{1.96^2}{0.05^2} [0.5(1 - 0.5)]$$

$$n = 384.16$$

Here it would be added extra 10% of on the calculated n-value for the purpose of uncollected and incomplete questionnaires. Hence, the sample size of 420 would be used.

3.3.5 Sampling Procedure

The researcher must decide the type of sample he will use. i.e. he must decide about the technique to be used in selecting the items for the sample. While selecting a sampling procedure, researcher must ensure that the procedure causes a relatively small sampling error and helps to consider the systematic bias in a better way (Cooper and Schindler, 2008). There are two sampling procedure. Probability sampling and non- probability sampling the researcher uses.

If a population from which a sample is to be drawn does constitute a homogeneous group, cluster sampling techniques is generally applied in order to obtain a representative sample.

3.4 Sources of Data

According to Adams et.al, (2010), data are the facts and figures collected for records or any statistical investigation. Variable is the characteristics of study which may vary, for example, age, gender, height, employment status, income and so forth. There are two sources of information normally used for research purposes- primary and secondary sources of data.

3.4.1 Primary Sources

Primary sources are those in which we need to conduct a new survey for gathering information at different levels with regard to the inquiry (Adams et.al. 2010). This study will collect primary data through a questionnaire and interview that will design specifically for this study.

3.5 Data Collection Methodology

There are several methods of collecting primary data, particularly in surveys and descriptive researches. Important ones are: i) observation, 2) interview method 3) through questionnaires 4) through schedules and 5) other methods (Kothari, 2004). In this study the researcher collects data through questionnaires. In this method some questionnaire was distributed through branch managers and others by the researcher to the persons concerned with a request to answer the questions and return the questionnaire. A questionnaire consists of a number of questions printed or typed in a definite order on a form or set of forms (Kothari, 2004).

3.6 Data collection Instruments

A questionnaire is a research instrument consisting of a set of questions (items) intended to capture responses from respondents in a standardized manner (Sauders et.al, 2003). The questionnaire would be structured and developed in English and translated in to Amharic. The questionnaire would be delivered by hand to each respondent. For employed customers, the questionnaire would be distributed inside the bank in the days of salaries of the employees. For businessmen category, the questionnaire will be distributed in several institutions and companies such as Unions, chamber of commerce, etc. And the questionnaire will also be distributed through branch managers to prominent customers as the time of the customer make the transaction.

3.7 Data Analysis Methods

Both qualitative and quantitative data analysis methods will be used for data analysis. The data analysis will be making utilizing SPSS-20). Since we used multiple-item scales for measuring several concepts, we have assessed the internal consistency of these scales and examine if there is correlations between factors. Therefore, the following statistical tools were utilized:-

- Cronbach's alpa for reliability statics
- Frequency and descriptive analysis
- Person correlation
- Multiple regression analysis

Descriptive and Analytical (Inferential analysis) methods of data analysis will be used to meet the objective of the study.

Descriptive Analysis: - refers to statistically describing, aggregating, and presenting the constructs of interest or associations between these constructs (Bhattacharjee, 2012).The descriptive part gives a detailed description to have a clear picture of the switching phenomenon and all the analytical to it. We used descriptive of the respondents responses to the concepts established in the conceptual framework.

Inferential Analysis: - refers to the statistical testing of hypothesis (theory testing) (Bhattacharjee, 2012).The analytical part shows the analysis of the factors affecting switching

intentions. Hence in order to examine our conceptual frame work we conducted several regression analyses. Regression analysis is used to examine the relationship between dependent variables and one or several independent variables. When several independent variables are tested against the dependent variable, a multiple regression analysis is performed.

For exemplification, the equation of the multiple regression looked like:

$$Y_i = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \dots + \beta_i X_i + \epsilon_i$$

Where: Y_i – is switching intention – i.e. the dependent variable

$X_1, X_2 \dots X_i$ – an independent variable, service quality, banks commitment,

β_0 – a Y- intercept- represents the mean value of the dependent variable (Y) when the value of the independent variable X is zero.

$\beta_1 \dots \beta_i$ – is a parameter which represents the slope which measure the change on dependent variable (Y) when the independent variable (X) increases with one unit.

ϵ_i – is representing an error – term.

The R- square value- we also check the R- square value that shows how well the model fits, that is how well the dependent variables predict the dependent variables.

3.8 Validity and Reliability

3.8.1 Validity

The validity of the research paper, as it stated in the conceptual model most parts the items used to measure the variables were adopted from previous research works; to increase the degree of clarity and understandability the English version questionnaire translated in to Amharic by using English-Amharic dictionary. Furthermore the overall content validity of the instrument such as clarity, length and wording of the questions judged by expertise in the area.

3.8.2 Reliability

To examine the reliability of the study cronbach's alpha will be calculated.

3.9 Ethical Considerations

As in other aspects of business, all parties in research should exhibit ethical behavior. Ethics are norms or standards of behavior that guide moral choices about our behavior and our relationships with others. The goal of the ethics in research is to ensure that no one is harmed or suffers

adverse consequences from research activities (Cooper and Schindler,2008). Therefore, in this research the researcher tried his best to follow an ethical path in the collection, analysis and interpretation of the data. Any information gathered from any individual will be treated confidentially without disclosing the respondent's identity. Moreover, assurance will be given to the respondent's by mentioning that the study is used for academic purposes only. The study will be done in transparent manner and attitudes will be expressed as they are. Biased and or inappropriate analysis will be avoided as much as possible.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4 Introduction

This chapter presents the findings of data analysis that were gathered from data collection. It begins by explaining the demographic characteristics of respondents, the reliability test of the instrument, mean scores of variables. It then follows the descriptive analysis for the overall customer switching intention level. Finally the analysis of correlation, multiple regressions and one way ANOVA is conducted to evaluate the hypothesis.

4.1 Demographic characteristics of respondents

A total of 420 questionnaires were distributed to customers of Commercial Bank of Ethiopia in different parts of the city. Out of which 402 questionnaires were collected, of which 17 were discarded or rejected because of missing data and improper response. Therefore, the number of usable questionnaires was 385 which is the same as the number of the assumptions of the calculated sample size and as a result the response rate was 90.8%.

As we see sex table (table 4.1), the sex distribution of respondents who filled up the questionnaires revealed that male respondents comprises a little bit higher than a female respondents which is 50.4% of male and 49.6% of female.

The second component of the table (table 4.1) shows the age distribution of the respondents. From the five age categories the dominant age group of the respondents was the one between age 25-35 years which is 55.3%, followed by age between 35-45 years (36.4%) and those below 25 years (6.0%) ranked third. Finally respondents between the age 45-55 and over 55 years score 1.6% and 0.8% respectively.

The third component of the table represents the educational status of the respondents. It has five categories of which represent high school and less, diploma, bachelor, masters, and other. As per table (4.1), the majority of the respondents' falls on Bachelor (56.6%), 33.0% of them had a masters degree, 7.5% of them had diploma and those respondents who completed high school and less accounts 1.3%.

Table 4.1 Demographic characteristics of respondents

	Categories	Frequency	Percent	Valid Percent	Cumulative Percent
Sex	Female	191	49.6	49.6	49.6
	Male	194	50.4	50.4	100.0
	Total	385	100.0	100.0	
Age	Below 25	23	6.0	6.0	6.0
	23-35	213	55.3	55.3	61.3
	35-45	140	36.4	36.4	97.7
	45-55	6	1.6	1.6	99.2
	Above 55	3	0.8	0.8	100.0
	Total	385	100.0	100.0	
Education Status	High School And less	5	1.3	1.3	1.3
	Diploma	29	7.5	7.5	8.8
	Bachelor	218	56.6	56.6	65.5
	Master	127	33.0	33.0	98.4
	Other	6	1.6	1.6	100.0
	Total	385	100.0	100.0	
Occupation	Employee	269	69.9	69.9	69.9
	Trader	7	1.8	1.8	71.7
	Business-Man	84	21.8	21.8	93.5
	Professional	16	4.2	4.2	97.7
	Worker	9	2.3	2.3	100.0
	Total	385	100.0	100.0	
Relationship Duration	Less than 5 years	189	49.1	49.1	49.1
	From 5-10	154	40.0	40.0	89.1
	From 10-15	29	7.5	7.5	96.6
	From 15-20	5	1.3	1.3	97.9
	20 year and above	8	2.1	2.1	100.0
	Total	385	100.0	100.0	
Income	Below 2000	22	5.7	5.7	5.7
	2001-7000	105	27.3	27.3	33.0
	7001-21000	252	65.5	65.5	98.4
	Above 21001	6	1.6	1.6	100.0
	Total	385	100.0	100.0	

The distribution of respondents' occupation had five layers of categories which represent Employee, trader, businessman, professional and worker. According to table (4.1) the majority of the respondents falls under employee categories accounts with 69.9%, businessman take the

second place which is 21.8%, professional respondents take the third which is 4.2%, and worker and trader take the fourth and fifth which was 2.3% and 1.8% respectively.

The distribution of respondents' relationship duration had 5 layers of categories. From the five groups, the dominant group of the respondents is the one their relationship is less than five years which accounts 49.1%, followed by the relationship duration between 5-10 years (40.0%), and between 10-15 years (7.5%) ranked third. Finally respondent's relationship duration between 15-20 years and above 20 years score 1.3% and 2.1% respectively.

The last component of table 4.1 shows the income distribution of respondents. From the four income categories the dominant income group of the respondents was the one between income in birr 7001-2100 (65.5%) and the second income group respondents fall under income in birr below 2001-7000(27.3%). The third income group respondents fall under income in birr below 2000 (5.7%) and the remaining income group respondents whose income in birr is above 2101 was 1.6%.

4.2 Reliability of measurements

Respondents' response were measured using five point Likert scale from '1' being 'strongly disagree' to '5' being 'strongly agree'. In order to measure whether the items with multiple-item scale were reliable, a reliability test of the scale was performed. All concepts that were measured with multiple-item scales were tested by using Cronbach's reliability test. The Cronbach's Alpha coefficient varies from 0 to 1, whereas a generally agreed lower limit for the coefficient is 0.70. However, in exploratory studies, a value of 0.60 is acceptable, while in the more advanced stages of research, values of 0.8 or higher are regarded as satisfactory (Mooi and Sartedt, 2011).

Table 4.2 Reliability statistics for the research instrument

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.863	.869	45

It is also important that to measure the reliability of each dimensions and make sure that they possess the reliability requirement.

Table 4.3 Reliability measurement for all dimensions

Dimensions	Cronbach's Alpha	Number of items
Switching Intention	0.725	3
Service Quality	0.917	15
Price	0.898	4
Bank Commitment	0.940	5
Anger Incident	0.763	4
Involvement	0.764	6
Switching Cost	0.708	4
Alternative Attractiveness	0.729	4

As observed from the table each dimension's of Cronbach's Alpha is greater than 0.7, which is greater than the accepted range (Mooi and Sartedt, 2011).

4.3 Descriptive Statistics

In this section, the descriptive statistics for each key concept from the conceptual frame work was analyzed. That is all the customer switching intentions, service quality, price of the bank, bank commitment, anger incident, involvement, switching costs and alternative attractiveness.

4.3.1 Mean Analysis for Dependent Variable

The means and their standard deviation of the field dependent variable" customer switching intention" and all its paragraphs was shown in the table 4.4 below.

The first paragraph as shown in table 4.4 had the mean score 3.23 among the respondents. The standard deviation was 1.322, which indicates that the respondents' answers were close to the mean value 3.23. The result indicates that the respondents had slightly low intentions to switch the bank in the future.

Table 4.4 Descriptive Statistics for customer switching intentions

	N	Mean	Std. Deviation
I have intention to switch this bank.	385	3.23	1.322
The likelihood of me switching to another bank is high.	385	3.03	1.243
Next time, I would not continue to deal with this bank.	385	2.35	1.129
Customer switching intention	385	2.87	.899
Valid N (listwise)	385		

For the second paragraph, the mean score of the respondents was 3.07. The standard deviation was 1.234, which indicates that the dispersion of responses were close to the mean. The result implies that the respondents were either slightly negative or slightly positive to the likelihood of switching to other bank in the future. They had no strong opinion in either direction.

For the third paragraph, the mean score of the respondents was 2.35. The standard deviation was 1.129, which indicates that the respondents were close to the mean 2.35. The result implies that the respondents were disagreed that next time, not continue to deal with this bank.

Overall, the concept of “customer switching intentions” had the mean value 2.87. The standard deviation was 0.899 among the respondents, indicating that the respondents were quite closely dispersed. The results indicated that the respondents had no strong opinion in either direction towards switching intention from Commercial bank of Ethiopia.

4.3.2 Descriptive statistics for independent variables

Independent variables were divided into direct factors and moderating factors.

4.3.2.1 Direct Factors

Direct factors were represented by service quality, price of the bank, bank commitment, and anger incident. The mean and their standard deviation of the field of direct independent variables of the respondents were shown in the table 4.5.

Table 4.5 Descriptive statistic of direct variables

	N	Mean	Std. Deviation
Service quality	385	2.78	.756
Price	385	3.51	.772
Bank commitment	385	3.52	1.029
Anger incident	385	3.19	.792
Valid N (listwise)	385		

Service Quality: - The mean value of the respondents' for the field service quality was 2.78. The standard deviation for service quality was 0.756 which indicates that the dispersion of response were quite close to the mean. The figure indicates that the respondents were concentrated to the

midpoint which is a little bit inclined to disagree. Hence the respondents were slightly negative or positive towards service quality. They had no strong opinion in either direction.

Generally, the variation of these levels of service quality seems to be consistent with the results of concerning customers switching intentions where a lower level of service quality may direct the respondents to a higher of switching intentions. Banks gives more attention for customers service quality because respondents answer were neutral in service quality does not give a guarantee for customers to switch to other bank as service quality deteriorates.

Price: - For the concept of field price, the mean score of the respondents was 3.51. The standard deviation was 0.722, which indicates that the respondents were dispersed quite closely to the mean of 3.51. This figure indicates that the respondents tendencies somewhat agreed to the field price of the bank. This means the respondents were satisfied about the price fairness of the bank.

Generally, the variation of these levels of price fairness seems to be consistent with the previous results concerning customers switching intentions where the unfair price meets a higher level of switching intentions and vice versa.

Bank Commitment: - The mean score of the respondent for bank commitment was 3.52 and standard deviation was 1.029. The responses were closely dispersed to the mean value. This indicates that the respondents were somewhat agreed to the field bank commitment.

Generally, the variation of these levels of bank commitment seems to be consistent with the previous result concerning customer switching intentions where a lower level of bank commitment meets somewhat a higher level of switching intentions and vice versa.

Anger Incident: - The mean value of the respondents' for the field anger incident was 3.19. The standard deviation was 0.792, which indicates that there response were dispersed quiet closely to the mean 3.19. This figure indicates that the respondents were either slightly negative or slightly positive towards the field anger incident; they had no strong opinion in either direction.

Generally, the variation of these anger incidents seems to be consistent with customers switching intention where a higher level of anger incident meets somewhat a higher level of switching intention and vice versa.

4.3.2.2 Moderating Factors

Moderating factors were represented by involvement, switching costs, alternative attractiveness and relationship duration. The mean and their standard deviation of the field for moderating independent variables of the respondents were shown in the table 4.

Table 4.6 Descriptive Statistics for moderating variables

	N	Mean	Std. Deviation
Involvement of customers in decision making	385	3.58	.614
Switching costs	385	3.22	.952
Alternative Attractiveness	385	3.22	.718
Valid N (listwise)	385		

Involvement: - The mean score was 3.58 for the concept of involvement, with a standard deviation 0.614 indicating that the responses were quite close to the mean value. It is concluded that the respondents somewhat agreed to the field involvement. The findings implies that a sense of involvement were moderately important as a moderating factor of their decision of switching the bank.

Switching costs: - The mean score of the respondents for switching cost was 3.22 and standard deviation was 0.95, the dispersion between answers was thus relatively close to the mean value. The finding implies that the respondents were either slightly negative or slightly positive towards switching costs; they had no strong opinion in either direction.

Generally, they were neutral to the switching costs. Thus, they didn't give a concrete answer about the level of switching costs also.

Alternative Attractiveness: - The mean value of alternative attractiveness of the respondent was 3.22 and the standard deviation was 0.718. The answers were quite closely dispersed. Generally, the respondents were neutral to alternative attractiveness field. Thus, they didn't give a concrete answer about the existence of better alternative attractiveness. So, the respondents were not sure about his bank that had the best alternative.

Duration of Customer Relationship: - Relationship duration was classified as shown in table 4.1 relationship is short if the dealing period of the customer was less than 5 years, while it long

if the dealing period of the customer was 10 years and above, where the period from 5 to less than 10 years was considered as a medium.

4.4 Descriptive Statistics in relation to Demographic characteristics

4.4.1 Customers switching intention in relation to sex

As we can see from table 4.7 the significance value of the ANOVA table the p-value was less than 0.05 ($\text{sig}=0.027 < 0.05$). Thus, this value indicated that there was a significance difference among the mean score of customers switching intention with respect to their sex. This implies that the respondents for customer switching intentions were different between male and female.

Table 4.7 Customer switching intention in relation to sex

ANOVA

Customer switching intention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.961	1	3.961	4.948	.027
Within Groups	306.606	383	.801		
Total	310.567	384			

4.4.2 Customer Switching Intentions in relation to Age

As indicated on table 4.8, the significant value of ANOVA indicated that it was less than 0.05 ($\text{sig}.=0.01 < 0.05$), and then based on the result, there was significant difference among the mean score of customers' switching intention with respect to their age.

Table 4.8 customers switching intention in relation to age

ANOVA

Customer switching intention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	14.978	4	3.745	4.814	.001
Within Groups	295.589	380	.778		
Total	310.567	384			

4.4.3 Customer Switching Intention with Respect to Education Status

Based on table 4.8 result, the significant value of ANOVA indicated that it was less than 0.05 ($\text{sig}. = 0.000 < 0.05$) and then there was a significant difference among the mean score of

customers' switching intentions with respect to their educational status. This indicates that the education level of the respondents inclined to influence their switching intentions.

Table 4.9 Customers Switching Intention with respect to education status
ANOVA

Customer switching intention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	37.116	4	9.279	12.894	.000
Within Groups	273.452	380	.720		
Total	310.567	384			

4.4.4 Customers Switching Intention with respect to Occupation

As indicated in table 4.10, the significance value of the ANOVA indicated that the p -value was greater than the 0.05 (sig. =0.171>0.05), and then there was **insignificant** difference among the mean score of customers switching intention with respect to their occupation. This implies that occupation difference didn't affect considerably the response for customers' intentions indicators.

Table 4.10 customers switching intention with respect to occupation

ANOVA

Customer switching intention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	5.179	4	1.295	1.611	.171
Within Groups	305.389	380	.804		
Total	310.567	384			

4.4.5 Customer switching Intention in Relation to relationship Duration

As per table 4.11, the significance value of ANOVA indicated that the p – value was less than 0.05 (sig. =0.000<0.05) and then based on the result, there was significant difference among mean score of customers' switching intentions with respect to their relationship duration.

Table 4.11 customers switching intention in relation to duration

ANOVA

Customer switching intention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	29.816	4	7.454	10.089	.000
Within Groups	280.752	380	.739		
Total	310.567	384			

4.4.6 Customers Switching Intentions in Relation to Income

Based on table 4.12 result, the significance value of ANOVA indicated that the p - value was less than 0.05 (sig. =0.000<0.05), and then there was perfectly significant difference among the mean score of customers' switching intentions with respect to their income.

Table 4.12 customers switching intention in relation to income

ANOVA

Customer switching intention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	73.889	3	24.630	39.648	.000
Within Groups	236.678	381	.621		
Total	310.567	384			

Generally, from the above results, in most demographic characteristics measurements (i.e. in terms of sex, age, education status, relationship duration and income) there was a significant difference among the means score of customers' response in relation to their switching intentions. Only occupation had no significance difference among the mean score of the respondents.

4.5. Hypothesis Testing

After analyzing the dependent variable (customer switching intention) and the independent variables in some details, the research hypothesis will be tested. To test the hypothesis, the researcher was used Pearson correlation analysis. Pearson correlation analysis was used to investigate how each concept that were predicted to affect switching intentions that is how strong these relationships are and in which direction they are related. These independent variables are service quality, price of the bank, bank commitment and anger incident as a direct factors and involvement, switching costs, alternative attractiveness and relationship duration as a moderating variable.

4.5.1. Direct Variable Hypothesis

H1: There is a negative relationship, at 0.05 level of significance, between the level of delivered service quality and customer switching intentions to switch the bank.

Table 4.13 shows the correlation coefficient between service quality and customer switching intentions equals -0.499 and the p-value (sig.) equals 0.000. The p-value (sig) is less than 0.05, so the correlation coefficient is statically significant at $\alpha=0.05$. Thus, the hypothesis is accepted, that it can be said there exists a significant negative relationship between the level of service quality and customers switching intentions to switch the bank.

Thus, service quality has a significant negative effect on customer switching intentions, which means that low level of service quality (poor/deficient service quality) motivates customer intentions to switch the bank. So, if the banks don't exert more efforts to improve the level of service quality, the switching intentions of the customer will be more probable.

The finding is supported by the following studies:-

Murad, (2011) which found that service quality was negatively and significantly related to switching intentions examined in banking sectors.

Pirzada et.al, (2014) studies founds that, there is a significant and positive relationship prevail between service quality and switching behavior of customers in banking sector. It means if we increase the service quality than the switching of customers towards other banks will be reduced.

Razwan, 2013, studies shows that low service quality and low firm commitment undermine customer satisfaction and have only an indirect effect on switching intentions.

Tsedenya, 2015, service quality has strong and positive significant relationship with customers retention.

Table4.13 Correlation coefficient between service quality and customer switching intention

Variable	Pearson correlation coefficient	p-value (sig.)
Outcome quality	-0.491	0.000
Interaction Quality	-0.415	0.000
Physical Environment Quality	-0.394	0.000
Service quality	-0.499	0.000

With regards to three dimensions of service quality, (table 4.13) shows that the correlation coefficient between outcome quality, interaction quality and physical environmental quality and customer switching intentions equals -0.491, -0.415, and -0.394 respectively and the p-values (sig.) equals 0.000. Thus, the p-value are less than 0.05, so the correlation coefficient is statistically significant at $\alpha=0.05$. So it can be said that there exists a significant negative relationship between the level of outcome quality, interaction quality, and physical environmental quality, and customers switching intentions to switch the bank.

A comparison between the three dimensions of service quality demonstrates that outcome quality has the strongest negative effect on customer switching intentions ($r=-0.491$), followed by interaction quality ($r=-0.415$) and physical environment quality ($r=-0.394$).

This finding is similar to the findings of Murad, (2011) that outcome quality was the dominant factor, followed by interaction quality and then the physical environment quality.

H2: There is a positive relationship, at 0.05 level of significant, between the price of the bank and the customer switching intentions to switch it.

Table 4.14 shows that the correlation coefficient between the price for the service and the customer switching intentions equals 0.102 and the p-value (sig.) equals 0.045.

Table 4.14 correlation coefficient between price and customer switching intentions

		Correlations	
		Customer switching intention	Price
Customer switching intention	Pearson Correlation	1	.102 [*]
	Sig. (2-tailed)		.045
	N	385	385
Price	Pearson Correlation	.102 [*]	1
	Sig. (2-tailed)	.045	
	N	385	385

*. Correlation is significant at the 0.05 level (2-tailed).

The p-value is less than 0.05, so the correlation coefficient is statistically significant at $\alpha=0.05$. Thus the hypothesis is accepted and it can be said that there exists a moderate significant positive relationship between the price for the service and customer intentions to switch the bank.

Thus, price has a very low significant positive effect on customer switching intentions, which means that unfair price motivates customer's intentions to switch the bank. So, if the bank doesn't adopt good pricing strategy when setting the price, the switching intentions will be more probable.

The finding is supported by the following studies: -

Razwan, 2013, found that service quality and customers switching intentions has a significant positive relationship. Price unfairness has a strong effect on switching as directly through satisfaction.

Murungu, 2013, study revealed that the price element in a banking industry induce the customers to switch over from one bank to another bank.

Uddin and Akhter, 2012, study shows that the empirical results found significant positive relationship among fair price service charge and customer satisfaction.

According to Uttam et.al, 2008, on his interviews, respondents commonly expressed in some areas of dissatisfaction that is high interest rate on loan, low interest rate on savings, denial for loan, undue expenses and so forth.

Murad, (2011), which found that fair price, has a negative and significant effect on customer switching intentions. Which means unfair price motivates customers intentions to switch the bank.

H3: there is a negative relationship at 0.05 level of significant, between the level of bank commitment to maintain the relationship and customers' intention to switch the bank.

Table 4.15 shows that the correlation coefficient between bank commitment and customer switching intentions equals -0.191 and p-value (sig) equals 0.000. The p-value is less than 0.05, so the correlation coefficient is statistically significant at $\alpha=0.05$. So the hypothesis is accepted and it can be said that there is significant negative relationship between the level of bank commitment and customer switching intentions.

Table 4.15 correlation coefficient between bank commitment and customer switching intention

Correlations			
	Customer switching intention	Bank commitment	
Customer switching intention	Pearson Correlation	1	-.191**
	Sig. (2-tailed)		.000
	N	385	385
Bank commitment	Pearson Correlation	-.191**	1
	Sig. (2-tailed)	.000	
	N	385	385

** . Correlation is significant at the 0.01 level (2-tailed).

Thus, bank commitment has a negative effect on customer switching intentions, which means that low level of bank commitment motivates customer's intention to switch the bank. So, if the banks don't exert more effort to maintain a frequent and constant relationship with customers, the switching intention will be more probable.

This finding is supported by the following studies:-

Murad, 2011, which explains that bank commitment, has a negative significant effect on

customers switching intentions which means that low level of bank commitment motivates customers' intentions to switch the bank.

Rizwan, 2013, low firm commitment undermine consumer satisfaction and only on indirect effect on switching intentions.

H4: There is a positive relationship, at 0.05 level of significant, between customer experience of an anger incident and his/her intentions to switch the bank.

Table 4.16 correlation coefficient between anger incident and customer switching intention

Correlations			
		Customer switching intention	Anger incident
Customer switching intention	Pearson Correlation	1	.473**
	Sig. (2-tailed)		.000
	N	385	385
Anger incident	Pearson Correlation	.473**	1
	Sig. (2-tailed)	.000	
	N	385	385

** . Correlation is significant at the 0.01 level (2-tailed).

Table 4.16 shows that the correlation coefficient between anger incident and customer switching intentions equals 0.473 and p-value equals 0.000. The p-value is less than 0.05, so the correlation coefficient is statistically significant $\alpha=0.05$. So the hypothesis is accepted and it can be said that there exists a significant positive relationship between anger incident and customers switching intentions.

Thus, anger incident has a significant effect on customers switching intentions, which means that anger incident which consumer experiences by the bank motivates his/her intentions to switch the bank. So if the bank do not exert more effort to eliminate the anger incidents, the switching intention will be more probable.

The finding is supported by the following studies: -

Rizwan, 2013, anger incidents have a strong effect on switching as an indirect effect through satisfaction

Gull and Iftikhar, 2012, founds that the relationship between anger level with negative word of mouth and switching is perfectly significant and moderately strong.

Murad, 2011, which found that anger incident, has a positive effect on switching intentions.

Table 4.17 Summary of the direct variables hypothesis at 0.05 level of significant.

Hypothesis	r	Result
H1: There is a negative relationship between the levels of delivered service quality and customer's intentions to switch the bank.	-0.499	Accepted
H2: There is a negative relationship between the price the bank and customer swathing intentions	0.105	Accepted
H3: There is a negative relationship between the level if bank commitment to maintain the relationship and customer intentions to switch the bank.	-0.191	Accepted
H4: There is a positive relationship between customer experiences of anger incident and his/her intentions to switch the bank,	0.473	Accepted

Based on the Pearson correlation Analysis showed that the independent variables, service quality, price of the bank, bank commitment and anger incident had significant relationships with customer switching intentions.

Service quality had the strongest effect on customer switching intentions; anger incident comes in the second place, followed by bank commitment. Fair price ranks the fourth.

These findings somewhat differ from the findings of Murad, 2011 which found service quality has the strongest effect followed by price, anger incident and bank commitment.

It is necessary to further investigate the relationships in order to detect which of the independent variables that were the greatest predictors of the dependent variable "switching intentions". Therefore, multiple regression analysis is used in order to test the conceptual frame work. Before the multiple regressions were analyzed, we checked the assumption of multiple regression.

4.6. Assumption of Multiple Regression

If the regression Analysis fails to meet the assumptions, regression analysis can provide invalid results. According to Mooi and Sarstedt, (2011) the following assumptions are required provide valid results.

- ✓ The regression model can be expressed in a linear way
- ✓ The expected mean error of the regression model is zero
- ✓ The variance of the errors is constant (homoskedasticity)
- ✓ The errors are independent (no autocorrelation)
- ✓ The errors need to be approximately normal distributed,
- ✓ Independent variables are highly correlated (multi collinearity)

Checking the assumptions

Multi colinearity - in the Pearson correlation coefficient, none of the coefficients are greater than 0.8 or 0.9. Or when we see VIF values, the tolerance values for the variables are greater than 0.1, and all VIF values are less than 10 as a result it provides that multi collinearity is not a problem (see annex-2).

Normality, linearity, hetroskedasticity, independence of residuals

One of the ways that these assumptions can be checked is by inspecting the residuals scatter plot and the Normal probability plot of the regression standardized residuals that were requested as part of the analysis.

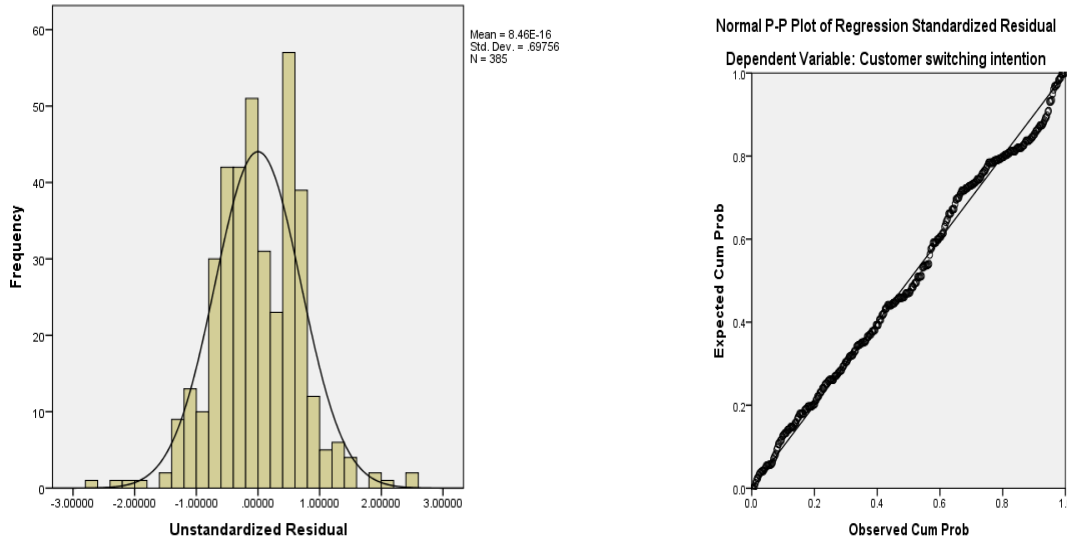


Figure 4.1 Histogram and Normal P-P plot

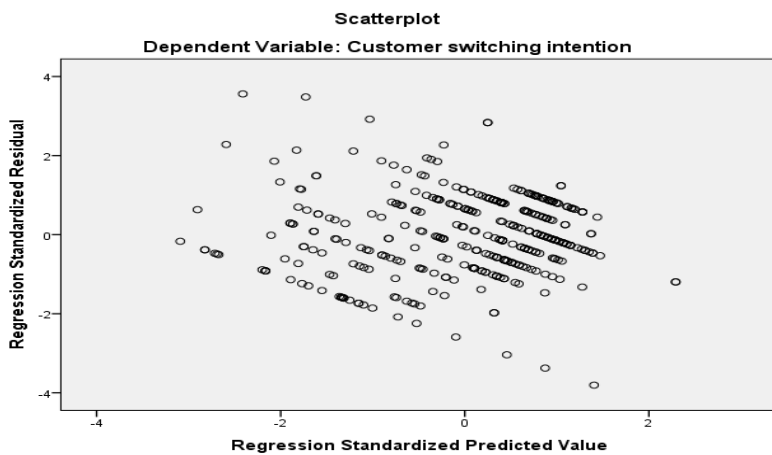


Figure 4.2 Scatter plot

The entire scatter plots displayed above proves the assumption consequently it can be concluded that none of the assumptions are violated.

4.7. Multiple Regression Analysis

To confirm the analysis, multiple regression analysis was conducted using the stepwise regression method. In this method R-square (R^2) is the square of multiple correlation coefficients and indicates the proportion of the variance in the dependent variable which could be explained by the independent variable.

The standard beta (β) coefficients give a measure of the contribution of each variable to the model. The T and p-value (sig.) gives a rough indication of the impact of each predictor variable, so, a big absolute T value and small p-value suggests that a predictor variable is having a large impact on the criterion variable.

Table 4.18 Regression analysis between independent and dependent variables

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.631 ^a	.398	.392	.701

a. Predictors: (Constant), Anger incident, Price, Bank commitment, Service quality

b. Dependent Variable: Customer switching intention

The model fit tables 4.18 provide the information, on the model how well the independent variables relate to the dependent variable.

Based on the table, model summary result, the multiple correlation coefficients is equals to 0.631 and the R^2 value for the regression model was 0.392. This means 39.2% of the variation in “customers switching intention “is explained by the responses regarding to four independent variables (service quality, price, bank commitment and anger incident). The remaining percentage 61.8% indicates that, there were other independent variables affecting customers switching intentions which were not included in the model of our conceptual framework for predicting switching intentions.

According to Mooi and Sarstedt, (2011) suggests that the actual R^2 value is above the value of 0.30 that is common for cross sectional research.

Evaluating the model

To evaluate the model, interprite the model fit and ANOVA table.

When measured customer switching intentions as a function of, service quality, price, commitment and anger incident using step wise regression, the following result are obtained.

Table 4.19 The Regression ANOVA

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	123.716	4	30.929	62.900	.000 ^b
	Residual	186.852	380	.492		
	Total	310.567	384			

a. Dependent Variable: Customer switching intention

b. Predictors: (Constant), Anger incident, Price, Bank commitment, Service quality

Table (4.19) shows the analysis of variance for the regression model. P-value =0.000 which is small than the level of significance $\alpha=0.05$. Then, there is a significant relationship between the dependent variable, “customer switching intentions” and all of the independent variable.

Evaluating each of the independent variable

Table 4.20 The regression coefficient

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.573	.268		9.602	.000
	Service quality	-.454	.054	-.382	-8.408	.000
	Price	.198	.048	.170	4.133	.000
	Bank commitment	-.114	.037	-.131	-3.081	.002
	Anger incident	.397	.049	.350	8.115	.000

a. Dependent Variable: Customer switching intention

Table 4.20 shows the regression coefficient and their p-values since, p-value =0.000 which is smaller than the level of significant $\alpha=0.05$. Then there is a significant relationship between the dependent variable “customers switching intentions” and each of the independent variables “service quality, price, commitment and anger incidents” individually.

As per the coefficient table 4.20, the result of standardized regression equation (beta weigh) for service quality, price, commitment and anger incident were- 0.382, 0.17, -0.13 and 0.35 respectively. This shows that the effect of service quality is greater than anger incident which is also greater than price and the last bank commitment in explaining the variability of overall customer switching intentions.

Accordingly, the relative importance of independent variable in contributing the variation of overall customers switching intention was found to be significant for service quality, price and anger incident at p-value = 0.000 and for bank commitment at p-value 0.002.

Constructing the regression equation

Based on the standardized coefficients, all independent variables are significant.

Finally, the model fit regression equation of customer switching intention become:

$$Y = 2.573 - 0.382X_1 + 0.17X_2 - 0.131X_3 + 0.35X_4$$

Where Y= customers switching intentions

X1= service quality

X2=price

X3=bank commitment

X4=anger incident

e=error terms

The researcher aim was to examine which of the predictor variables that best predicted switching intentions. The result of the multiple regression showed that all independent variables were the predictor of switching intentions.

This result was matched with the Pearson correlation analysis. As you could see the correlation analysis all predictor variables had significant relationships with switching intentions which is the same as the multiple regression analysis.

Hypothesis test

Therefore, this particular finding confirms the hypothesis H1 and H3 that is service quality and bank commitment has a negative and significance effect on switching intentions is accepted hence the $p\text{-value} < \alpha = 0.05$, the null hypothesis is rejected. And the hypothesis H2 and H4 that is price of the bank and anger incident has a positive significance effect on customer switching intentions is accepted hence the $p\text{-value} < \alpha = 0.05$. Therefore, the null hypothesis is rejected.

4.8. Moderating variable hypothesis

To test moderating variable hypothesis that referring to the moderating effect of the customer's, degree of investment, switching costs, knowledge about alternative, and long of customer relationship duration, the model will be re-estimated using a multi-sample analysis. For each moderating variable, the sample was divided into two groups separating it into individuals above or below the mean (murad, 2011).

Firstly, as all independent direct variables are the significant prediction for the model, the whole moderating variables hypothesis with regarding to service quality, price, bank commitment and anger incident are tested.

Involvement

Ha: The more highly involved the customer, the stronger the relationship between (the service quality, price, bank commitment and the anger incident) and his/her intentions to switch the bank.

The sample was divided into two groups, lowly involved and highly involved respondents.

Table 4.21 ANOVA for regression (Low Involvement)

ANOVA ^{a,b}						
Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	8.678	4	2.170	3.613	.010 ^c
	Residual	41.437	69	.601		
	Total	50.116	73			

Table 4.22 ANOVA for regression (High Involvement)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	124.527	4	31.132	70.138	.000 ^c
Residual	135.822	306	.444		
Total	260.349	310			

Table (4.21 and 4.22) shows the analysis of variance (ANOVA) for the regression models. since p-values (sig) = 0.000 which are smaller than the level of significance $\alpha = 0.05$ Then the models are significant and there is a significant relationship between the dependant variable "customer switching intention" and independent variables.

For the lowly involved respondents table 4.23 shows the regression coefficient and p-value (sig) which indicates that price and anger incident are significant. Then there is a significant relationship between the dependent variable "customer switching intentions" and price & anger incident

Table 4.23 the regression coefficient (low and high involvement)

Variable	Low Involvement				High Involvement			
	B	Beta	t	Sig	B	Beta	t	Sig
Service Quality	-0.078	-0.067	-0.543	0.589	-0.502	-0.414	-8.395	0.000
Price	0.247	0.305	2.687	0.009	0.174	0.130	3.096	0.002
Bank commitment	-0.079	-0.117	-0.950	0.345	-0.133	-0.135	-3.174	0.002
Anger Incident	0.277	0.272	2.439	0.017	0.427	0.345	7.219	0.000
R ²	0.125				0.471			

For the highly involved respondent table, (4.23) show the regression coefficient and the p-values (sig) which indicates that the services quality, price, bank commentate and anger incident are significant predictors.

Then there are a significant relationship between the dependant variable “ customer switching intention” and each of the server quality, price, bank commitment and anger incident.

Based on the results and the comparison of the regression coefficients, the following hypothesis will be tested:

1. The more highly-involved the customer, the stronger the relationship between the services quality and his/he intentions to switch the bank.

With regards services quality, there is a significant different between the two group. For the high involved respondents, where services quality is **insignificant** predictor of customer switching intention in the case of low involvement and significant predictor in the case of high involvement, so high involvement reinforces the negative effect of service quality on customer switching intentions. Thus the hypothesis is accepted.

2. The more highly-involved the customer, the stronger the relationship between the price and his/her intentions to switch the bank,

With regard to price, there is no a significant difference between the two groups i.e price is significant predictor of costumer switching intentions for the two group, so highly-involvement does not reinforce the effect of price on customer switching intentions. Thus the hypothesis is rejected.

3. The more highly–involved the customer, the stronger the relationship between the bank commitment and his/her intentions to switch the bank.

With regards to bank commitment, there is a significant difference between the two groups where bank commitment is **insignificant** predictor of customer switching intention on the case of low involvement and significant predictor in the case of high involvement, so high involvement reinforces the negative effect of bank commitment on customer switching intentions. Thus the hypothesis in accepted.

4. The more highly-involved the customer, the longer the relationship between the anger incident and his/ her intention to switch the bank.

As you see table 4.23, anger incident is significant predictor of customer switching intentions for the two groups and no significant difference between them, so high involvement does not reinforce the effect of anger incident on customer switching insertions. Thus, the hypothesis is rejected.

Table (4.24) Findings of Testing the Hypothesis Regarding the Degree of Involvement

Hypothesis	Results
The more highly-involved the customer, the stronger the relationship between the service quality and customer intentions to switch the bank.	Accepted
The more highly-involved the customer, the stronger the relationship between the price and customer intentions to switch the bank.	Rejected
The more highly-involved the customer, the stronger the relationship between the bank commitment and customer intentions to switch the bank.	Accepted
The more highly-involved the customer, the stronger the relationship between the Anger incident and customer intentions to switch the bank.	Rejected

Table 4.24 shows a summary for the findings of hypothesis testing regarding the degree of involvement.

Generally, highly-involved customers tend to show higher levels of satisfaction or dissatisfaction (Richins and Bloch, 1991). So, high involvement may be having a positive or negative effort on the action of banks. The negative effect of the high involvement appears on its moderating effect on the relationship between (service quality and bank commitment) and customers switching intentions, where high involvement reinforces the effect of these factors on the customer switching intentions.

Switching Costs

HB: The higher the switching costs, the weaker the relationship between (the service quality, the price, the bank commitment, and the anger incident) and customer intention, so switch the bank.

The sample was divided into two groups, respondents perceive low switching costs and respondents perceive high switching costs.

Table 4.25 ANOVA for regression (Low switching cost)

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	44.546	4	11.136	18.243	.000 ^c
Residual	98.894	162	.610		
Total	143.440	166			

Table 4.26 ANOVA for regression (high switching cost)

ANOVA ^{a,b}					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	43.724	4	10.931	30.070	.000 ^c
Residual	77.430	213	.364		
Total	121.154	217			

The above table shows the analysis of variance for the regression models. Since, P- Value (Sig) = 0.000, which are smaller than the level of significance $\alpha=0.05$. Then the models are significant and there is a significant relationship between the dependent variable “customer switching intentions” and independent variables.

Table 4.27 The Regression Coefficient (Low and High Switching Costs)

Variable	Low Switching Costs				High Switching Costs			
	B	Beta	t	Sig	B	Beta	t	Sig
Service Quality	-0.418	-0.379	-4.782	0.000	-0.395	-0.327	-5.803	0.000
Price	0.139	0.134	1.935	0.055	0.227	0.202	3.562	0.000
Bank commitment	-0.169	-0.202	-2.681	0.008	-0.079	-0.102	-1.773	0.078
Anger Incident	0.220	0.204	2.994	0.003	0.542	0.400	6.727	0.000
R ²	0.294				0.349			

Based on these result and the comparison of the regression coefficients, the following hypothesis will be tested:

1. The Higher the switching costs, the weaker the relationship between the service quality and customer intention to switch the bank.

Service quality is significant predictor of customer switching intentions for the two group and no significant difference between them, so high switching costs have no moderating effect on the relationship between service quality and customer switching intentions. Thus, the hypothesis is rejected.

2. The higher the switching costs, the weaker the relationships between price and customer intentions to switch the bank.

with regards the price, there is a significance difference b/n the two groups for the high switching costs, where price is **insignificant** predictor of customer switching intentions in the case of low switching costs and significant predictor in the case of high switching costs, so high switching costs reinforces the effect of unfair price on customer switching intentions which contrast the hypothesis. Thus, reject the hypothesis.

- 2.The higher the switching casts, the weaker the relationship between the bank commitment and customer intention to switch the bank.

With regards the bank commitment, there is a significant difference between the two groups for the high switching costs, where bank commitment is significant predictor of customer switching intentions in the case of low switching costs and **insignificant** predictor for high switching costs, so high switching costs attenuates the effect of bank commitment on customer switching intentions. The hypothesis is accepted.

- 3.The higher the switching costs, the weaker the relationship between the anger incident and customer intention to switch the bank.

Anger incident is significant predictor of customer switching intentions for the two groups and no significant difference between them, so high switching costs have no moderating effect on the relationship between anger incident and customer switching intentions. Thus, the hypothesis is rejected.

According to Malik et.al, 2014, which found that no significant relationship between switching costs and switching intentions.

Table 4.28, Finding of testing the hypothesis regarding the switching costs.

Hypothesis	result
The higher the switching costs, the weaker the relationship between the service quality and customer intentions to switch the bank.	Rejected
The higher the switching costs, the weaker the relationship between the price and customer intentions to switch the bank.	Rejected
The higher the switching costs, the weaker the relationship between the bank commitment and customer intentions to switch the bank.	Accepted
The higher the switching costs, the weaker the relationship between the anger incident and customer intentions to switch the bank.	Rejected

Table (4.28) shows a summary for the findings of hypothesis testing regarding the switching costs. This finding is consistent with the findings of hypothesis Murad, 2011.

Generally, moderating effect of switching costs in the expected direction exists only in the case of bank commitment, while the results are the opposite in the case of price. And in the case of service quality and anger incident, switching costs do not have a significant moderating effect on customer switching intentions. In other words switching costs is not enough to attenuate the effect of the direct variables (service quality, price and anger incident) on customer switching intentions. But switching costs is enough to attenuate the effect of bank commitment on customer switching intentions.

Alternative Attractiveness

HC: The higher the alternative attractiveness, the stronger the relationship between (the service quality, price, bank commitment and anger incident) and customer intentions to switch the bank.

The sample is divided on to two groups, low alternative attractiveness and high alternative attractiveness.

Table 4.29 ANOVA for regression (low alternative attractiveness)

ANOVA ^{a,b}					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	68.390	4	17.097	44.091	.000 ^c
Residual	80.270	207	.388		
Total	148.660	211			

Table 4.30 ANOVA for regression (high alternative attractiveness)

ANOVA ^{a,b}					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	59.059	4	14.765	24.142	.000 ^c
Residual	102.744	168	.612		
Total	161.802	172			

As we have seen the table the model are significant since $P\text{-value}=0.000 < 0.05$. Hence there is a significant relationship between the dependent variable “customer switching intentions “and independent variables.

For the low alternative attractiveness table (4.31) shows, service quality and anger incident are significant ($p\text{-value}=0.000 < 0.05$). For the high alternative attractiveness, table (4.31) shows, the service quality, price, bank commitment and anger incident are significant ($p\text{-value (sig) = }0.00 < 0.05$).

Table 4.31 The regression Coefficient (Low and High Alternative Attractiveness)

Variable	Low Alternative Attractiveness				High Alternative Attractiveness			
	B	Beta	t	Sig	B	Beta	t	Sig
Service Quality	-0.391	-0.367	-5.674	0.000	-0.502	-0.371	-5.686	0.000
Price	0.092	0.077	1.385	0.168	0.254	0.222	3.570	0.000
Bank commitment	-0.054	-0.069	-1.230	0.220	-0.192	-0.191	-2.960	0.004
Anger Incident	0.452	0.421	7.064	0.000	0.366	0.301	4.703	0.000
R ²	0.45				0.35			

Based on these results and the comparison of the regression coefficients, the following hypothesis will be tested:

1. The higher the alternative attractiveness, the stronger the r/p between the service quality and customer intentions to switch the bank.

Service quality is significant predictor of customer switching intentions for the two groups and no difference between them, so high alternative attractiveness has no moderating effect on the relationship between service quality and customer switching intentions. Thus, the hypothesis is rejected.

2. The higher the alternative attractiveness, the stronger the relationship between the price and customer intentions to switch the bank.

With regard to price, there is a significant difference between the two groups for the high alternative attractiveness, where price is insignificant predictor of customer switching intentions in the case of low alternative attractiveness and significant predictor in the case of high alternative attractiveness, so high alternative attractiveness reinforces the positive effect of unfair price on customer switching intentions. Thus, the hypothesis is accepted.

3. The higher the alternative attractiveness, the stronger the relationship between the bank commitment and customer intentions to switch the bank.

With regards to bank commitment, there is a significant difference between the two groups, where bank commitment is **insignificant** predictor in the case of low alternative attractiveness and significant predictor in the case of high alternative attractiveness, so high alternative attractiveness reinforces the negative effect of bank commitment on customer switching intentions. Thus, the hypothesis is acceptable.

4. The higher the alternative attractiveness, the stronger the relationship between the anger incident and customer intention to switch the bank.

Anger incident is significant predictor of customer switching intentions for the two groups and no significant difference between them, so high alternative attractiveness has no moderating effect on the relationship between bank commitment and customers switching intention. Thus, the hypothesis is rejected.

Table (4.32) Findings of Testing the Hypothesis Regarding the Alternative Attractiveness

Hypothesis	Result
The higher the alternative attractiveness, the stronger the relationship between the service quality and customer intentions to switch the bank.	Rejected
The higher the alternative attractiveness, the stronger the relationship between the price and customer intentions to switch the bank.	Accepted
The higher the alternative attractiveness, the stronger the relationship between the bank commitment and customer intentions to switch the bank.	Accepted
The higher the alternative attractiveness, the stronger the relationship between the anger incident and customer intentions to switch the bank.	Rejected

Generally, the moderating effect of alternative attractiveness exists in the case of price and Bank commitment whereas the existence of better alternative attractiveness is not high enough to have a moderating effect in the case of the other direct factors.

The findings differs from the finding of the study of Murad, (2011), which found that high alternative attractiveness has no effect on the relationship between all the independent variables (service quality, price, Commitment and anger incident) and customer switching intentions.

Relationship Duration

HD: The more duration of the customer relationship, the weaker the relationship between (the service quality, the price, the bank commitment, and the anger incident) and customer intention to switch the bank.

The sample was divided into two, short duration of the customer relationship and long duration of the customer relationship.

Table 4.33 ANOVA for regression (short duration)

ANOVA ^{a,b}					
Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	70.961	4	17.740	40.984	.000 ^c
Residual	79.646	184	.433		
Total	150.608	188			

Table 4.34 ANOVA for regression (Long Duration)

ANOVA ^{a,b}						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	64.397	4	16.099	33.780	.000 ^c
	Residual	91.029	191	.477		
	Total	155.426	195			

Table (4.33) and (4.34) shows the p-value (sig) = 0.000, which is the models are significant and there is a significant relationship between the dependent variable “customer switching intention” and independent variables.

Table 4. 35 The Regression Coefficient (Short and Long Duration)

Variable	Short Duration Relationship				Long Duration Relationship			
	B	Beta	t	Sig	B	Beta	t	Sig
Service Quality	-0.759	-0.628	-9.511	0.000	-0.269	-0.233	-3.765	0.000
Price	0.107	0.085	1.553	0.122	0.199	0.185	3.135	0.002
Bank commitment	-0.039	-0.042	-0.673	0.502	-0.116	-0.143	-2.497	0.013
Anger Incident	0.124	0.104	1.694	0.092	0.535	0.489	8.268	0.000
R ²	0.460				0.402			

For the short duration of the customer relationship table, table (4.35) shows the regression coefficient and p-values (sig) which indicates that service quality, is the only significant predictor (where p-values < 0.05).

Then there is a significant relationship between the dependent variable “customer switching intentions” and service quality. And.

For the long duration of the customer relationship, table (4.35), there is a significant relationship between the dependent variable “ customer switching intentions” and each of the service quality, price, bank commitment and anger incident., (Which is p-value < 0.05).

Based on these results and the comparison of the regression coefficients, the following hypothesis will be tested:

1. The more duration of the customer relationship, the weaker the relationship between the service quality and customer intentions to switch the bank.

Service quality is significant predictor of customer switching intentions for the two groups and no significant difference between them; so long duration has no moderating effect on the relationship between service quality and customer switching intentions. Thus, the hypothesis is rejected.

2. The more duration of the customer relationship, the weaker the relationship between the price to bank and customer intention to switch the bank.

With regards the price, there is a significant difference between the two groups for the long duration, where price is insignificant predictor of customer switching intentions in the case of short duration and significant predictor in the case of long duration.

So long duration reinforces the positive effect of price on customer switching intentions which contrasts the hypothesis. Thus, the hypothesis is rejected.

3. The more duration of the customer relationship, the weaker the relationship between the bank commitment and customer intention to switch the bank.

With regard to bank commitment, there is a significant difference b/n the two groups for the long duration, where bank commitment is **insignificant** predictor incase of short duration and significant predictor in the case of long duration. So long duration reinforces the effect of bank commitment on customer switching intentions which contradicts the hypothesis. Thus the hypothesis is rejected.

4. The more the duration of the customer relationship, the weaker the relationship between the anger incident and customer intentions to switch the bank.

With regards the anger incident, these is a significant difference b/n the two groups for the short duration, where anger incident is **insignificant** predictor of customer switching intentions in the case of short duration and significant predictor in the case of long duration. So long duration reinforces the positive effect of anger incident on customer switching intentions which contract the hypothesis. Thus, the hypothesis is rejected.

Table (4.36) Findings of Testing the Hypothesis Regarding the Duration Relationship

Hypothesis	Results
The more duration of the customer relationship, the weaker the relationship between the service quality and customer intentions to switch the bank.	Rejected
The more duration of the customer relationship, the weaker the relationship between the service quality and customer intentions to switch the bank.	Rejected
The more duration of the customer relationship, the weaker the relationship between the service quality and customer intentions to switch the bank.	Rejected
The more duration of the customer relationship, the weaker the relationship between the service quality and customer intentions to switch the bank.	Rejected

Generally, the entire hypotheses regarding relationship duration are rejected. So relationship duration does not have a significant, moderating effect on all direct factors. Which means that the banks failed to acquire customer loyalty to tolerate customer switching intentions during the long duration when they dissatisfied in terms of all direct factors?

The finding is similar to the finding of Murad, 2011.

4.9. Summary of Finding Results

Based on the mean analysis, service quality and bank commitment had an opposite effect on customers switching intentions which means that a lower on service quality or bank commitment meets a higher level of switching intentions. And price and anger incident had a direct effect on customers switching intentions which means that a higher level of price and anger incident meets a higher level of switching intentions.

Based on Pearson correlation analysis along with hypothesis testing analysis service quality and bank commitment had a direct negative effect on customer switching intentions while price and anger incident had a direct positive effect on customers switching intentions.

Based on Multiple regression analysis, it revealed that 39.2% of the variation in customer switching intentions is explained by all independent variables that is service quality the stronger significant variable, anger incident was the second significant variable, price was the third significant variable, and bank commitment was the fourth significant variable.

Based on the moderating variable hypothesis the model was used a multi- sample analysis shows the following results: -

On the case of high-involvement which reinforces the effect of service quality and bank commitment on customer switching intentions, but had not moderating effect on price and anger incident.

The case of switching costs which attenuates the effect of bank commitment on customer switching intention but had no moderating effect on other direct variables.

On the case of alternative attractiveness which reinforces the effect of bank commitment and price of the bank on customer switching intention. But alternative attractiveness had no moderating effect on service quality and anger incident. And

On the case of relationship duration which had no moderating effect.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter reviews the major findings that have been observed from the analysis part of the research, or from the empirical test of the model, and then summarize the conclusions of the major findings. The chapter includes the recommendations and suggestions for further research.

2.2 Summary of Major Findings

Service Marketing is a complex phenomenon that each service delivered companies may give a prior attention to it. From the empirical study of this paper, it revealed about the effect of service quality, or fair price, or bank commitment, or anger incident on customer switching intentions.

Based on the conceptual frame work (figure 2.9), we examined how the concepts of service quality, fair price, bank commitment and anger incident are associated with switching intentions as a direct variables and involvement, switching costs, alternative attractiveness and relationship duration are related to switching intentions as a moderating variables.

Surprisingly, all direct variables are significantly associated with customer switching intention. Service quality and Bank commitment are more strongly associated with switching intention compared to that of price and anger incident. In other words, service quality and bank commitment are the prime determinants of switching intentions. The results of this Study were consistent with previous studies (Murad, 2011, Pirzada et.al, 2014, and Xiaoyu et.al, 2014)

Based on the ANOVA result of customer switching intentions , there was significant difference among the mean score of customers switching intention with respect to their customer characteristics sex, age, educational states, relationship duration and income (sig= 0.027, 0.001, 0.000, 0.000, and 0.000<0.005 respectively); **insignificance** difference among the mean score of customers' switching intentions with respect to their customers' occupation (sig=0.117>0.005).

The result of independent variable of descriptive statistics has shown that, the mean score of service quality, price, bank commitment and anger incident has been 2.78, 3.51, 3.52, & 3.19 respectively. This result shows that the company had better acceptance in relation to fair price

and bank commitment but the respondents were neutral in relation to service quality and anger incident.

The final descriptive statistics which summarizes the mean score of the moderating factors which shows that, the mean score of involvement, switching costs, and alternative attractiveness has been 3.58, 3.22 and 3.22 respectively. The result indicates, the highest score is 3.58 for involvement and the lowest score is 3.22 for switching costs and alternative attractiveness. Therefore, the company had better acceptance on its involvement of customers in decision making. The respondents were neutral on the case of switching costs and alternative attractiveness.

From the correlation analysis of this research paper result has shown that, the four independent variables, “service quality, price, bank commitment and anger incident “ has a strong relationship with dependent variable “customer switching intentions” with a 99% of confidence interval and a 0.001 p-value 2-tailed, by scoring a Pearson correlation coefficient “r- value” value of -0.499, 0.105, -0.191, & 0.473 respectively. Even though it is small, there was a difference in their strength of relationship between service quality, price, bank commitment and anger incident with the customers’ switching intention. In this case service quality had a higher relationship than anger incident. But bank commitment and price had a very low relationship with customer switching intention.

The researcher aim was to examine which of the predictor variable that best predicted switching intention. Therefore, a multiple regression analysis with stepwise method was used to all the predicted variables of switching intention. The result of the multiple regression analysis showed that all the independent variables (service quality, price, bank commitment and anger incident) contribute to statistically significant level at p-value=0.0000.

The score of the coefficient correlation determination (R^2) is 0.392 which indicates, 39.2% of the variability of overall customer switching intentions was explained by the four independent variables. The other variables that were not considered in this study contribute about 61.8% of the variability of customer switching intention. According to Mooi and Sarstert, (2011), the acceptance range of R^2 for cross sectional data in SPSS would be 0.30 and above. Therefore, the R^2 of this research was above the acceptance level.

Thus, based on the conceptual frame work and the study model fit regression equation becomes

$$Y=2.573-0.382X_1+0.17X_2-0.13X_3+0.35X_4+e$$

And also since, p-value of all independent variables is 0.000 which is less than the significance level 0.05, we can reject the null hypothesis and accept the alternative hypothesis. That is service quality and bank commitment has a negative effect on customers switching intention, and price and anger incident has a positive effect on customers switching intention. Beta weigh score indicates that the effect of service quality is greater than that of anger incident and then followed by fair price and the lowest one was bank commitment.

Finally, from the empirical findings of this study which summarized the hypothesis testing of direct variables and moderating variables.

The findings suggest the following direct variables hypothesis:

- ✓ There is a negative relationship between the level of delivered service quality and customer intentions to switch the bank. Which means that the lower the level of service quality the more motivates the customer intention to switch the bank. Among the four direct variables service quality has the strongest effect on customer switching intention.
- ✓ There is a significant positive relationship between price of the bank and customer intentions to switch the bank. Therefore, the higher the price of the bank (unfair price), the more motivates customers intention to switch the bank.
- ✓ There is a significant negative relationship between the level of bank commitment and customers' intention to switch the bank. Which means that the lower level of the bank commitment leads to build weak relationship between customers, and the higher customer's intention to switch the bank? From the finding of this study bank commitment has the lowest effect on customers switching intentions in comparison with the other factors.
- ✓ There is a significant positive relationship between customer experience of anger incident and his/her intentions to switch the bank. That means if the customer had an experience with the staff was bad, that motivates his intention to switch the bank. As more anger incident experienced by the customer with the bank, the more motivate customers intention to switch the bank.

The findings also suggest the following moderating variable hypothesis:

✓ Customer involvement

The more highly- involved the customer, the stronger the relationship between “ the service quality and the bank commitment” and customers intention to switch the bank, so high involvement reinforces the effect of service quality and bank commitment on customer switching intentions, but it doesn't reinforces the effect of price and anger incident.

✓ Switching costs

The higher the switching costs, the weaker the relationship between “ the bank commitment” and customers intention to switch the bank, so switching costs attenuates the effect of bank commitment on customer switching intentions, but it doesn't attenuates of the effect of service quality, price and anger incident.

✓ Alternative attractiveness

The higher the alternative attractiveness, the stronger the relationship between “price and bank commitment” and customer intentions to switch the bank. This means if the customer had a better knowledge of alternative attractiveness that reinforces on the effect of unfair price and bank commitment on customer switching intentions, but it does not reinforce on the effect of service quality and anger incident.

✓ Relationship duration

In the case of relationship duration all the hypothesis were rejected.

Hence, the more duration have customer relationship do not attenuate on the effect of service quality, price of the bank, bank commitment and anger incident. This means the long relationship duration does not tolerate the dissatisfaction of customers' in terms of service quality, unfair price, bank commitment and anger incident. As per this research result the bank failed to build customer loyalty through this long duration.

2.3 Conclusion

The data analysis of the model shows that service quality, price of the bank, bank commitment and anger incident were all significantly associated with switching intentions.

The overall customers' switching intentions had a significant difference among their response with respect to their demographic characteristics sex, age, education status, relationship duration and income. But in terms of occupation, there was no significant difference among the respondents in relation to customers' intention to switch the bank.

There was a significant difference among the mean score of customers' switching intention with respect to their sex, age, education status, relationship duration and income (sig=0.027, 0.001, 0.000, 0.000<0.05 respectively), and **insignificant** difference among the mean score of customers' switching intention with respect to their occupation (sig=0.171>0.05).

From correlation analysis and multiple regression analysis, the variable service quality had a strong negative effect on customers switching intentions whereas anger incident was the second positive effect on customers switching intentions. Price and bank commitment had a lower effect on customers switching intentions.

From moderating variables, involvement had a moderating effect on service quality and bank commitment. Switching costs had a moderating effect on bank commitment. Alternative attractiveness had a moderating effect on price and bank commitment. But relationship duration had no moderating on the relationship between all direct variable (service quality, price, bank commitment and anger incident) and customers' switching intentions.

2.4 Recommendation

Banking sector is growing in Ethiopia. Therefore, Customer caring is increasing day to day. Results of this study would help managers to understand the customer behavior about their priorities. Managers need to improve all services to retain customers. Practitioners intend to develop insight for better handling of work environment. Bank managers facing strong competition, have desperate need to develop understanding about customer preference regarding banking services. If they could know about customer preferences, they would have in a better position to handle their customers. Though it is clear that if customers are not satisfied with a

particular service they would probably switch to another bank, but level of importance could define the extent of switching intentions.

As per empirical study of this research the respondents mean score value of the dependent variable "customer switching intention" was 2.87. The figure indicates that customer response in relation to switching intention of the bank were neutral. This result doesn't tell us the customers' true feeling on switching intentions of the bank. A neutral response by chance has a fifty chance to move either direction. Hence, customers were not loyal to the company or not had a good relationship with the bank. In the future customers shifts in either direction means they may have an intention to switch the bank or not. But any movement (action) taken by the bank on service quality, price, bank commitment and anger incident can determine in which direction customers' to move. Therefore banks' management gives more attention and improves the banks service quality, price of the bank, bank commitment to maintain their relationship and minimize the situation that provokes the customers' anger incident.

Most of the mean score of the dependent variable and independent variable has been accumulated on the midpoint and inclined somewhat to agree. This figure can be interpreted us there was a problem in the company's service delivery. The respondents were not satisfied by the service given by the bank. Therefore, in order to minimize the feelings of switching intentions of the customer, the company should improve their service.

We used service quality as a variable in this study. In terms of service quality the mean score of the respondents were concentrated on the midpoint which is a little bit inclined to disagree. This result suggests that the bank should take much care about the services they provide to customers. Otherwise in the future the customers' intention to switch the bank will be high. Hence, bank employees should be trained to make the customers feel empathy. The employee's behavior and attitude should be sympatric and polite with their customers. This makes the bank to improve and provide quality services that makes retain its customers.

Regardless, the price of the bank, which had a mean score that inclined to agree. The result can be interpreted us there was a price fairness. Therefore, customers perceived that there was price fairness which means that their feeling to switching intention would be minimal. Therefore, the bank should be settled its price as attractively that make retain its customers.

Concerning of a bank commitment variable, the respondents mean score of was above the midpoint which is inclined to agree. The result suggested that customers were satisfied to the field of bank commitment. Therefore, the bank should maintain banks commitment to build good relationship.

In this study anger incident was used as a variable to measure the switching intention of the customer. In terms of anger incident, the respondents mean score was a little bit above the midpoint which is somewhat inclined to agree. This result also indicates that there is a relationship between anger incident and switching intentions from the bank. The bank should also work aggressively on this field. That means the bank should train their employees how to handle situations of anger incident. If the employees show their anger and hastiness then the customers will plan to switch another bank.

Commercial bank of Ethiopia currently gives more emphasis to attract new customers by giving new product types and expanding its new branch opening throughout the country. The banks' should also work on customer retention. For instance Kotler et.al, (2005), explains that companies must pay close attention to their customer defection rate and undertake steps to reduce it. First, the company must define and measure its retention rate. Next, the company must identify the causes of customer defection and determine which of these can be reduced or eliminated.

The bank should give close supervision, training and technical support by the apprehensive body to overcome poorly executed, rude and uncaring employees.

In general, from the findings of the study that switching intention of Ethiopian customers in the banking industry is somewhat moderate. The result of the analysis of Pearson correlation coefficient, multiple regression analysis and the descriptive analysis shows that there is a significant relationship between in customers' switching intention and all the direct variables and the three moderating variables.

Managers, in the banking industry, needs to understand these factors that provoke Ethiopian customers' intention to switch banks and they should take is as their target. Hence, more effort is needed to improve the level of service quality and bank commitment along with adopting

appropriate pricing policies and eliminating anger incidents that the customer may be experienced.

High service quality, high level of bank commitment and fair price should be used as a switching barrier. Hence, in the banking industry, managers might be strategically employed switching barriers as a mechanism for customer retention.

As Murad (2011) also explains, developing customer relationship to increase customer involvement, switching costs and alternative attractiveness on condition that their development goes hand in hand with improving the levels of service quality, price, bank commitment and anger incident.

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Appendix A

Questionnaires



አዲስ አበባ ዩኒቨርሲቲ የንግድ ሥራ ኮሌጅ

በገበያ ጥናት አስተዳደር የድህረ ምረቃ ትምህርት ክፍል

የተከበራችሁ የጥናቱ ተሳታፊዎች፡-

የዚህ ጥናት አጥኚ በአዲስ አበባ ዩኒቨርሲቲ የድህረ ምረቃ ትምህርት ተመራቂ ተማሪ ነኝ። የዚህ የመመረቂያ ጥናት ዋና ዓላማ ደንበኞች ወደሌላ ባንክ እንዲሄዱ የሚገፋፏቸው ነገሮች/ምክንያቶች/ ምንድን ናቸው በሚል ርዕስ በማርኬቲንግ ማኔጅመንት የድህረ ምረቃ ትምህርት ማሟያ የሚሆን ጥናት በንግድ ባንክ ደንበኞች ላይ መሥራት ነው።

ይህ የጽሑፍ መጠይቅ የተዘጋጀው ከላይ ለተጠቀሰው ዓላማ መረጃ ለመሰብሰብ መሆኑን በመገንዘብ ከውድ ጊዜያችሁ ላይ ጥቂት ደቂቃ በመውሰድ የጽሑፍ መጠይቁን በመሙላት እንድትተባበሩኝ በማክበር እየጠየቅኩ የምትሰጡት ሀሳብ ከዚህ ጥናት ለዘለለ ዓላማ እንደማይውልና ምስጢሩም የተጠበቀ መሆኑን ከወዲሁ እገልጻለሁ።

ለምታደርጉት ትብብር በቅድሚያ አመሰግናለሁ።

ኃይለ ሚካኤል ከፍያለው

2008 ዓ.ም

የተሳታፊዎች የግል መረጃ

(እባክዎን መልስዎን እንደአስፈላጊነቱ በተሰጠው ሳጥን ቦታ ላይ “√” በማድረግ ይጠቀሙ።)

1. ስያሜ፡- ወንድ ሴት
2. ዕድሜ፡- ከ25 በታች ከ25-35 ከ35-45 ከ45-55
ከ55 በላይ
3. የትምህርት ደረጃ፡- ሁለተኛ ደረጃና በታች ዲፕሎማ የመጀመሪያ ዲግሪ
ሁለተኛ ዲግሪ ሌላ ይጥቀሱ _____
4. የሥራ ሁኔታ ፡- ተቀጣሪ ነጋዴ ባለሀብት(ኢንቨስተር)
ባለሙያ ሌላ ይጥቀሱ _____
5. ከባንኩ ጋር በደንበኝነት የቆዩበት ጊዜ ፡- ከ5 ዓመት በታች ከ5 - 10 ዓመት
ከ10 - 15 ዓመት ከ10 - 20 ዓመት ከ20 ዓመት በላይ
6. አማካይ ወርሃዊ ገቢ፡- ከ2,000 በታች ከ2,001 - 7,000
ከ7,001 - 20,000 ከ20,001 በላይ

ክፍል 2: የባንክ አገልግሎት መመዘኛዎች

አባክዎን ከታች የተዘረዘሩትን መስፈርቶች እርስዎ የሚገለገሉበትን ባንክ ለመቀየር የሚገፋፏችሁን ነገሮች/ምክንያቶች/ በምን ያህል ደረጃ እንደሆኑ ሚዛንዎን ከ ቁጥሮቹ ስር “√” ምልክት በማድረግ ይጠቀሙ። 1- በጣም ዝቅተኛ ነው/አልሰማማም/ ። 2- ዝቅተኛ ነው/አልሰማማም/። 3- ሀሳብ የለኝም። 4- ከፍተኛ ነው/አልሰማማለሁ/። 5- በጣም ከፍተኛ ነው/አልሰማማለሁ/።

ደንበኞች ባንኩን ለመቀየር ያላቸው ፍላጎት

ተ.ቁ		1	2	3	4	5
7	ባንኩን ለመቀየር ያለኝ ፍላጎት					
8	ወደ ሌላ ባንክ የመቀየር ቁርጠኝነት /ፅኑ እምነት/					
9	ለወደፊቱ ከባንኩ ጋር ምንም ዓይነት ግንኙነት አላደርግም					

የአገልግሎት ጥራት

ተ.ቁ		1	2	3	4	5
የአገልግሎት አሰጣጥ ጥራት						
10	ባንኩን በተመለከተ ባንኩ የተቀለቀጠፈ አገልግሎት ይሰጣል					
11	አገልግሎቱን ከሌሎች ተፎካካሪ ባንኮች በተሻለ መልኩ ይሰጣል					
12	ባንኩ አገልግሎቱን ያለችግር ይሰጣል።					
13	ባንኩ አገልግሎቱን በተሳካ ሁኔታ ወዲያውኑ ያጠናቅቃል።					
14	ተገልጋዮች ለሚያጋጥሟቸው ችግሮች ባንኩ በቅልጥፍናና በብቃት ምላሽ ይሰጣል።					
የግንኙነት (የልውውጥ) ጥራት						
15	የባንኩ ሰራተኞችን በተመለከተ፡ ምንግዜም ለመተባበር ሙሉ ፈቃደኞች ናቸው።					
16	ለሚጠየቁት ጥያቄ ፈጣንና ተገቢ ምላሽ ይሰጣሉ።					
17	ለሚመልሱት ጥያቄ በቂ እውቀት አላቸው					
18	በትህትና ተግባራቸውን ያከናውናሉ					
19	በሠራተኞቹ እምነት አለኝ					
20	የተጠቃሚን ፍላጎት ለመረዳት ችሎታ አላቸው።					
የሥራ ቦታ ጥራት፡						
21	የባንኩን ህንፃና ክፍሎችን በተመለከተ ባንኩ ለተገልጋዩ ምቹት እና ሳቢነት አለው					

22	ባንኩ ዘመናዊ ቴክኖሎጂን ይጠቀማል።					
23	ባንኩ የሙቀት መቆጣጠሪያ መሳሪያ አለው።					
24	ባንኩ ምቹ የሆኑ የተገልጋይ ወንበሮች (ቁሳቁሶች) አሉት					

ዋጋ (የአገልግሎት ክፍያ) በተመለከተ

ተ.ቁ		1	2	3	4	5
25	የአገልግሎት ክፍያ ተመጣጣኝ ነው።					
26	የብድር ወለድ መጠን ተመጣጣኝ ነው።					
27	የተቀማጭ ወለድ መጠን ተመጣጣኝ ነው።					
28	ሌሎች የአገልግሎት ክፍያዎች ተመጣጣኝ ናቸው።					

የባንኩ ዝግጁነት/ቅርጠኝነትን በተመለከተ

ተ.ቁ		1	2	3	4	5
29	ባንኩ ከደንበኞች ጋር ዘላቂና ተከታታይነት ያለው ግንኙነት ለመፍጠር ይጥራል።					
30	ባንኩ ጠቃሚና የተሟላ መረጃ ለተገልጋዩ ያቀርባል።					
31	ባንኩ ከደንበኞች ጋር ያለውን መልካም ግንኙነቶች ለማሻሻል የተለያዩ ማበረታቻዎች ይሰጣል።					
32	ለደንበኞች የሚሰጡ ሁኔታ ለመፍጠር ጥረት ያድርጋል።					
33	ደንበኛን የማገልገል ቅርጠኝነት አለው።					

በአገልግሎት አሰጣጥ ጊዜ የመናደድ አጋጣሚን በተመለከተ

ተ.ቁ		1	2	3	4	5
34	ባንኩ ረጅም የአገልግሎት ጊዜ ይወስዳል።					
35	ሀላፊነት የጎደለውና ጥሩ ስነምግባር የሌለው ሠራተኛ ያጋጥማል።					
36	መሰረታዊ የአሰራር ስህተት ይስተዋላል።					
37	በተደጋጋሚ መሰረታዊ ችግር ይከሰታል።					

የደንበኞች ተሳትፎ በውሳኔ ሰጭነት ዙሪያ

ተ.ቁ		1	2	3	4	5
38	ይህንን ባንክ የመረጥከበት ምክንያት፡ ተንከባካቢና ትጉ በመሆኑ ነው።					
39	የአገልግሎት ጥራት በመኖሩ ነው።					
40	ተመጣጣኝ ፍ ተወዳዳሪ ዋጋ በመኖሩ ነው።					
41	ተመራጭ (የተሻለ) ሰጠታ በመኖሩ ነው።					
42	አመኔታ እና ዝና ያለው በመሆኑ ነው።					
43	በአገልግሎቱ ከሌሎች ባንኮች የተሻለ ተመራጭነት አለው።					

ባንኩን መቀየር የሚያስከፍለውን ዋጋ በተመለከተ

ተ.ቁ		1	2	3	4	5
44	ይህንን ባንክ ለምትቀይር የሚያስቡ ከሆነ፡ ስለሌሎች ባንኮች መረጃ ለማግኘት ጊዜ ይባክናል።					
45	ሌሎች ባንኮችን ለመምረጥ ብዙ ጥረት ያስፈልጋል።					
46	የገንዘብ ወጪ ይጠይቃል					
47	ከሠራተኞች ጋር ያለው ማህበራዊ ግንኙነት ይላላል።					

የሌሎች ባንኮች ተመራጭነትን በተመለከተ

ተ.ቁ		1	2	3	4	5
48	ሌሎች ባንኮች የሚሰጡትን አገልግሎት ስለማወቅ፡ በፍጥነት፣ በእንክብካቤ ላቅ ያለ ጥራት ያለው አገልግሎት ይሰጣሉ።					
49	ዝቅተኛ የአገልግሎት ክፍያ ይጠይቃሉ።					
50	የተሻለ አገልግሎት አላቸው።					
51	ሌሎች ተመራጭ የአገልግሎት ሁኔታዎች ስለአሏቸው።					

ተፈጻሚ

መጠይቁን ከውድ ጊዜዎ በመውሰድ በታማኝነትና በትዕግስት ስለፈጸሙ አመሰግናለሁ።



Addis Ababa University

School of Commerce

Dear Respondent,

I would like to share your wonderful insights on this questionnaire within regards to your banking experience you have had in the past within Commercial bank of Ethiopia. The questionnaire is designed to measure the feeling of your interest towards your bank and the intentions of customers to switch to other bank within the sampling area and the consumption is pure for academic research purpose for partial fulfillment of a post graduate program in marketing management at Addis Ababa University School of Commerce. We thank you in advance for sharing your valuable experience and time with us in completing the questionnaire.

Firstly: General Data

1. Sex: Male Female

2. Age

Less than 25 Years From 25 to less than 35 years From 35 to less than 45 years
 From 45 to less than 55 years 55 Years and more

3. Educational level:

High school and less Diploma Bachelor Master other specify _____

4. Occupation

Employee Trade Business-man Professional worker others specify _____

5. Years of dealing with this present bank:

Less than 5 years from 5 to less than 10 years from 10 to less than 15 years
 From 15 to less than 20 years 20 years and more

6. Income in Birr

Below 2000 between 2000-7000
 Between 7001-21000 above 21001

Secondly: Data Specific to the Dealing with the Bank

- **Consumer Switching Intention (Dependent Variable)**

No	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
7	I have intention to switch this bank.					
8	The likelihood of me switching to another bank is high.					
9	Next time, I would not continue to deal with this bank.					

- **Service Quality**

No	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
<u>Outcome Quality</u>						
10	<u>This bank:</u> Provides the service on time.					
11	Performs the service right the first time.					
12	Performs the service smoothly.					
13	Complete the service promptly.					
14	Respond efficiently, when I have had a problem.					
<u>Interaction Quality</u>						
15	<u>Employees of the bank:</u> Always willing to help customers.					
16	Never too busy to respond to my requests.					
17	Have the technical Knowledge to answer customers' requests.					
18	Constantly courteous to me.					
19	Instill confidence in their customers.					
20	Understand their customers specific needs.					
<u>Physical Environment Quality</u>						
21	<u>Building and Facilities:</u> Working areas are attractive and comfortable.					
22	The bank has modern-looking equipment.					
23	Air conditioning and other facilities are available.					
24	Furniture is available and comfortable.					

- **Prices**

No	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
25	Checking fees are reasonable.					
26	Loan rates are attractive.					
27	Saving rates are attractive.					
28	Prices of other services are suitable.					

- **Bank Commitment**

No	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
29	<u>The bank:</u> Maintains a frequent and constant relationship with its customers.					
30	Provides its customers full and useful information about its services.					
31	Gives me special benefits for being a good customer.					
32	Flexible in adapting its offer to me.					
33	Commented to me as a customer.					

- **Anger Incident**

No	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
34	<u>Recently in the bank:</u> I have waited too long to get a service that angered me.					
35	I have dealt with unresponsive or impolite employee that angered me.					
36	A critical mistake has been occurred in an important transaction that angered me.					
37	I have had another critical with this bank that angered me.					

- **Involvement of customer in Decision Making**

No	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
38	<u>At first, I chose this bank building on:</u> Care and attention					
39	Service Quality					
40	Competitive price					
41	Preferred offers.					
42	Image and reputation.					
43	Previous comparison with other banks.					

- **Switching Costs**

No	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
44	<u>If I switched this bank:</u> I would have to waste time in searching for information about other banks.					
45	I would consume much effort and time in dealing which other bank to deal with.					
46	I would have financial loss.					
47	I would lose personal relationships.					

- **Alternative Attractiveness**

No	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
48	<u>I am aware of other banks that offer:</u> Superior service quality.					
49	Lower price.					
50	Preferred offers.					
51	Other better work atmosphere.					

Appendix B

SPSS OUT PUT

Annex-1

Scale: Over All cronbach's Alpha

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.863	.869	45

Scale: Switching intention

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.725	.727	3

Scale: Service Quality

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.917	.918	15

Scale: Price

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.898	.899	4

Scale: Bank Commitment

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.940	.941	5

Scale: Anger Incident

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.763	.769	4

Scale: Involvement**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.764	.765	6

Scale: Switching Costs**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.708	.710	4

Scale: Alternative Attractiveness**Reliability Statistics**

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.729	.731	4

Annex- 2**Coefficients^a**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
1	(Constant)	2.573	.268		9.602	.000		
	Service quality	-.454	.054	-.382	-8.408	.000	.768	1.303
	Price	.198	.048	.170	4.133	.000	.939	1.065
	Bank commitment	-.114	.037	-.131	-3.081	.002	.877	1.141
	Anger incident	.397	.049	.350	8.115	.000	.853	1.172

a. Dependent Variable: Customer switching intention

Annex -3

Service quality and switching intentions

		Correlations				
		Customer switching intention	Outcome Quality	Internal qaulity	Physical environment quality	Service quality
Customer switching intention	Pearson Correlation	1	-.491**	-.415**	-.394**	-.499**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	385	385	385	385	385
Outcome Quality	Pearson Correlation	-.491**	1	.735**	.634**	.918**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	385	385	385	385	385
Internal qaulity	Pearson Correlation	-.415**	.735**	1	.570**	.870**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	385	385	385	385	385
Physical environmentquality	Pearson Correlation	-.394**	.634**	.570**	1	.833**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	385	385	385	385	385
Service quality	Pearson Correlation	-.499**	.918**	.870**	.833**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	385	385	385	385	385

** . Correlation is significant at the 0.01 level (2-tailed).