

Addis Ababa University  
College of Business and Economics  
School of Commerce  
MA Program

The Effect of Relationship Marketing on Customer Retention  
(Case Study of Commercial Bank of Ethiopia and Dashen Bank S.Co.)

A Thesis Submitted to Distance MA program, School of Commerce, Faculty of Business and Economics, Addis Ababa University in partial fulfillment of the Requirement of Degree of Masters of Art in Marketing Management:

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June 2017  
Addis Ababa, Ethiopia

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June 2017

**Declaration**

“This thesis is my original work and has not been presented for a degree in any other university, and that all sources of material used for the thesis have been properly acknowledged”

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## **Abstract**

Today, with growing economic problems in various countries and more competition between domestic and foreign banks retention of customers more and more has become the key to survival of banks. The concept of relationship marketing has attracted considerable attention from marketing researcher recently. The main and fundamental advantage of this approach is claimed to build stronger relationship with customer which its performance results include increased sales, profits, market share and customer retention. This research examines the effect of the components of relationship marketing (trust, bonding, responsiveness, empathy, and reciprocity) on customer retention in order to first determine that if relationship marketing has any effect on customer retention and second, if so, which aspect has greatest impact on customer retention. The study is based on information collected from both primary and secondary sources of data. The sample for this study is taken from customers of Commercial Bank of Ethiopia and Dashen Bank located in Addis Ababa. The method used for sampling was convenience and non-probability sampling and questionnaires were used for collecting data which were distributed and collected randomly in various days, locations (different bank branches) and hours for more generalizability of the resulted findings and the results of data analysis obtained by using SPSS version 22 software show that the components of relationship marketing have positive effect on the level of customer retention. Data analyses were done using frequencies, percentages, means, standard deviations, cross-tabulations, and tables followed by discussions. Moreover, inferential statistics of bivariate correlations and simple as well as multiple regressions were used. Based on the overall study, customer relationship marketing is positively associated with customer retention in the context of both CBE and Dashen Bank S.Co. And also, dimensions in the CRM as trust, bonding, empathy, reciprocity and responsiveness have the significant relationship with customer retention. Therefore, banks competitiveness and profitability will depend on their ability to build strong relationship marketing strategy with their customers continuously. Furthermore, future research directions were also suggested on this study.

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## **CHAPTER ONE**

# 1. INTRODUCTION

## 1.1. Background of the Study

Relationship marketing has over the years extended to the service sector, specifically the banking sector (Gummesson, 2008). Anderson (2005) and Gaurav (2008) draw comparisons between rising competitions and operating costs on one hand, and relationship marketing on the other. In the same light, it is observed that the rising operational costs and the ever stiffening competitive environment have obliged business firms including banks to develop and maintain long-term relationships with their customers. According to Kotler and Armstrong (2006), all the various perspectives of relationship marketing underpin the rationale for commercial banks to embrace it as a means of maintaining two-way relationships with customers and other stakeholders.

Kotler et al., (2001) mentioned a company could lose 100 customers a week, but gain another 1000 customers and consider its sales to be satisfactory. Such a company believes that there will always be enough customers to replace the defecting ones. However, banks today are working in a highly competitive and rapidly changing work environment, with not only competing among each other but also with other financial institutions. Most banks' product developments are easy to duplicate and they provide nearly identical services (Caroline et al., 2014). Therefore a customer who has not been satisfied with the bank's services can easily switch to another bank. In such kind of environment, banks need to employ the marketing strategies which can enable them not only to attract new customers but also retain the existing ones.

The increase in competition in most business sectors in the world coupled with the need for a change in the marketing perspective have led managers to develop strategies that enable them keep up with the growing competition. Since this competition is very stiff, managers thought of holding onto the available customers on the same level as attracting new ones (Ennew and Binks, 1996). Levitt (1981) writes that customers' behavior of establishing relationships with people rather than goods has also pushed for customer relationship marketing to meet the customer needs. This meant that an overhaul from the purely systems processes to operations processes was important and viable for the retention of customers. This is aimed at making the organization profitable even when the recruitment of new customers is very low.

Relationship banking (RB) is a valuable enabling strategy that promotes competitiveness and

provides sustainable success for banks (Abbrat & Russell, 1999). The utilization of relationship banking as a business strategy to increase customer retention and ultimately increase long-term profits is a relatively young tactic, originating in the 1980s and gathering pace during the 1990s (Levitt, 1981; 1983; Rauch, 1993; Cheese, 1994). Proper RM may result in lowering the marketing costs, enhanced customer satisfaction, customer loyalty and possibly increases customer retention levels for banks (Bergeron et al., 2008). If banks focus on relationship marketing, clients may receive benefits, customized offerings, empathy, appreciation, friendliness, communality, decreased prices as well as experiencing feelings of trust the bank and hence leads to customer satisfaction (Rootman et al., 2011). Rapp and Collins (1990) argued that, customer relationship building creates mutual rewards which benefit both the firm and the customer. By building relationship with customers, an organization can also gain quality sources of marketing intelligence for better planning of marketing strategy.

This research investigates the effects of five components of relationship marketing – trust, bonding, reciprocity, empathy, and responsiveness on customer retention on Commercial Bank of Ethiopia (CBE) and Dashen Banks. The two banks from the Ethiopian banking industry was chosen for this study because most of the core products/services in commercial banking existing in Ethiopian are fairly generic and it is difficult for most banks to compete purely on this core service.

## **1.2. Statement of the problem**

With increasing competition in trade, rapid technological changes and increasing power and consumer choice, the success will depend on the ability of the companies which are capable to understand customer expectations and values, and respond them favorably. The banking sector is becoming increasingly competitive around the world. So, maintaining a sustainable long-term relationship with customer is a major factor of gaining a competitive advantage in commercial banking sector (Rahemi, 2012). In several studies (Rosenberg and Czepiel, 2004 and Reichheld and Sasser, 2010) and other studies estimate that the cost of winning a new customer is higher than that of maintaining an existing customer. Despite the fact that, building a valuable customer relationship enlarges customer loyalty, enhance repeat purchase and attract new customer, which will increase the volume of deposit and credit transactions of banks.

An assorted empirical study indicates that customer relationship marketing practices can significantly lead to improvement of commercial bank performance in respect to customer attraction, customer satisfaction, and customer retention. The findings in Kenya and Ghana commercial banks also reveal some measures of relationship marketing such as bonding, reciprocity, trust, responsiveness and empathy as a tool to enhance organizational performance of commercial banks (Callaghan et al, 1995).

Based on CBE quarter report 2016, customer retention has been, and is still, a challenge to Commercial Bank of Ethiopia. For instance, between June 2015 to June 2016 from the 3 type of customer accounts (namely Demand account, Saving account, and Time account types), 18% of Saving account shows 'inactive' status (CBE, 2016). This means there is no transaction with the Bank for consecutive 6 months. This is because of either the stated percentage of customers switch to other banks; terminate the Bank; or other reasons. So, by stated time interval 18% of CBE saving account holders switch their account before reaching the 1st year of customers' anniversary. Saving account holds 95% of total account, demand 4.9%, and Time account type holds the remaining percent (CBE, 2016). The customers are switching from the bank to another and thus causing a steady drop in the number of repeat purchases even though the number of account holder in the bank increasing year to year. This can be attributed to the failure to embrace relationship marketing.

Explicably, Bank in Ethiopia devotes much of their resources in attracting prospective customers, while it simultaneously fails to address the issues of how to retain the existing ones. Although new account opening shows remarkable growths, customer switching is the major challenges for both government and private banks in Ethiopia. It implies that little attention has been paid to the practices of relationship marketing on Commercial Banks existing in Ethiopia (Messay, 2014).

Financial institution should aware of customer relationship marketing. The public banks should engage in the relationship marketing to retain economically its customers. Since existing customers are the competitive environments (Russells, 2000). In the complex business environment that exist today only those organizations that are capable of retaining and providing total customer satisfaction can survive (Kotler, 2005). Banks as their very survival depends on the ability to attract and retain valuable customers; it is not yet changes their process to do so.

In tandem with the foregoing argument, customer retention is paramount to the overall success of commercial banks. Both Dashen Bank S.C. and CBE set their strategic objective and continually increase its efforts to becoming market leader and become the World Class Bank on year 2025. However, some problem resulted from absence of relationship management practice unable of enhance customer retention and become hitches to meet their objective. Gilmore, (2003) noted that like many businesses today, financial services take place in an ever-changing context. Similarly, currently in Ethiopia, we are observing financial institutions especially in banking industry. Evidences shows that out of 19 (nineteen) currently operating retail banks in Ethiopia, 9 (nine) of them are inaugurated and started working since 2008 (National bank of Ethiopia Report, 2012). The banking industry in Ethiopia has continued experiencing robust growth. Banks, public and private alike, are expanding aggressively. Investment on modern banking technologies has continued unabated and products and services such as card banking, mobile banking and internet banking are being commoditized. These enormous increases in banks create an opportunity for the customers to choose the banks they want. As a result, fewer new customers are being pursued by an increasing number of service providers. Under those circumstances, firm's resources must be devoted to present customers, making them satisfied, loyal and returning clients. Operating in such a dynamic environment requires banks to fully understand all the factors of relationship banking that affect their success and market share. Levitt (1983) deems the most valuable asset of a company to be its relationship with its customers. The focus must be on building mutually beneficial relationships between the bank and its customers (Fournier, Dobscha & Mick, 1998).

This study was conducted to analyze the impact of customer relationship marketing on customer retention by taking five explanatory variables representing trust bonding, responsiveness, reciprocity, and empathy and dependent variables represented by customer retention.

### **1.3. Research Question**

The main research question is how does customer relationship marketing influence Customer Retention of Dashen Bank S. Co and Commercial Bank of Ethiopia?

To achieve the above objective the researcher raised the following sub questions.

- Q1.** How does trust affect Customer Retention in the context of CBE and Danshen Banks?
- Q2.** How does reciprocity affect Customer Retention in the context of CBE and Danshen Banks?

- Q3.** How does empathy affect Customer Retention in the context of CBE and Danshen Banks?
- Q4.** How does bonding affect Customer Retention in the context of CBE and Danshen Banks?
- Q5.** How does responsiveness affect Customer Retention in the context of CBE and Danshen Banks?

## **1.4. Research Objectives**

### **1.4.1. General Objective**

The general objective of this study is to investigate the effect of relationship marketing on bank customers' retention.

### **1.4.2. Specific Objectives of the Study**

The specific objective of the study is:

1. To examine the effect of trust on Customer Retention in the case of CBE and Danshen Banks?
2. To investigate the effect of reciprocity on Customer Retention in the case of CBE and Danshen Banks?
3. To determine the effect of empathy on Customer Retention in the case of CBE and Danshen Banks?
4. To examine the effect of bonding on Customer Retention in the case of CBE and Danshen Banks?
5. To determine the effect of responsiveness on Customer Retention in the case of CBE and Danshen Banks?

## **1.5. Research Hypothesis**

The following hypotheses are developed for this study

Ha: Relationship Marketing and customer retention are positively correlated

H1: Bonding and customer retention are positively correlated

H1: Empathy and customer retention are positively correlated

H1: Reciprocity and customer retention are positively correlated

H1: Trust and customer retention are positively correlated

H1: Responsiveness and customer retention are positively correlated

## 1.6. Definition of Terms

In order to avoid trouble in understanding the study, essential terms associated with the research are briefly defined as follows:

**Relationship Marketing (RM):** Identify, establish, maintain, and enhance and, when necessary, terminate relationships with customers and other stakeholders, at a profit so that the objectives of all parties involved are met, and this is done by mutual exchange and fulfillment of promises.

**Trust:** is defined as a belief or conviction about the other party's intentions within the relationship (Taleghani et. al., 2011).

**Reciprocity:** is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009 cited in Taleghani et. al., 2011).

**Empathy:** Velnampy and Sivesan (2012) stated that empathy can be viewed as the ability to share, understand and feel another person's feelings in a relational situation.

**Bonding:** as per Taleghani et. al., (2011), bonding is defined as the dimension of a business relationship that results in two parties (the customer and the supplier) acting in a unified manner toward a desired goal.

**Responsiveness:** is Willingness to help customers and provide prompt service (Ananthet.al.,2010; Khenget. al., 2010).

## 1.7. Significance of the Study

It is hoped that the information I gathered from this research would be very important and useful to the following groups of people:

### **The Banking Industry as a whole**

Managers of banks would use the findings of this study to establish the relevance of relationship marketing in their organizations and thus know how to use the operations and systems of the bank to enhance the level of relationship marketing. Other staff in the bank would be able to know the stake relationship marketing provides to the bank and thus know the priority areas to keep the bank running effectively. Generally, the findings of this study will be very useful to the improvement of the banking industry which would generally use these findings to edge their

competitive tools as relates to relationship marketing so that they can outshine their counterparts.

### **Scholars and Researchers**

This study would also act as a base for reference and information to other researchers willing to develop on the topic. The research would also compel other researchers to do researches on critiquing the facts mentioned in this study's findings.

### **Bank Customers (public)**

Since the study revealed the importance of relationship marketing in attracting and retaining customers, it would give the general public an idea of what they would expect from banks so that they can easily identify value for their investments. It would also enable the public to identify banks that meet their needs.

### **Commercial Bank of Ethiopia and Dashen Bank S.Co.**

The information obtained from the research provides a rough idea on the scale of competition in the banking industry and thus enabling the two banks (CBE and Dashen) to be customer centric and as the result increasing market share.

Therefore, the result of the study is significant for:-

- To have a detail understanding about customer relationship marketing practice in the two banks and this important for maintaining, and attracting new customers.
- The finding of the study will help in identifying possible gaps of relationship marketing practice on the two banks and its contribution on customer retention;
- It would help management bodies of the banks at every level to take actions to fill the gaps.
- The research also serves as a good base for the forthcoming researchers who want to do a further research on this topic on the two banks.

### **1.8. Scope/Delimitation and limitation of the study**

This research is limited to assessing the effect of customer relationship marketing on customer retention on the context of two government and private banks, CBE and Dashen Bank S.Co.

Hence, due to time and financial constraints in taking large sample size, it is difficult and unmanageable to include all branches found in the country.

### **1.8.1. Theoretical scope**

Customer relationship marketing is one of the best contemporary marketing strategies for all companies to satisfy their customer needs and wants and attracting, developing, and retaining customers. This research has conducted to analyze the effect of customer relationship marketing on customer retention by taking five explanatory variables representing trust, bonding, responsiveness, reciprocity, and empathy.

### **1.8.2. Geographical scope**

This research confined to the effect of customer relationship marketing on customer retention in the two Banks and due to time and budgetary constraints the researcher tends to undertake the research activity only in Addis Ababa.

### **1.8.3. Methodological scope**

This research is explanatory by nature. It used both quantitative and qualitative in course of researching both primary and secondary data. With regard to the secondary sources various publications, books, and journals regarding the subject matter addressed. And to achieve the objective of the study well designed structured questionnaire distributed to the study respondents from customers of CBE and Dashen Banks which was selected in the basis of stratified sampling.

In conclusion, the first limitation of the study relates to the sampling procedure i.e. convenience sampling, which limits the generalizability of the research findings. The second limitation relates to the sample size for primary data sources; the number of participants included in the sample may not be good representative of the population due to geographically located only in Addis Ababa. As last limitation, the study failed to measure the financial effect of relationship marketing and customer retention in the banking industry. Future research is, therefore, recommended to address the above stated limitations.

### **1.9. Organization of the study**

This research contains five chapters. Chapter one includes background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, and limitation of the study. Chapter two covers literatures which are relevant on the subject matter under study. Under chapter three, the methodology part of the study described in detail. The findings of the study has presented, analyzed and discussed in chapter four. Finally, in chapter five summary, conclusions, and recommendations has disclose based on the study findings.

## **CHAPTER TWO**

### **2. LITERATURE REVIEW**

#### **2.1. Introduction**

This chapter comprised the literature review on what other researchers have discussed globally, regionally and locally on relationship marketing and customer retention in the banking industry. The literature review discusses under three main important issues such as, theoretical, empirical and the conceptual framework that guides the research briefly highlighted. Conceptual framework shows the independent and dependent variables.

#### **2.2. Theoretical Framework**

##### **2.2.1. Relationship Marketing Theory**

Relationship marketing theory Arnett & Badrinayanan (2005) states that successful relationship marketing is characterized by successful relational exchanges. The theory focuses on trust, reciprocity, empathy, bonding, and responsiveness.

##### **Neo-classical Microeconomic Theory**

This theory emphasizes profit maximization in competitive markets in explaining relative prices, market equilibrium, and income distribution. Exchange parties are price takers seeking to maximize utility in price equilibrium markets. This assumes well-defined and stable preference structures where individuals independently worry about creating value. Firms are seen as engaged in market transactions to secure the resources they require for producing goods and services they sell in the competitive marketplace. Such market transactions incur the costs associated with the price paid, searching costs, negotiating and contracting costs, and costs of monitoring supplier performance (A.M. Enders, 1997).

##### **Transaction Cost Theory**

Transaction cost theory (Williamson, 1975) uses arguments from microeconomics and institutional economics, contract law, and organization theory. In the original transaction cost theory, transactions were classified according to whether they occurred within a firm or between the firms in a market. Further developments examined the transaction cost advantages of different forms of internally and externally organized transactions within the constraints of bounded rationality and

opportunistic behavior. Axioms of this approach are that certain exchange characteristics give rise to transaction difficulties and that different governance mechanisms vary in their cost-minimizing properties.

Market transactions may become very costly due to human factors, such as bounded rationality and opportunism, and environmental factors, such as uncertainty and economically concentrated input or output markets. Transaction cost theory departs from the assumptions that individuals are limited in their cognitive capabilities and that they are inclined toward opportunistic and self-interest seeking behavior. Consequently, in situations when information is unequally spread among exchange parties, opportunistic behavior is believed to prevail and exchange may be commercially hazardous. Opportunism is generally centered on deceit. In order to reduce the risks of being exploited by each other, exchange partners can safeguard their interests by making substantial transaction specific investments that are uniquely related to the exchange relationship and that cannot be retrieved on termination. If both partners make such investments, they create incentives to maintain, or obstacles to leave, the relationship they are in by communicating their credibility of commitment to the relationship. Such investments in transaction-specific assets also create dependence relationships between exchange partners since they are difficult or costly to replace. Every market transaction involves transaction costs that lead to inefficiencies for those engaged in these exchanges. Such transaction costs include costs of information search, of reaching a satisfactory agreement, of relationship monitoring, of adapting agreements to unanticipated contingencies, and of contract enforcement (Williamson, 1975).

### **Relational Contracting Theory**

This is primarily rooted in contract law that applies to the legal rights of exchange parties and guides the planning and conduct of exchange. While classical contract law views exchange as composed of single, independent, and static transactions, modern contract law tries to deal with the dynamic nature of intermediate and long-term exchanges. Modern contract law explicitly refers to exchange planning and contract formation, adjustments to established contract relationships, and the resolution of contractual conflict. Relational contracting theory has provided a rich conceptual framework that is able to capture the dimensions and dynamics that underlie the nature of exchange relationships as well as the belief structures and activities that are necessary for successful exchange relationships. MacNeil (1980) distinguished intermediate types of exchange between discrete transactions and complete internalization of exchanges. Such intermediate forms of exchange are

termed 'contractual ways of exchange' or 'relational transactions', where exchange parties are still independent but at the same time coupled by weak or strong contractual agreements. Since a pure reliance on the mechanism of law can be costly in terms of both resources and time, and since unforeseen circumstances can affect the exchange relationship, extra-legal governance methods are needed. So, the concept of contract has been defined very broadly as a relationship between exchange parties who expect to sustain this relationship into the future (McNeil, 1980).

### **The Social Exchange Theory**

The social exchange theory by Homan (1958), states that persons that give much to others try to get much from them. The theory is pegged on the social exchange relationship between the parties which develop through mutual exchanges and fulfillment of promises. The theory is applicable in this study for the bank will develop long-term and profitable relationships with their customers if they offer quality services, communicated effectively and observed trust in the banking industry.

People use cognitive schema to organize their perceptions of social interactions and relationships. The basis of social exchange theory is derived from marital theory, bargaining theory, and power theory. The qualities of interpersonal relationships have been extensively investigated in disciplines such as psychology and social psychology. Social exchange theory compares the formation and continuity of a relationship with those of a marriage and places interactions between people at the core of relationships. Marketing is seen as an interactive process occurring in a social context where relationship management is central (Groenroos, 1994). The interaction approach suggested six different types of bond: social, technological, knowledge, planning, legal, and economic.

### **Equity Theory**

J.S. Adams (1963) stated that this theory is related to social exchange theory, relative deprivation theory, and distributive justice theory, given their unifying basic premise that outcomes should be evaluated in a relative sense within some frame of reference. Equity theory focuses upon outcome evaluations that result from relationships characterized by economic productivity objectives. Equity theory postulates that parties in exchange relationships compare their ratios of exchange inputs to

outcomes. Each party to the exchange has certain expectations about their own role as well as that of the other party.

## **2.2.2. DEVELOPMENT OF RELATIONSHIP MARKETING**

### **Total Quality Management**

Another major force driving the adoption of relationship marketing is the total quality movement that recently revolutionized industry's perspectives regarding quality and cost. Most companies saw the value of offering quality products and services to customers at the lowest possible prices (Sheth et al. 1988). When companies embraced Total Quality Management (TQM) to improve quality and reduce costs, it became necessary to involve suppliers and customers in implementing the program at all levels of the value chain. This needed close working relationships with customers, suppliers and other members of the marketing infrastructure.

### **Growth of the Service Economy**

The third force steering in relationship marketing as discussed by Sheth et al. (2000) is the growth of the service economy, especially in the advanced countries. As more and more organizations depended on revenues from the services sector, relationship marketing became prevalent. This is because services are typically produced and delivered by the same institution (Sheth et al., 2000). Service providers are usually involved in the production and delivery of their services. For instance, in the case of personal and professional services, such as haircut, maid services, consulting services, accounting services, and legal services, the individual producer of the service is also the service provider. As such the users of these services are directly engaged in obtaining and using the service thereby minimizing the role of middlemen, if any. In such a situation, a greater emotional bond between the service provider and service user develops and the need for maintaining and enhancing the relationship. It is therefore evident that relationship marketing is important for scholars and practitioners of services marketing (Berry 1999).

### **Organizational Development Process and empowerment of individuals and teams**

Another major factor leading to the rapid growth and acceptance of the Relationship marketing concept as described by Sheth et al. (2000) is the empowerment of individuals and teams as a result of certain organizational developments. According to them, these organizational changes have facilitated the growth of relationship marketing. Amongst these the most significant is the role definition of the members of the organization. Through a variety of changes in organizational processes, companies are now directly involving users of products and services in the purchase and acquisition decisions of the company. For a considerable time, these functions were managed by the procurement department as a specialized function, with little or no input from the actual users of

these products and services. Thus the separation that existed between the producer and the user due to the existence of user middlemen, acting as gatekeepers, is potentially bridged in many cases. Wherever such changes are being made, direct interaction and cooperative relationship between producers and users develop (Sheth et al., 2000).

### **Increased Competition and concern for customer retention**

Finally, in the post-industrialization period the increase in competitive intensity is forcing marketers to be concerned with customer retention. As several studies have indicated, retaining customers is less expensive and perhaps a more sustainable competitive advantage than acquiring new customers. Marketers are realizing that it costs less to retain customers than to compete for new ones (Rosenberg & Czepiel 1999). On the supply side it pays more to develop closer relationships with a few suppliers than to develop more vendors. In addition, several marketers are also concerned with keeping customers for life, rather than merely making a one-time sale (Cannie and Caplin 2001).

Several studies have been done on customer retention (Rootman , 2011; Ondieki, 2012; Anani, 2013 ; Nwankwo, 2013; Msoka, 2014). Studies in Tanzania include that of (Ondieki, 2012), which attempted to examine factors determining bank selection and retention, and found out that the ownership of the bank and newness of the bank do not determine the bank selection and later retention by corporate customers, but rather bank services being offered, convenience of bank location, aggressive promotion and the ability to meet customers' demand as well as good public image. In the study of relationship marketing and customer retention for South African banks (Rootman et al.,2011), revealed that six banking service delivery variables influence banks' customer retention including fee structures and the ethical behaviour of banks. On the other (Anani, 2013), found that service quality and switching barriers were significantly and positively associated with customer retention.

### **2.2.3. RELATIONSHIP MARKETING IN BANKING SECTOR**

In the increasingly competitive global financial world, relationship marketing has been advocated as an excellent way for banks to establish a unique long-term relationship with their customers. Most of the core product/service in commercial banking is fairly generic, and it is difficult for most banks to compete purely on this core service. Thus, recognition of the importance of relationship

marketing, especially in financial services sector (Alexander and Colgate, 2000; Ennew et al., 1990) has grown in recent years.

Research on relationship marketing in the banking industry emerged in the early 1990s (Perrien et.al, 1992; 1993; Kotler, 1995). Today, in the new competitive environment, the development of close, long-lasting relationships with selected target customer has been often advocated in the international literature as a major strategic tool to limit competition in markets and to defend bank profitability in the long run (Peterson, 1999; Rajan, 1992; Sharpe, 1990). Boot and Thakor (2000) also add that a relationship orientation can alleviate these competitive pressures because a relationship banking orientation can make a bank more unique relative to competitors. Thus a more competitive environment can encourage banks to become more client-driven and customize services, thus focusing more on relationship banking. Despite the absence of a unique definition of what relationship banking is, there is general consensus among authors that it is a great deal more than a way of selling; relationship banking represents a strategic choice with serious managerial implication. This means that its establishment requires the implementation of several elements (mission, policies, programs, strategies, organizational changes) that foster a customer-oriented culture, encourage mutual and continuous investment in the relationship and create a climate of trust and loyalty (Moriarty et al., 1983; Perrien et.al, 1993; Ricard and Perrien, 1999). According to Moriarty "...relationship banking involves more than an emphasis on total customer profitability and cross-selling; it includes an acknowledged perception of mutual interdependence between the bank and the customer...The perceived interdependence of both parties is often based on mutual trust and openness, shared objectives, and a commitment to doing business with each other on long-term basis" (Moriarty, 1983). Boot (2000) also defines relationship banking "as the provision of financial services by a financial intermediary that invests in obtaining customer-specific information, often proprietary in nature and evaluate the profitability of these investments through multiple interactions with the same customer over time and/or across products" (see Boot 2000). The combination of these definitions allows examining the principle elements characterizing relationship banking, which can be summarized as follow:

- It is a personalized process as it is based on ongoing interaction between two parties and on a deep knowledge of customer's financial needs

- It is a long-term process: relationship banking implies multiple interactions with the same customer over time and/or across products, aiming at increasing customer loyalty and stabilizing the bank profitability in the long run
- It must be profitable for both parties: a relationship can develop only if both the bank and the customer realize it adds value and seeks to foster their commitment and trust
- It involves a number of client-specific information, often proprietary in nature
- It tends to be asymmetric; according to the literature, in banking relationship the overall quality and effectiveness of the relationship generally rest on the service providers.

According Dobb and Meadows (2001) cited by Perrien and Ricard (1995) 's research about relationship marketing in commercial banking a range of issues must be addressed if the effectiveness of a relationship strategy is to be ensured:

- The organization's structure must be designed or modified to fit the decentralized structure required by a relationship strategy
- The influence of human resources management policies on the effectiveness of relationships must be considered, particularly in view of potential gaps between sellers' and buyers' perceptions.
- The best way to provide relationship managers with information and data about their customers must be identified, so that the best efforts are made to understand those customers and their environments
- The fit of pricing within the relationship must be considered
- The role of the sales-force in the development of the relationship must be considered and reflected in sales-force training.

#### **2.2.4. CUSTOMER LIFETIME VALUE**

The lifetime value of a customer is a key element in the practice of relationship marketing. It is not economical for a supplier to invest in long-term relationships with all customers – not that all customers would necessarily want such a relationship. The supplier has to identify those customers who are willing to enter a long-term relationship with his company, forecast their lifetime with the company, and then calculate those customers' lifetime values in order to identify the ones with whom it will be profitable for the company to have a relationship. Relationship marketing costs money and maintaining a customer can be expensive, hence long-term customers should be selected

carefully. Calculating a customer's lifetime value is not a precise science, and each company will need to experiment and improve those techniques that are used to predict how much business a customer is likely to do with them (Gummerson, 1999; Morgan and Hunt, 2002)

Lifetime value of a customer is a concept or calculation that looks at customers from the point of view of their lifetime revenue and profitability contributions to a company. This type of calculation is obviously needed when companies start thinking of building long-term relationships with their customers. Just what is the financial value of those long-term relationships? Here, we'll first overview the factors that influence a customer's lifetime value, and then show some ways it can be estimated.

### **Factors that influence lifetime value**

The lifetime value of a customer is influenced by:

- The length of an average "lifetime,"
- The average revenues generated per relevant time period over the lifetime,
- Sales of additional products and services over time, and
- Referrals generated by the customer over time.

Lifetime value sometimes refers to lifetime revenue stream only; other times, when costs are considered, lifetime value may truly mean "lifetime profitability."

#### **2.2.5. The Importance of Relationship Marketing in Banks**

According to private banks activation, competition development and communication and information development at international level, today absorption and maintenance of customers in the country banking industry has been complicated by many degrees that itself led to reduction of banks interest (Rezvani et.al, 2011). Today's banks should see their function in the customer reflection and try to understand wants and desires of customers to attract customer satisfaction. Today, in marketing, the cost of losing a customer is equal to the loss of benefits which the bank obtains from the customer service and this is an alarm for a bank. In addition, benefit of services that could gain from new clients will be losing. Therefore, customer orientation is a very sensitive element that we need to consider. For banks, to maintain customers and constant communication with customer is essential to the different forms. This connection can be through the head or each employee of office. All banks try to attract customers through advertising and other means of

communication. When the customer of bank faces with a problem in a branch of the hurdles, tries to provide the needs in other bank. Therefore, regarding to the intense competition in banking, a bank that can provide customer satisfaction, will be more successful (Ebrahimi & Roodani, 2009).

#### **2.2.6. Relationship Dimensions from a Customer Point of View**

In an environment where customers sometimes feel confused, stressed, victimized, trapped, and that the marketplace is insensitive and manipulative, it is very difficult for companies to build relationships (Fournier et al, 1998). The challenge for marketers is to create an environment of trust and forge intimacy in the connection. It is important to understand that a relationship takes two, and sometimes the customer is not a willing participant. A company must be willing to return the “favor” if it asked for the customer’s loyalty and commitment. A good business relationship contains most of the characteristics sought in a personal relationship. Gwinner, Gremler& Bitner (1998) identify confidence benefits, social benefits, and special treatment benefits as elements that customers perceive as important in relationships. Customer orientation, trust, length of relationship, expertise and ethics are all determinants of a satisfactory relationship from a customer point of view (Bejou et al, 1998). Cram (2001) identified eight factors that customers look for in a living relationship with a retailer. Combined with the product and service, offering these aspects lead to superior service to the customers and the creation of customer loyalty. The factors include the following:

- **Reliable performance.** The customer wants to receive the benefits of the service or product, which it expects before buying it. Dependability is crucial and is the starting point of the relationship. It can be said that promises must be kept. Customers will remain loyal if they get the best value (Reichheld, 1996). The company must monitor and revise the value proposition that originally brought the customer to them.
- **Trust.** The element of trust builds up through consistent and reliable performance by the relationship banker or organization. The factors that contribute to the development of mutual trust in the relationship include integrity, safety, availability, and access to information, honesty, personal contact, consideration, and unbiased advice (Barnes & Howlett, 1998; Wetzels et al, 1998). Trust is also defined as the willingness to rely on an exchange party in whom one has confidence (Grönroos, 1994b). Customers derive higher levels of trust via face-to-face interaction with their banker rather than through alternative channels such as electronic communication (Howcroft et al,

2003). In building a lasting relationship customers perceive it to be extremely private and valuable, and it is thus an imperative that the bank must treat it with care (Fournier et al, 1998).

- **Accessibility.** The relationship banker should be available for the customer at all reasonable times. The philosophy of customer visits into the customer domain has also become a differentiating experience enhancing competitiveness (Fournier et al, 1998).

- **Education.** Customers place a high reliance and value on the advice they receive. They expect guidance from the relationship banker. The knowledge, experience and expertise of the relationship bankers contribute to their credibility, thus positively impacting on the relationship. The relationship banker needs to get close to the customer and understand the customer's business by showing real interest and knowledge.

- **Individuality and brand association.** Many customers place a high value on individuality and expect to receive this as well in the relationship offering. Brand association and loyalty are also important factors for some customers. The brand values include statements about aspects like position, worthiness, status, and lifestyle.

- **Recognition.** By recognizing the customers, they feel a sense of belonging. It is essential that the relationship banker identifies and recognizes the needs of the customer. In research done by Barnes & Howlett (1998) the importance of how a financial services provider makes its customers feel was again emphasized. The emotional tone of the relationship impacts on the strength of the business relationship and increases loyalty.

- **Service and assistance.** Service is in many instances seen as the defining moment in a relationship with a customer. It is consistently raised as an important issue in customer surveys. Customers want fast service of a high standard.

- **Preference.** Customers appreciate preferential treatment, which is based on the value and worth of their relationship. They expect their loyalty to be rewarded by fair prices and appropriate attention. If these dimensions are part of the relationship banker's behavior it will result in the building of creditable and long-standing relationships with customers (Voss & Voss, 1997). However, not all relationships with customers can or need to be at the same level of intimacy or of the same duration. The relationship characteristics depend on the extent of the felt or actual dependencies between the

bank and its customers (Bennett & Durkin, 2002; Barnes & Howlett, 1998). Research done by Alfansi & Sargeant (2000) on segmentation of banks in Indonesia, identified that a high number of customers place major importance on the security of their banking relationships. The customers were more likely to choose a bank based on their knowledge of the employees or recommendation from friends. They perceived banks to be very similar regarding products, and placed little value on the product dimension. The final analysis showed that many customers selected their bank based on the personal relationships with employees.

### **2.2.7. Customer Retention**

Every organization needs to know how to retain its customers, even if they appear to be satisfied. Retention rate leads to higher net present value of customers. Study shows that (Reichheld et al., 1990), has quantified the significance of customer retention. They found that profits in service industries, increased in direct proportion to the length of a customer's relationship and that a 5% improvement in customer retention increased the average customer value by 125%. At least 75% of an organization's marketing budget has to be spent on customer retention strategy and strengthening relationship (Weinstein, 2002). Customers are retained if customer service quality and satisfaction are improved (Parasuraman et al., 2002). Behavioral intentions are very important to understand whether customers will remain or defect from a company (Anani, 2013). These behavioural intentions will be influenced by service quality (Parasuraman et al., 2002). Service quality can increase customer loyalty, retention and improved business performance (Ennew and Binks, 1996). An empirical study conducted by (Nwankwo, 2013) using evidence from the Nigerians banking sector and its small business customers found that there is a positive impact of service quality on customer loyalty and retention. The study conducted in Tanzanian banks by (Caroline et al., 2014) discovered that academics in need to incorporate quality of products provided by the banks together with pricing of banks products in customer retention models. In this view, customer retention is extremely vital for business to remain competitive. It has recently become more significant compared to customer acquisition.

Customer retention is increasingly thought of as an important managerial issue, especially in the context of saturated market or lower growth of the number of few customers (Ghavami & Olyaei, 2006). Cohen et al. (2006) have noted that customer retention is potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking

competitive environment. Thus, organizations need to focus on existing customers in order to ensure that they continue purchasing and continue supporting the product (Berndt et al., 2005). Thus, at this time, close relationship with customers will require a strong coordination between banks and its marketing departments to provide a long-term retention of selected customers (Chary and Ramesh, 2012). Rust and Zahorik (1993) as cited by Cohen et al. (2006), the financial implications of attracting new customers may be five times as costly as keeping existing customers. Doing so significantly helps to reduce the cost of the organization. According to Rouholamini & Venkatesh (2011), several research show that customer acquisition costs 5 to 7 times higher than customer retention costs. Thus, since revenues increase with incremental improvements in customer retention, the ultimate goal of a professional services firm should be to retain customers (Crutchfield, 2001). However, this is only achieved when you are providing excellent customer service, which then turns in to Customer loyalty (Ghavami & Olyaei, 2006). Thus, retaining an existing customer has beneficiary to the organization than attracting new once. Villanueva and Hanssens (2007) cited by Parker et al. (2009) clearly stated the following five customer retention benefits. Those benefits are:-

1. It is cheaper to retain customers than to acquire them.
2. The costs of serving long-life customers are less than those of serving new customers.
3. Long-life customers improve the reputation of the company and attract new customers through word-of-mouth advertising.
4. Long-life customers are less price sensitive than new customers and are therefore more willing to pay higher prices in some cases.
5. Long-life customers are more likely to buy more from the company so the company can increase their share-of-wallet through up-selling and cross-selling.

Therefore, the above benefit proof that long-life customers are means of profit to the organization and they can attract potential customers through their formal and informal communications.

### **2.2.8. Relationship Marketing and Customer Retention**

Relationship marketing is a core strategy used by firms to establish, maintain and enhance profitable relationships with clients, while ensuring benefits for both the firm and its clients (Grönroos 1994: 4–20). Walsh, Gilmore and Carson (2004: 469) define relationship marketing as the activities implemented by banks in order to attract, interact with, and retain more profitable

clients. Customer retention refers to a firm's zero defections' of profitable consumers or no switches from profitable consumers to competitors (Reichheld 1996). Menon and O'Connor (2007: 157) define customer retention as the longevity of a consumer's relationship with a firm. Based on the literature, the variables that can possibly influence banks' relationship marketing and customer retention includes, trust, bonding, empathy, communication, knowledge ability, empowerment, personalization, fees, ethical behavior and technology.

### **2.2.9. Customer Relationship Marketing Practices key Mediating Variables and Customer Retention**

#### **Trust**

Trust indicates that each person of relationship, to what extent can considered other person promise and is defined as the willingness to trust and reliance to audience (Wong & Shoal, 2002, 34-50). In this study trust variable is measured by factors such as bank security in transactions, bank service quality, reliability promises of bank, staff behavior towards clients and the bank commitment to our customers. So the hypothesis of trust and customer satisfaction can be expressed as follows.

On other hand trust is defined as a belief or conviction about the other party's intentions within the relationship (Taleghani et. al., 2011). Thus, trust plays a major role in separating purely economic actions from those that have a social nature such as with professional services (Crutchfield, 2001).

Good relationships and trust are built over time, with give and take on both sides, and not too much pressure (Rigby et. al, 2003). We conceptualize trust as existing when one party has confidence in an existing partner's reliability and integrity (Morgan and Hunt 1994). Trust can lead to commitment, which can in turn lead to long-term cooperation between the two sides involved in a relationship (Hunt and Morgan, 1994). Therefore according to these authors, trust permits firms to lessen or avoid dependence on expensive formal controlling mechanisms to maintain their partnerships.

#### **Bonding**

Bonding is defined as the dimension of business relationship that results in two parties (buyer and seller) acting in a unified manner toward a desired goal (Callaghan et al., 1995). According to Wilson (1995), bonding can be classified into two categories: social bond and structural bond. Social bond has a number of dimensions including social interaction, closeness, and friendship and performance satisfaction. The dimension of bonding as it applies to relationship marketing consists

of developing and enhancing customer loyalty, which results directly in feelings of affection, a sense of belonging to the relationship, and indirectly in a sense of belonging to the organization (Sin et al., 2002). Wilson and Mummalaneni (1986) find that stronger personal bonds among buyers and sellers lead to a greater commitment to maintain the relationship (Yim et al., 2008). In the dyadic relationship of a buyer and a seller, bonding can be described as a dynamic process that is progressive over time. The bonding process begins with the very basic force of the need for a seller to find a buyer for their product, and the desire for a buyer to purchase a product that will satisfy their needs (Chattananon & Trimetsoontorn, 2009). It was recognized by Shani and Chalasani (1992) in their identification of the bond developing between consumer, supplier, and product through the application of relationship marketing. Its application to relationship marketing consists of developing and enhancing consumer loyalty, which results directly in feelings of affection, a sense of belonging to the relationship, and indirectly in a sense of belonging to the organization or as Levitt (1983) described, developing and enhancing a long-term relationship (a bonded relationship) with the seller.

### **Empathy**

Empathy is the ability to see a situation from another person's perspective (Wang, 2007). It is defined as seeking to understand somebody else's desires and goals. It involves the ability of individual parties to view the situation from the other party's perspective in a truly cognitive sense (Chattananon & Trimetsoontorn, 2009). Empathy has a number of analogous meanings – the golden rule, the ethic of care and an “others” orientation. Empathetic marketers are not insensitive to the needs and concerns of the consumer. Empathy should not be equated with sympathy; marketers can be empathetic while still driving a hard bargain with customers (Murphy et al., 2007). In the personal selling literature, the empathetic abilities of the salespeople are a prerequisite for successful selling. In the service marketing literature, the component of empathy is used in developing the SERVQUAL test instrument for service quality. In the networking literature, empathy has been considered as an independent variable in explaining franchisor–franchisee working relationships (Sin et al., 2002).

### **Reciprocity**

Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009). Therefore the rule of reciprocity focuses on a

recipient's behavior by the social norm expressed as "if you have received a drop of beneficence from other people, you should return to them a fountain of beneficence" (Wang, 2007). The links of reciprocity to relationship marketing have been considered as a basis for the interface between exchange transactions and marketing activities. In fact, relationship marketing is characterized by "...interactions, reciprocities, and long-term commitments" (Sin et al, 2002).

The definition used to develop the measure extends traditional quid pro quo interpretations to include behavior designed to stabilize relationships in times of exchange breakdown. This includes resisting and not returning harm and making reparation for harm done. Reciprocity is positioned as an important interpersonal norm of stable marketing relationships given recent findings that relationships develop most strongly at the individual level. It is suggested that reciprocity leads to personal well-being; thus providing an additional motivation, over and above economic incentives, to develop and maintain relationships (Simon J. Bavan and Liliana L. Bove, 2007) Scholars like Houston et al., (1992), Ellis et al., (1993) have indicated reciprocity as a pertinent component of relationship marketing. They perceive reciprocity as a basis for the RM.

### **Responsiveness**

Responsiveness is Willingness to help customers and provide prompt service (Ananth et.al, 2010; Kheng et. al., 2010). Responsiveness is the willingness to support customers and provide them immediate services right on demands.

Responsiveness has to do with the degree with which the selected banks were able to respond to the needs and wants of customers. For a firm to be responsive, it must gain deeper understanding and profiling of customer behavior, real-time customer information and loyalty, and management at Point of Service. However, Taiwoet. al. (2011) described that responsiveness is the degree to which customers perceive service providers' readiness to assist them promptly. Therefore, showing sincerity and willingness to help customers are some of the key issues in responsiveness. Again what was tested in respect of responsiveness included devoted time to customers and efficient services.

## **2.3. Empirical literature**

### **2.3.1. Customer Retention in the banking industry**

Bergeron et al (2008) relationship marketing leads to customer retention, customer satisfaction, increased loyalty, increased profits and competitive advantage. Banks need to employ marketing strategies that attracts new customers and retain existing ones. The cost of acquiring a new customer is far greater than the cost of maintaining the existing customer. The cost of acquiring a new customer is 5 times more than the cost involved in satisfying and retaining the current customers.

Ainsour (2013) conducted a study on how to retain a bank customer in Jordanian banks. The study established that internal marketing plays a big role in customer retention. Some drivers such as communication, transparency trust and satisfaction had a strong effect on customer retention.

Kate et al (2014) carried a study on customer retention strategies in Ghanaian banks. The study aimed at studying the importance of retention strategies that influence customers to make continual patronage of banking services in Ghanaian banking. The study revealed that bank service quality, loyalty rewards and customer relationship management had a positive significant on customer retention.

Msoka (2014) carried a study on determinants of customer retention in Commercial banks in Tanzania. The study revealed that quality of services and products and pricing of banks products had a strong positive relationship on customer retention.

The previous studies with respect to customer retention, the researchers have discussed customer retention factors, challenges and practices and strategies. They have not studied the influence of relationship marketing on customer retention. This study will fill this knowledge gap.

### **2.3.2. Customer Relationship Management (CRM)**

CRM gave importance to the needs of customers and integrated them with the bank's strategy, employees, technology and business process and it was also related to the relationship strategy. The following were the various outcomes of CRM by previous researches.

Peter C.Verhoef (2003)<sup>22</sup>, Rotterdam, Netherland, investigated the effects of customer perception and relationship marketing instruments on customer retention and customer share development. The result of the study showed that commitment and loyalty programmes had affected customer

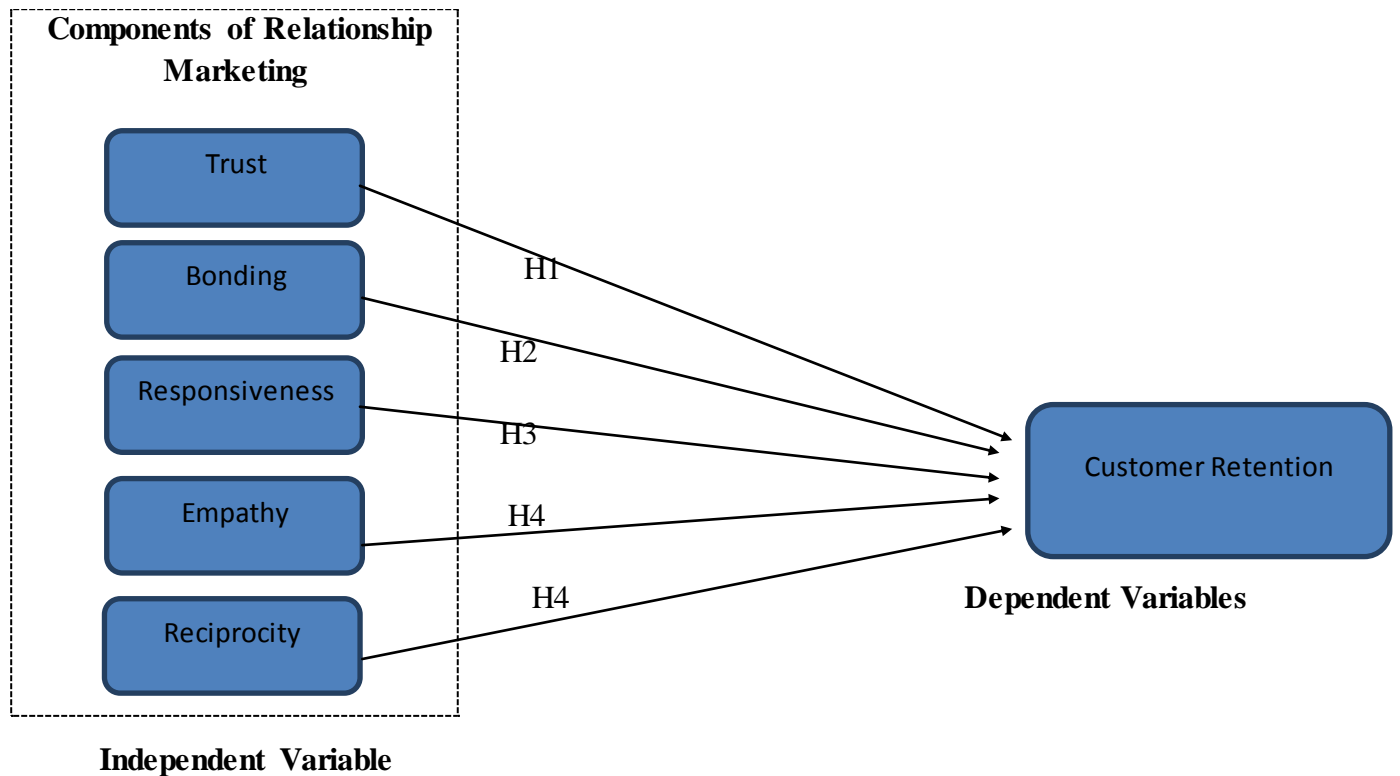
retention and customer share development. They also identified that direct mailing factors had influenced only the customer share development. The present study suggests that the firms should concentrate on all the aspects of customer relationship management strategies.

Alexander Krasnikev et al (2009)<sup>23</sup> examined the impact of CRM implementation on cost and profit efficiencies in US commercial banks. They suggested that CRM implementation in banks had reduced the cost and increased the profit. They used the factors, such as time of adoption and time since adoption. The study states that the time of adoption factor has failed to influence the CRM due to the lack of maturity of CRM technology and experience in banks. Time since adoption factor has influenced CRM in a positive way with the experience of CRM technology. Moreover, it has reduced the cost and increased the profit efficiency of the banks.

In the previous studies related to customer relationship management, the researchers examined the aspects, such as consumer behavior towards CRM, CRM practices, its implementation, the impact on customer retention. They have failed to analyze the relationship between relationship marketing and customer retention.

#### **2.4. Conceptual Framework**

Callaghan et al. (1995) cited by Kojo, disclosed that trust, bonding, reciprocity, empathy and responsiveness are dimension of customer relationship management. Kojo applied the above dimension to measure customer relationship marketing. However, according to Das (2009), any discussion on RM would be incomplete without referring to CRM. Therefore, this shows that CRM and RM have a strong similarity. Sin et al., 2005 cited by Das (2009) support the above argument as CRM and RM are focused on individual buyer-seller relationships, accept that these relationships are longitudinal in nature, and that both parties benefit in the process. Das added that CRM can be regarded as, to some extent, a subset of RM.



**Figure 2.1 Conceptual framework**

Source: Callaghan et al. (1995) cited by Kojo

**H1: Trust and customer retention are positively correlated**

Trust is the “corner stone” for building and developing long term relationship with customers (Juscus and Grigaite, 2011). Trust is defined as the dimension of relationship marketing that determines the level in which each party feels it relies on the integrity of the promise offered by the other party. This relationship involves both parties sharing information and working together effectively to solve problems. Generally, trust is shown to have a positive influence on key relational outcomes, customer retention (Doney et al., 2007).

**H1: Bonding and customer retention are positively correlated**

Bonding is defined as the dimension of business relationship that results in two parties (buyer and seller) acting in a unified manner toward a desired goal (Callaghan et al., 1995). Wilson and

Mummalaneni (1986) find that stronger personal bonds among buyers and sellers lead to a greater commitment to maintain the relationship (Yim et al., 2008).

### **H1: Reciprocity and customer retention are positively correlated**

Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009). It is suggested that reciprocity leads to personal well-being; thus providing an additional motivation, over and above economic incentives, to develop and maintain relationships (Simon J. Bavan and Liliana L. Bove, 2007)

### **H1: Empathy and customer retention are positively correlated**

Empathy is the ability to share and understand another person's state of mind or behavior. Empathy is characterized by looking expressions of the people facial expression or body movement, or by hearing their tone of voice, which will have immediate response on how they feel and treat them in the manner they would like to be treated (Ndubisi 2004)

### **H1: Responsiveness and customer retention are positively correlated**

This is a firm's ability to respond the needs and wants of its customers in timely manner. For a firm to be responsive, it must gain deeper understanding and profiling of customer behavior and real-time customer information (Kuranchie, 2010).

### **H2: Relationship marketing has impact on customer retention**

Study shows that (Reichheld at el.,1990), has quantified the significance of customer retention. They found that profits in service industries, increased in direct proportion to the length of a customer's relationship and that a 5% improvement in customer retention increased the average customer value by 125%.

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **3.1. Introduction**

This chapter highlights the various methods and procedures the researcher adopted in conducting the study in order to answer the research questions posed in the first chapter. The chapter is organized in the following structure: the research design, population and sample, data collection methods, sampling design and sample size, research procedures, data analysis methods and, lastly, the chapter summary. The purpose of this descriptive and analytical study is to identify the effect of

customer relationship marketing on customer retention in banks. This chapter aims at investigating the methodology uses in the research.

### **3.2. Research Approaches**

Quantitative research design is used in situations where there are predetermined instrument based questions, performance data, attitude data, observational data. Qualitative methods are used for emerging methods, open ended questions, interview data, observation data, document data, and audio visual data. Mixed methods research on the other hand, are used for both predetermined and emerging methods, with both open ended and closed ended questions (Creswell, 2003).

The study is undertaken on a case method by taking two private and government banks. A quantitative research design is used for the study. The key tools for data collection are questionnaires that were administered through the help of customer of the two banks. Which is the primary data the researcher distributed structured questionnaires to relevant participants.

### **3.3. Research Design**

Malhotra and Birks (2007), describe a research methodology as the procedural framework within which a research is conducted. This study is quantitative which adopted the survey approach in collecting the data; specifically, through the use of a questionnaire. The suitability of using the survey strategy in this study is to help the researcher identify and explain statistically, the factors that explain customer expectations, experiences and perceptions of relationship marketing in the banking industry in Ethiopia.

This study used a case study approach. According to Yeboah et. al, (2013) a case study approach is particularly appropriate for individual researchers because it gives an opportunity for one aspect of a problem to be studied in some depth within a limited time scale. Studies that establish causal relationships between variables may be termed explanatory research (Saunders et. al., 2009). This study tried to examine the relationship between customer relationship marketing and customer retention on Ethiopian banks.

### **3.4. Population and Sampling Design**

#### **3.4.1. Population**

According to Sharp and Howard (2006), a population refers to the total collection of elements from which reference is made in a research process. Target populations of the study were customers of selected two government and private banks: from Commercial Bank of Ethiopia and Dashen Bank. The

researcher purposely selected customers who have used at least one type of Bank account. These populations were selected from randomly selected 40 branches which exist on 4 CBE's district and 4 Dashen Bank Districtes. Namely the districts are East, West, South, and North Districts. These groups are targeted because the research believes that they are appropriate people to provide appropriate information and answer of the research questions.

### **3.4.2. Sampling Design**

#### ***3.4.2.1. Sampling Frame***

A sampling frame is the set of source materials (a section of the population) from which the sample size is selected. It is an objective list of the population from which the researcher can make a selection. The purpose of a sampling frame is to provide a means for choosing the particular members of the target population that are to be interviewed in the study (Turner, 2003).

A total of 370 customers of Dashen Bank and CBE were selected to participate in the study. The participants were selected using convenient sampling technique, Non-probability sampling method (Saunders *et. al.*, 2009). According to Saunders *et. al.* (2009) unlike probability sampling, there are no rules in non-probability sampling techniques. Rather the logical relationship between your sample selection technique and the purpose and focus of your research is important; generalizations being made to theory rather than about a population. Non-probability sampling involves the selection of subject based on assumption regarding the population of interest, which forms the criteria for selection.

#### ***3.4.2.2. Sample Size Determination***

In addition to the purpose of the study and the population size, five criteria was needed to be specified to determine the appropriate sample size Population variability (approximated p), the maximum allowed error (E), and confidence interval (Z) ,the probability of the population not to be occurred(q). Due to large number of customers in branches of the two banks in Addis Ababa, the sample size of the population that are large and determined through the equation developed by Cochran,1963.

$$n = (Z^2 * p * q) / e^2$$

Where n the total number of sample required

Z=the critical table value of the confidence level (z=1.96)

p=the population variability (p=0.3)

q=the probability of the population not to be occurred ( $q=1-p=0.7$ )

e =the maximum allowed error i.e. ( $e =0.05$ )

Therefore, the researcher was taken the maximum allowed error as 5% at a confidence interval level of 95% and the moderate population variability interval is 0.3( $p=0.3$ ) because this allows the researcher a largest sample size and the minimum error( $q=0.7$ ).

**$n= (1.96^2 * .3 * .7) / 0.05^2$  which is approximated 322**

On the other hand, some research findings of relationship marketing in banking industry (Nareth, 2009) used large sample sizes ranging between 200-1000 respondents. Furthermore suggest those investigators to use a large sample as much as possible. Since the large sample size have the probability of minimizing the population parameters and increases likelihood of the sample to be true representative of the population. This reduces chance errors. (Gupta, et.al., 2009).

#### ***3.4.2.3. Sampling Techniques***

The key tools for data collection are questionnaires that were administered through the help of customers of selected CBE and Dashen Banks in Addis Ababa city districts. The researcher used stratified sampling technique to select district of CBE and Dashen Bank branches from where the sample respondents 370 were chosen. The data's are collected by using stratified sampling technique method from the four districts of CBE and four district of Dashen Banks i.e. north, south, west and east Addis Ababa. According to data from the CBE, there are five grade four and four grade three branches in north Addis Ababa, as well as in west Addis Ababa, five grade four and three grade three branches in east Addis Ababa and eight grade four and two grade three branches in south Addis Ababa. And the data obtained from Dashen Bank there are one Corporate Customer Branch that serve premium customer with 5 million birr capital and above and other 143 branches within the four districts with equal authority. Therefore for the study was randomly selected 50% grade three and grade four branches for each stratum as sampling units from CBE. Customers were selected from every selected branch's in four districts through purposive sampling techniques, as mentioned on the table 3.1 and the data was collected from only grade four and grade three branches; since this branches have relatively most of the

corporate customers of the bank and large number of customer served comparing to grade 1 and grade 2 branches. Unlike CBE, Dashen Bank branches has no division. So, the researcher use stratified sampling technique from each district of Dashen Bank.

Table 3.1: Questionnaires Distributed to the customers of CBE

No	Districts	Total No. of Grade 3 and 4 Branches	No. of CBE branches questionnaire Distributed	No. of Questionnaires distributed in each branches	Total Questionnaire Dis. In Each
1	North	9	4	19	76
2	West	9	4	19	76
3	East	8	4	19	76
4	South	10	4	19	76
	<b>Total</b>	<b>36</b>			<b>304</b>

Source: CBE, December 2016

Table 3.1: Questionnaires Distributed to the customers of Dashen Bank

No	Districts	Total No. Branches	No. of Dashen branches questionnaire Distributed	No. of Questionnaires distributed in each branches	Total Questionnaire Dis. In Each
1	North	37	3	6	18
2	West	35	3	5	15
3	East	37	3	6	18
4	South	35	3	5	15
	<b>Total</b>	<b>12</b>			<b>66</b>

Source: Dashen Bank S.Co., December 2016

### 3.4.3. Sources of Data

The study has used both primary and secondary data. Primary data was collected through closed ended questionnaires in the form of Likert five scales and dichotomous with description under each item. Accordingly, the closed ended questionnaires were given to customers from Commercial Bank of Ethiopia and Dashen Banks S.co. Regarding the primary data the researcher distributed structured questionnaires to relevant participants. In order to strength the result and findings of the

study the researcher examined different articles, academic journals, useful academic books and banks' reports as secondary data.

#### 3.4.4. Data Collection Methods

The study employed a structured questionnaire to collect primary data from the respondents. Mugenda and Mugenda (2009) asserted that questionnaires are suitable in collecting data in survey studies. The questionnaire prepared in line with the objectives of the study mentioned above and it was organized in two sections. The part 1 includes a number of demographic questions such as age, gender, customer life time with the bank, and type of account the customers has on the banks. The second part deals with relationship marketing in the banking sector. This is measured by five dimensions from Gyasi (2012), namely (1) Bonding (2) Empathy (3) reciprocity (4) trust (5) responsiveness which comprised twenty seven items, and customer retention in banking sector which comprised four items. All items were measured by responses on a five-point Likert scale of agreement with statements, ranging from 1 = strongly disagree to 5 = strongly agree.

#### 3.4.5. Methods of Data Analysis

In order to reach on meaningful facts and conclusions, the research provided explanation on the effect customer relationship marketing on customer retention. The data analyzed through close ended questionnaires with the aid of SPSS (Statistical Package for Social Science) version twenty (22) which consists of descriptive statistics in terms of mean, percentage, tables, figures, charts and standard deviation. In addition to this, the researcher have also concerned with the interpretation and the representation of justification. Besides, spearman rank correlation uses to analyze the relationship between relationship marketing and customer retention due to the ordinal nature of the data uses.

### Model Specification

The regression model was done in the form of:-

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \dots + \beta_nX_n + \epsilon_i \dots \dots \dots \text{Eq.1}$$

Where

Y is dependent variable:- variable which is affected by other variables or explained by the independent variables

$\alpha$  is an intercept, where the regression line crosses the y axis

$\beta_1 \dots \beta_n$  are the coefficient of the independent variables  $X_1$  to  $X_n$ . Substituting both dependent and independent variables in equation 1 above, we have the following equation  
Specifically, for this study the expression is appropriate:

$$CR = \alpha + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \epsilon_i \text{-----} \quad (2)$$

Where,

$\beta_1$  is the partial slope for  $x_1$  on  $y$  and indicates the change in  $y$  for one unit change in  $x_1$ , controlling  $x_2 \dots \dots B_5$  is the same thing

CR – Customer retention-dependent variable

$X_1$ - Trust

$X_2$  – Reciprocity

$X_3$  – Bonding

$X_4$  – Empathy

$X_5$ - Responsiveness

$\epsilon_i$  - Error term

### 3.5. Validity and Reliability

#### 3.5.1. Reliability

The level of reliability of the instrument that is the consistency of the variables is checked with the Cronbach's alpha statistics. Cronbach's alpha is an index of reliability associated with the variation accounted for by the true score of the underlying construct (Nunnaly, 1978). Cronbach's Alpha's can only be measured for variables which have more than one measurement question. Nunnaly (1978) has stated that 0.5 is a sufficient value, while 0.7 is a more reasonable Cronbach's alpha. The results were extracted as Table 3.2 and according to this theory the result is more than 0.7.

Table 3.2: Cronbach's a of Constructs

Construct	Number of Item	Cronbach's a	Internal Consistency
Empathy	6	0.809	Good
Reciprocity	4	0.731	Good
Bonding	5	0.741	Good
Trust	6	0.771	Good
Responsiveness	6	0.751	Good
Customer retention	4	0.783	Good
<b>Total</b>	<b>32</b>	<b>0.714</b>	

Source: SPSS Cronbach's a result based on questionnaire survey,2017

### **3.5.2. Validity**

Validity is the extent to which difference found with measuring instrument reflecting true differences among those being tested. In order to ensure the quality of the research design content and construct validity of the research will be checked. Construct validity establishing correct operational measures for the concepts being studied (John, 2007). The literature review were conducted and thoroughly examined to make sure that the content of measuring is relevant to the study. Experts/advisor opinions have taken to validate the instrument. The researcher used standardized questionnaire, so, the instrument is already valid and tested.

### **3.6. Ethical considerations**

An important consideration a researcher must not overlook is the issue of ethics in research (Malhotra and Birks 2007). The researcher, in accordance with this, took steps to make sure that no respondent in this research work will be harmed in any way. First of all, the researcher made sure that permission was sought and the aims and objectives of the study were made known to the bank through introductory letters. Who is conducting the study and for what purpose was clearly disclosed for the respondents on the questionnaire. Moreover, only the voluntary participation of respondents have used and to follow anonymity and confidentiality ethics of the research, the researcher clearly informed respondents in written form that not to write their names on the questionnaire.

## **CHAPTER FOUR**

### **4. Data Presentation, Analysis and Interpretation**

#### **4.1. Introduction**

This chapter covers the presentation, analysis and interpretation of data collected from primary sources. A total of 370 questionnaires were distributed to the two purposefully selected private and government owned bank' customers; Dashen Bank S.C. and Commercial Bank of Ethiopia, in order to collect data about the effect of customer relationship marketing on customer retention. As shown in table 4.1.1 out of the questionnaires distributed to 370 customers, replies were obtained from 348 customers.

The data collected are presented by frequency tables and charts where ever necessary and to analyze the results Statistical Package for the Social Science (SPSS) is used. The hypothesis test was conducted using T-test for both CBE and Dashen Bank respondents and linear simple regression model, and appropriate interpretations were made thereon in accordance with the results of the testing.

Table 4.1.: Rate of Responses by Respondents

QUESTIONERS	CUSTOMERS	
	RESPONDENTS	VALID PERCENTAGE
RETURNED	348	94%
NOT RETURNED	22	6%
<b>TOTAL</b>	<b>370</b>	<b>100%</b>

Source: Survey result, 2017

## 4.2. Demographic Data Presentation

### 4.2.1. Customers' Responses:

Customers participated in the survey questionnaires have different personal information. This sections that follow present profile of respondents' like gender, age, year of relationship and the type of deposit account they have at CBE and Dashen Banks. Table 4.2. Presents the demographic data of participants as follows:

Table 4.2.: Demographic information

S.No.	Variables	Classification of Variables	Frequency	Percentage	Valid Percentage
1	Gender	Male	236	66.70%	67.80
		Female	111	31.40%	0.32
		Missing	1	0.30%	
2	AGE (Years old)	18 or Below	14	4%	4.00
		18-25	31	8.90%	8.9
		26-35	69	19.80%	19.8
		36-45	129	37.10%	37.1
		46-55	100	28.70%	28.7
		56 and Above	5	1.40%	1.4
3	Occupation	Business (enterprise)	77	22.10%	22.1
		Government officer	62	17.80%	17.8
		Professional	21	6%	6
		Student	35	10.10%	10.1
		Self-employed	129	37.10%	37.1
		Unemployed	24	6.90%	6.9
		Other	0	0	
4	Which bank customer are you?	Commercial Bank of Ethiopia	289	83%	83
		Dashen Bank	59	17%	17
5	Account Type	Saving Account	276	79.30%	79.3
		Demand Account	72	20.70%	20.7
		Time account	0	0	
6	How long have you been customer of the bank? (in years)	Less than 1	75	21.60%	21.7
		1 upto 5	208	59.80%	59.9
		6 upto 15	39	11.20%	11.2
		Above 15	25	7.20%	7.2
		Missing	1	0.30%	100

Source: Survey result, 2017

As is shown in the above table, 236 of the respondents were male which represent 66.7% of the total respondents, while the 111 were females which are 31.4% of the total respondents. Considering the age groups of the respondents, the higher number of respondents was in the range of 36-45 years, which represent 37.1%, followed by age groups of 46-55 years, represent 28.7% and 26-24 age groups 69, and represent 38.1%. The remaining respondents were under the age group of 18-25 years old, 18 or below years old and 56 and above represent 8.9%, 4% and 1.4% respectively. The remaining 2.7% respondents were under the age above 56.

In terms of occupation of the participants; the higher number of the respondents was self-employed who represented 37.1% of the total response followed by business enterprises 22.10%, government

officers 17.80%, and students 10.1%, unemployed customers 6.9% and professionals 6%. Among the respondents, 289 (89%) and 59 (17%) represent customers of CBE and Dashen Bank S.Co respectively. On the other hand, 59.8% of respondents had 1-5 years of association with the two banks, 21.6% had a customer of the banks for less than 1 year, 11.2% of had a customer of the banks for 6-15 years. The remaining 7.2% respondents had relation with the two banks above 15 years. In addition to the above, respondents were asked to identify the type of accounts with. As a result majority of customer respondents were saving account i.e. 79.3% and the remaining 20.7 % of respondents have current account holder with the banks.

Table 4.3: Bank Customer Category

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid <b>Commercial Bank of Ethiopia</b>	289	83.0	83.0	83.0
<b>Dashen Bank S.Co</b>	59	17.0	17.0	100.0
<b>Total</b>	348	100.0	100.0	

Source: Survey result, 2017

### 4.3. Data Analysis on Components of Customer Relationship Marketing for CBE Respondents

Table 4.4. Descriptive Statistics of items that measure trust practice of respondents.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean (standard deviation)
You feel safe in all of your transactions with your bank.	17	77	27	86	84	289	3.53
	5.9%	27.6%	9.3%	29.9%	29.2%	100.0%	1.344
The bank always does what it promised to do.	46	63	25	135	20	289	3.07
	15.9%	21.8%	8.7%	46.7%	6.9%	100.0%	1.265
I am confident on the financial status of the bank.	32	58	72	109	18	289	3.04
	11.1%	19.1%	21.9%	37.6%	6.2%	100.0%	1.108
The bank is trust worthy on calculating charges.	27	55	57	109	41	289	3.28
	9.3%	19.0%	19.7%	37.7%	14.2%	100.0%	.821
The bank is trustworthy during cash payment process.	8	12	130	114	25	289	3.47
	2.8%	4.2%	45.0%	39.4%	8.7%	100.0%	.821
The bank provides consistent quality services at different time.	22	82	59	113	13	289	3.04
	7.6%	28.4%	20.4%	39.1%	4.5%	100.0%	1.078

**Source:** SPSS descriptive statistics result based on questionnaire survey, 2017

Analyzing the data obtained from the questionnaire, table 4.4 reveals that the study measured the trust of customers on Commercial bank of Ethiopia and its service performers by taking six sub variable through questionnaire survey from customers. Concerning You feel safe in all of transactions at the bank the survey result showed that, 29.2 % of respondents were strongly agreed, 29.9 % respondents were agreed, 9.3% of respondents are neutral about you feel safe save all transactions in CBE , while 27.6% respondents were disagree about the You feel safe in all of transactions at Commercial Bank of Ethiopia. Lastly, 5.9 % customer were decided that safe in all of transactions in Commercial Bank of Ethiopia is strongly disagree. As a result the majority of the respondents agreed that CBE has safe all customer transactions.

The table 4.4 sought to the bank always does what it promised to do and the customers when they builds long term relationship with CBE in order to build customers self-assurance and trust. From the table aforementioned, 6.9 % respondents were strongly agreed and 46.7% of respondents were agreeing that CBE has always punctual what it promised to do. However, 21.8% respondents were disagreeing regarding this issue. Therefore, the majority of the respondents agreed that CBE has always done what it promised to do.

With regard to the financial status of the bank, 6.2 % of respondents were strongly agreed and 37.6% of respondents were agreed. On the other hand, 19.1 % and 11.1% of respondents were responding opposite. As a result the majority of respondents were agreed that the financial status CBE has strong. This implies that they build customers confidence and trust about the financial status of the bank.

The finding of the study in table 4.2 depicted that majority of the respondents responded that about the bank is trust worthy on calculating charges, trust worthy during cash payment process and provide consistence quality service at different time , i.e. represented by 41%,39.1% and 32.6% respondents respectively were agreed. Therefore this indicates that the bank has calculating charges, cash payment process and provides consistence quality service at different time is trustworthy and properly done. Consequently, according to the mean scores, the findings in Table 4.4 imply that commercial bank of Ethiopia has, to a moderate extent, adopted trust as a one customer relationship marketing practice. Since all trust parameters used under this study had a mean score of between 3.04 and 4.00 and when you compare to the variation of trust practice in CBE the low deviation is 0.821 and the highest deviation is 1.344. This implies that Low standard deviations indicated no significant deviations of the extent of adoption of a specific trust parameter in relationship marketing practices while high standard deviations indicates significant deviation.

The study findings, therefore, support the arguments in the literature about the practice of trust as a Customer relationship marketing in banks to a moderate extent. In the context of relationship marketing, trust is defined as the dimension of a business relationship that determine the level to which each party feels they can depend on the honesty of the promises obtained from other party(Callaghan et.al,1995).

Table 4.5 Descriptive Statistics of items that measure Bonding Practice of respondents

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean (standard deviation)
Your achievement flourish on the solid relationship you have with the bank.	19	25	26	115	104	289	3.59
	6.6%	8.7%	9.0%	39.8%	36.0%	100.0%	1.207
Employees of the bank know you very well.	16	70	47	111	45	289	3.53
	5.5%	24.22%	16.3%	38.4%	12.1%	100.0%	1.242
The bank works in close cooperation with its customers.	1	9	43	133	103	289	4.13
	0.3%	3.1%	14.9%	46.0%	35.6%	100.0%	.803
The bank tries very hard to establish a long term relationship with its customers.	21	46	58	87	77	289	3.81
	7.3%	15.9%	20.1%	30.1%	26.6%	100.0%	1.134
The bank keeps in touch constantly with its customers.	22	32	65	93	77	289	3.9
	7.6%	11.1%	22.5%	32.2%	26.6%	100.0%	1.176

**Source:** SPSS descriptive statistics result based on questionnaire survey, 2017

Summary of customer's perception on your achievement flourish on the solid relationship you have with the bank. A question was also asked to know whether their achievement flourishes on the solid relationship that they have with the bank or not. Table 4.4 shows that, the majority (75.8 %) of the respondents were believed that their achievement has direct relationship that was formed with the bank. The rest 9% of the respondents neither disagree nor agree while 15.3% of them disagree with the statement. As a result the bank customers are believed that their achievement has direct relationship that was formed with the bank.

Summary of customer's perception on employees of the bank knows you very well, table 4.4 disclosed that, 16.3 % of the respondents neither disagree nor agree about the above statement. However, 29.7% of the respondents agree and/or strongly agree with the statement about employees of the bank knows them very well. The remaining 50.5% of the respondents were found strongly disagree and/or disagree about the statement .In conclusion, it's possible to observe that employees of the bank know their customers in very well.

Analyzing the data obtained from the questionnaire, table 4.4 reveals that 23.2 % of the respondents disagree and /or strongly disagree with the bank tries very hard to establish a long term relationship with its customers, which share the smallest portion of respondent. The majority of the respondents are 30.1% agree and 26.6% strongly agreed. Therefore, considering the above results the bank has working to establish a long term relationship with its customers.

Summary of customer's perception on the bank works in close cooperation with its customers. Table 4.4 shows which large proportion of sample respondents (81.6%) agree and strongly agree on the close cooperation work of their bank. However, 14.9 % neutral and 3.3 % of them strongly disagree and/or

disagree with the statement. This implies that customers of the bank perceive that the bank were better in close cooperation work.

Table 4.4 shows the perception of bank customers to the statement the bank ability of keep in touch constantly with them. In this regard, 7.6% of the respondents were strongly disagree, 11.1% disagree, 22.5% neutral. The majority of the respondents are 32.2% agree and 26.6% strongly agreed. This indicates that the majority of respondents were agreed the keeps in touch constantly with its customers. Summary of customer's perception on the bank tries very hard to establish a long term relationship with its customers.

With regard to the mean scores the findings in Table 4.5 indicates that CBE has to a moderate extent, adopted bonding as a one customer relationship marketing practice. This is because all bonding parameters used under this study had a mean score of between 4.13 and 3.54 and this above the actual mean. However, it is to be noted that just like the extent of adoption of bonding as one of relationship marketing practices, there were variations among respondents on the degree of adoption of bonding parameters by CBE. The variation is exhibited in the differences of responses to the respective of bonding parameter practices by different proportions of respondents on the likert scale options. The variations are indicated by the standard deviations of the practices and they range from the low of 0.803 standard deviations for the bank works in close cooperation with its customers and the highest 1.242 deviation employees of the bank know you very well. This implies that Low standard deviations indicated no significant deviations of the extent of adoption of a specific bonding parameter in relationship marketing practices while high standard deviations indicated that significant deviation, the result of the research consistence with the result of Mohammad et al. (2011).

Table 4.6 Descriptive Statistics of items that measure Reciprocity Practice of respondents.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean (standard deviation)
The bank and you are interdependent.	35	47	29	122	56	289	3.59
	12.1%	16.3%	10.0%	42.2%	19.4%	100.0%	1.207
The bank and you work for mutual benefit.	17	14	23	92	143	289	3.53
	5.9%	4.8%	8.0%	31.8%	49.5%	100.0%	1.242
The bank keeps its promises.	15	16	50	165	43	289	4.13
	5.2%	5.5%	17.3%	57.1%	14.9%	100.0%	.803
The bank helps me to solve difficulties, so I am responsible to repay their kindness.	24	59	18	92	96	289	3.81
	8.3%	20.4%	6.2%	31.8%	33.2%	100.0%	1.134

Source: SPSS descriptive statistics result based on questionnaire survey, 2017

Reciprocity, a norm of human (social) behavior, holds that people owe one another duties because of their prior actions (Gouldner, 1960). It has long been held by philosophers, psychologists, and sociologists, as fundamental to social stability and as a driver of relational

exchange (Malinowski, 1932; Becker, 1956; Homans, 1958; Thibaut and Kelley, 1959; Gouldner, 1960; Blau, 1964; Emerson, 1976). Alliance theorists suggest that reciprocal exchanges represent not only the foundation of the human social structure, but also the fundamental quality of the human mind (Kashlak, Chandran and Benedetto, 1998). In philosophy (Becker, 1986) and also marketing (Bagozzi, 1995) it has been discussed as a virtue, more important and with greater impact than any other virtues.

Summary of customer's perception on the bank and you are interdependent. Table 4.3 shows that, about 28.4% of the respondents of the bank argued against the interdependent between the bank and the sample respondents; whereas 10% neither agree nor disagree. 61.6 % of them, however, believe that the two parties are interdependent. As a result the majority of respondents argued that the bank and the customers are mutual interdependent.

Summary of customer's perception on the bank and you work for mutual benefit. Analyzing the data obtained from the questionnaire, table 4.6 reveals that the feeling of respondents on their work for their mutual benefit, 5.9 %, 8 % and 4.8 % of customers replied as strongly disagree and neither agrees nor disagrees and disagree respectively. 81.3% of the customers, however, agree and strongly agree with their mutual work. This implies that customers of the bank perceive that the bank were better in working for mutual benefits.

To know whether the bank is keeping their promises or not a question was asked to sample respondents of bank mentioned in this study. Under table 4.3 shows that 57.1 % of the respondents believed that the bank keeps its promises which hold the big portion, while around 17.3 % of them were found to be neutral in their perception of the banks' promise keeping status. The remaining 10.7 % of the sample respondents, however, saying the bank doesn't keep its promise. As result the majority of respondents supposed that Commercial Bank of Ethiopia has kept its promise.

Summary of customer's perception on the bank helps me to solve difficulties, so I am responsible to repay their kindness. A question 'the bank helps me to solve difficulties, so I am responsible to repay their kindness' was asked for sample respondents of CBE majority of the respondents were found to be strongly agreed and agreed on their mutual help with the bank (65 %), the rest 6.2% of the respondents are neither agree nor disagree while 28.7 % of them show disagree with the statement. This implies that the existence of the sample respondents and their banks are dependent on each other. Summary of customer's perception on the bank keeps its promises.

Therefore, according to the mean scores, the findings in Table 4.6 indicate that CBE has to a moderate extent, adopted reciprocity as a one customer relationship marketing practice. This is because all reciprocity parameters used under this study had a mean score of between 3.00 and 4.13. However, it is to be noted that just like the extent of adoption of reciprocity as one of relationship marketing practices, there were variations among respondents on the degree of adoption of reciprocity parameters by CBE. The variation is exhibited in the differences of responses to the respective of reciprocity parameter practices by different proportions of respondents on the Likert scale options. The variations are indicated by the standard deviations of the practices and they range from the low of 0.803 standard deviations for the bank and you work for mutual benefit and the highest 1.242 deviation for the bank keeps its promises. This implies that Low standard deviations indicated no significant deviations of the extent of adoption of a specific reciprocity parameter in relationship marketing practices while high standard deviations indicated significant deviation, the result of the research consistence with the result of Mohammad et al. (2011).

Table 4.7 Descriptive Statistics of items that measure Empathy Practice of respondents

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean (stand deviation)
The working hours of the bank are flexible and convenient to me.	3	45	25	155	61	289	3.81
	1.0%	15.6%	8.7%	53.6%	21.1%	100.0%	1.425
The bank has guidance signs indicating as to which counters are offering which services	16	42	34	87	109	288	3.38
	5.6%	14.6%	11.8%	30.2%	37.8%	100.0%	1.24
Employees of the bank are never too busy to respond to customers' requests.	7	43	25	156	57	288	4.18
	2.4%	14.9%	8.7%	54.2%	19.8%	100.0%	1.05
The bank shows a sincere interest in solving your problem.	9	22	16	100	140	287	3.74
	3.1%	7.7%	5.6%	34.8%	48.8%	100.0%	1.18
The bank gives individual attention to its customers.	21	74	15	127	48	285	3.8
	7.4%	26.0%	5.3%	44.6%	16.8%	100.0%	1.243
Employees of the bank understand my feelings	25	48	32	37	147	289	3.78
	8.7%	16.6%	11.1%	12.8%	50.9%	100.0%	.985

**Source:** SPSS descriptive statistics result based on questionnaire survey, 2017

Summary of customer's perception on the working hours of the bank is flexible and convenient to me. The researcher incorporates the convenience of the working hours of the bank to customers. Thus a question "Does the working hours of the bank is flexible and convenient to you?" is asked to the sample respondents. Description of the responses is presented in table 4.5. As we can observe from table, 1%,

15.6%, 8.7%, 53.6% and 21.1% of the sample respondents strongly disagree, disagree, neutral, agree and strongly agree, respectively with the question. This indicates that majorities of the respondents of the bank (53.6%) fill better on the flexibility and convenient of the working hour of the bank.

Table 4.7 indicated that, 5.6% and 14.6 % of the sample respondents strongly disagree and disagree, respectively, in responding to the question “Does the bank has guidance signs indicating as to which counters are offering which services?” and about 11.8 % of the respondents were also found to be neutral. Majority of sample respondents, however, showed their agreement with the statement above (30.2 % of them agree and 37.8 % of them strongly agree). As a result it is possible to say that the bank is in a position to provide guidance to their customers and this practice of the bank also recognized by their respective customers.

Summary of customer’s perception on employees of the bank is never too busy to respond to customers’ requests. Among the total respondents of the bank, 74% percent judge goodly about the employee’s courage to respond customers request while 8.7% percent neither agree nor disagree. However, 17.3% of the sample respondents consider the employees of the bank gets busy while customers need bank service. This implies that data indicates that most respondents of the bank agree with the employees support to respond their requests. However, some respondents reply that employees are not responding our requests properly while other respondents are neutral. Summary of customer’s perception on the bank has guidance signs indicating as to which counters are offering which services.

Summary of customer’s perception on the bank shows a sincere interest in solving your problem, as clearly shown from the table 4.5, 10.8% of the bank respondents doesn’t believe the bank solves their problem while 5.6 % neither agree nor disagree. The remaining and the large proportions of respondents, however, do agree and strongly agree that the bank is in the side when they encounter problems. This indicates that the bank shows a sincere interest in solving the problems.

With regard to summary of customer’s perception on the bank gives individual attention to its customers. As we can observe from the above table, 7.4%, 26%, 5.3%, 44.6% and 16.9% of respondents of the bank strongly disagree, disagree, neutral, agree and strongly agree with the statement does the bank gives individual attention to you, respectively. As a result the majority of respondents agreed that the bank gives individual attention to its customers.

Summary of customer's perception on Employees of the bank understands my feelings. A question is also asked to sample respondents about their perception of bank employees in understanding their feelings; the table above clearly shows the analysis results 63.7 % of the respondents of the bank believed that employees understand their feelings while 11.1% of them were neither disagree nor agree. 25.3% of the sample respondents, however, saying employees of the bank do not understand their feelings properly. This implies that the majority of respondents were agreed employees understand their feelings.

With regard to the mean scores, the findings in Table 4.7 indicate that CBE has to a moderate extent, adopted empathy as a one customer relationship marketing practice. This is because all empathy parameters used under this study had a mean score of between 4.1 and 3.38, the result, is above the actual mean. However, it is to be noted that just like the extent of adoption of empathy as one of relationship marketing practices, there were variations among respondents on the degree of adoption of empathy parameters by CBE. The variation is exhibited in the differences of responses to the respective of empathy parameter practices by different proportions of respondents on the likert scale options. The variations are indicated by the standard deviations of the practices and they range from the low of 0.98 standard deviations for the bank shows a sincere interest in solving your problem and the highest 1.425 deviation the working hours of the bank are flexible and convenient to customer. This implies that low standard deviations indicated no significant deviations of the extent of adoption of a specific empathy parameter in relationship marketing practices while high standard deviations indicated significant deviation, the result of the research consistence with the result of Mohammad et al. (2011).

Table 4.8 Descriptive Statistics of items that measure Responsiveness Practice of respondents

Responsiveness has to do with the degree with which the selected banks were able to respond to the needs and wants of customers. For a firm to be responsive, it must gain deeper understanding and profiling of customer behavior, real-time customer information and loyalty, and management at Point of Service. However, Taiwoet. al. (2011) described that responsiveness is the degree to which customers perceive service providers' readiness to assist them promptly.

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Total</b>	<b>Mean (stand deviation)</b>
The behavior of the employees	11	18	5	53	202	289	3.96
inspires confidence in customers.	3.8%	6.2%	1.7%	18.3%	69.9%	100.0%	1.284
The bank arranges special care to	19	29	58	113	70	289	3.69

special customers.	6.6%	10.0%	20.1%	39.1%	24.2%	100.0%	1.213
Employees of the bank devote time to reply to any of your questions	8	64	8	138	71	289	3.69
	2.8%	22.1%	2.8%	47.8%	24.6%	100.0%	1.148
Employees of the bank are willing to help customers.	14	53	28	108	86	289	3.64
	4.8%	18.3%	9.7%	37.4%	29.8%	100.0%	1.146
The bank provides prompt service to its customers	20	40	3	94	132	289	4.44
	6.9%	13.8%	1.0%	32.5%	45.7%	100.0%	1.056
Employees give genuine and detailed information regarding to any transaction of the bank.	15	41	16	37	179	288	4.12
	5.2%	14.2%	5.6%	12.8%	62.2%	100.0%	1.306

**Source:** SPSS descriptive statistics result based on questionnaire survey, 2017

With regard to the summary of customer's perception on the bank makes special care to special customers, the feeling of respondents indicate that the above table 10%, 1.7% of customers disagree and neither agrees nor disagree, respectively. 88% of the customers, however, agree and strongly agree with the existence of special treatment. Therefore, the bank arranges special care to special customers.

Summary of customer's perception on employees of the bank devotes time to reply to any of your questions. Responsiveness is also measured by the time devoted by bank employees in answering the questions of customers. Considering the sample respondents, 24.6% and 47.8% of the respondents strongly agree and agree with the statement respectively about employees of the bank devotes time to reply to any of their questions. However, about 2.8% of the respondents are neutral whereas 2.8% and 22.1% of the respondents are against the above statement.

On the other hand the summary of customer's perception on employees of the bank is willing to help customers, Regarding the question for employees of the bank table 4.6 briefly described as follows, 4.8%, 18.3%, 9.7%, 37.4% and 29.8% of sample respondents replied as strongly disagree, disagree, neither disagree nor agree, agree and strongly agree with employees of the bank is willing to help customers, respectively. This indicates that the majority of respondents were agreed the bank is willing to help customers in a proper manner.

Summary of customer's perception on the bank provides prompt service to its customers. As depicted in table 4.6, 6.9% and 13.8% of the respondents strongly disagree and disagree with the statement respectively about the bank provides prompt service to its customers in the bank; however, about 1% of the respondents are neutral whereas 32.5% and 45.7% of the respondents agree with the statement respectively. This implies that the majority of the respondents were agreed the bank provides prompt service to its customers.

With regard to the mean score of responsiveness, the result showed that all mean score is greater than the actual mean, this implies that sample respondents of the population more representative and near from the population.

Table 4.9 Descriptive Statistics of items that measure customer retention Practice of respondents for CBE customers.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean (stand deviation)
I am giving positive word of mouth witnesses to other about this bank confidently.	39	91	26	65	68	289	3.11
	13.5%	31.5%	9.0%	22.5%	23.5%	100.0%	1.420
I will always choose this bank over any other bank.	0	41	77	151	20	289	3.09
	0.0%	14.2%	26.6%	52.2%	6.9%	100.0%	1.099
I got that it is difficult to change to other banks due to what I receive from this bank.	34	44	128	57	26	289	2.99
	11.8%	15.2%	44.3%	19.7%	9.0%	100.0%	1.088
I am not intending to leave this bank in the future.	25	53	116	61	34	289	3.52
	8.7%	18.3%	40.1%	21.1%	11.8%	100.0%	.821

**Source:** SPSS descriptive statistics result based on questionnaire survey, 2017

As depicted in table 4.7, 13.5% and 31.5% of the respondents disagree with the statement about confidently provide positive word of mouth to others; however, about 9% of the respondents are neutral whereas 46% of the respondents agree with the statement.

On the other hand the bank the ability of retaining existing customers, 11.8%, 15.2%, 44.3%, 19.7%, and 9% of respondents strongly disagree, disagrees neutral, agree and strongly agree with the statement respectively.

With regard to they are intended to continue with bank, 32.9 % of the respondents were agreed with this statement; however 40.1 % of the sample respondents neutral whereas 27% of the respondents disagree with the statement.

With regard to measure of customer retention the customers choose the bank over other bank, 14.2% of the respondents disagree with statement; however 26.6% of the respondents neutral whereas 59.1% of the respondents agree with the statement. These implies that the bank done well in retaining current and

existing customers through building its goodwill and maintaining long lasting interpersonal and mutual beneficial business relationship and create brand loyalty.

#### 4.4. Data Analysis on Components of Customer Relationship Marketing for Dashen Bank S.Co Respondents

Table 4.10 Descriptive Statistics of items that measure Trust Practice of respondents.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean (stand deviation)
You feel safe in all of your transactions with your bank.	1	24	10	21	3	59	3.02
	1.7%	40.7%	16.9%	35.6%	5.1%	100.0%	1.025
The bank always does what it promised to do.	3	8	2	43	3	59	3.59
	5.1%	13.6%	3.4%	72.9%	5.1%	100.0%	0.967
I am confident on the financial status of the bank.	3	9	4	41	2	59	3.51
	5.1%	15.3%	6.8%	69.5%	3.4%	100.0%	0.972
The bank is trustworthy on calculating charges.	2	7	3	44	3	59	3.66
	3.4%	11.9%	5.1%	74.6%	5.1%	100.0%	0.883
The bank is trustworthy during cash payment process.	1	9	6	43	0	59	3.54
	1.7%	15.3%	10.2%	72.9%	0.0%	100.0%	0.816
The bank provides consistent quality services at different time.	0	2	1	56	0	59	3.92
	0.0%	3.4%	1.7%	94.9%	0.0%	100.0%	0.385

Source: SPSS descriptive statistics result based on questionnaire survey, 2017

Analyzing the data obtained from the questionnaire, table 4.10 reveals that the study measured the trust parameter of Dashen Bank S.Co and its service performers by taking six sub variable through questionnaire survey from respondents. Regarding the you feel safe in all of transactions at the bank the survey result showed that table 4.6 briefly described as follows, 1.7%, 40.7%, 16.9%, 35.6% and 29.8% of sample respondents replied as strongly disagree, disagree, neither disagree nor agree, agree and strongly agree with, respectively. This indicates that the majority of respondents were disagreed although there are significant respondent agreed on the banks transaction. This indicates that the bank needs to focus on changing its customer mind by working on trustworthiness.

The table 4.10 sought to the bank always does what it promised to do and the customers when they builds long term relationship with Dashen Bank in order to build customers self-assurance and trust.

From the table aforementioned, 5.1%, 13.6%, 3.4%, 72.9, 5.1% sample respondents replied as strongly disagree, disagree, neither disagree nor agree, agree and strongly agree with, respectively. Therefore, the majority of the respondents agreed that Dashen Bank has always done what it promised to do.

With regard to the financial status of the bank, 5.1%, 15.3%, 6.8%, 69.5% and 3.4% sample respondents replied as strongly disagree, disagree, neither disagree nor agree, agree and strongly agree with, respectively. As a result the majority of respondents were agreed that the financial status Dashen Bank is strong. This implies that they build customers confidence and trust about the financial status of the bank.

The last three questions regarding trust, which is the bank trustworthy on calculating charges, is trustworthy during cash payment process, and consistent quality services at different time, the majority of respondent (above 2/3) stands on agreed position. This indicates that the bank built customers trust on calculating charges, cash payment process and consistent quality services.

With regard to the mean score of trust, the result showed that all mean score is greater than the actual mean, this implies that sample respondents of the population more representative and near from the population.

Table 4.11. Descriptive Statistics of items that measure Bonding Practice of respondents

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Neutral</b>	<b>Agree</b>	<b>Strongly Agree</b>	<b>Total</b>	<b>Mean (stand deviation)</b>
Your achievement flourish on the solid relationship you have with the bank.	3.4%	11.9%	10.2%	37.3%	37.3%	100.0%	2.85
						59	1.271
The bank keeps in touch constantly with its customers.	15.3%	28.8%	25.4%	16.9%	13.6%	100.0%	3.31
						59	1.368
The bank tries very hard to establish a long term relationship with its customers.	11.9%	22.0%	13.6%	28.8%	23.7%	100.0%	4.14
						59	.798
The bank works in close cooperation with its customers.	0.0%	3.4%	15.3%	45.8%	35.6%	100.0%	3.76
						59	1.135

Employees of the bank know you	3.4%	13.6%	16.9%	35.6%	30.5%	100.0%	3.93
very well.						59	1.127

**Source:** SPSS descriptive statistics result based on questionnaire survey, 2017

Summary of customer's perception on your achievement flourish on the solid relationship you have with the bank. A question was also asked to know whether their achievement flourishes on the solid relationship that they have with the bank or not. Table 4.4 shows that, the majority (74.6%) of the respondents were believed that their achievement has direct relationship that was formed with the bank. The rest 10.2% of the respondents neither disagree nor agree while 15.3% of them disagree with the statement. As a result the Dashen bank customers are believed that their achievement has direct relationship that was formed with the bank.

Table 4.4 shows the perception of bank customers to the statement the bank ability of keep in touch constantly with them. In this regard, 15.3% of the respondents were strongly disagree, 28.8% disagree, 25.4% neutral. The remaining respondents are 30.5% agree and strongly agreed. This indicates that the majority of respondents were disagreed the bank keeps in touch constantly with its customers.

Analyzing the data obtained from the questionnaire, The last three questions regarding bonding, which is the bank tries very hard to establish a long term relationship with its customers, works in close cooperation with its customers, and Employees of the bank know you very well, the majority of respondent (above 2/3) stands on agreed position. This indicates that the bank built customers are believed that the bank tries very hard to establish long term relationship, and work close cooperation with them. Although the customers feel that the employee of the bank knows them very well.

With regard to the mean scores, the findings in Table 4.10 indicates that Dashen bank has to a moderate extent, adopted bonding as a one customer relationship marketing practice. This is because all bonding parameters used under this study had a mean score of between 3.31 and 4.14 and this above the actual mean. The variations are indicated by the standard deviations of the practices and they range from the low of 0.798 standard deviations for the bank works in close cooperation with its customers and the highest 1.368 deviation employees of the bank know you very well. This implies that Low standard deviations indicated no significant deviations of the extent of adoption of a specific bonding parameter in relationship marketing practices while high standard deviations indicated that significant deviation, the result of the research consistence with the result of Mohammad et al. (2011).

Table 4.12 Descriptive Statistics of items that measure Reciprocity Practice of respondents.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean (stand deviation)
The bank helps me to solve difficulties, so I am responsible to repay their kindness.	2	17	8	17	15	59	3.47
	3.4%	28.8%	13.6%	28.8%	25.4%	100.0%	1.278
The bank keeps its promises.	10	3	8	29	9	59	3.41
	16.9%	5.1%	13.6%	49.2%	15.3%	100.0%	1.301
The bank and you work for mutual benefit.	6	2	2	9	40	59	4.27
	10.2%	3.4%	3.4%	15.3%	67.8%	100.0%	1.311
The bank and you are interdependent.	6	4	0	20	29	59	4.05
	10.2%	6.8%	0.0%	33.9%	49.2%	100.0%	1.305

Source: SPSS descriptive statistics result based on questionnaire survey, 2017

Summary of customer’s perception on the bank helps me to solve difficulties, so I am responsible to repay their kindness. A question ‘the bank helps me to solve difficulties, so I am responsible to repay their kindness’ was asked for sample respondents of Dashen Bank majority of the respondents were found to be agreed and disagreed on their mutual help with the bank with equal share (28.8% each), the rest 13.6% of the respondents are neither agree nor disagree while 28.7 % of them show disagree with the statement..

To know whether the bank is keeping their promises, 16.9%, 5.1%, 13.6%, 49.2%, 15.3% sample respondents replied as strongly disagree, disagree, neither disagree nor agree, agree and strongly agree with, respectively. As result the majority of respondents supposed that Dashen Bank has kept its promise.

Summary of customer’s perception on the bank and you work for mutual benefit and customer’s perception on the bank and you are interdependent. Analyzing the data obtained from the questionnaire, table 4.6 reveals the majority respondents replied the bank has work for mutual benefit and although interdependent with them.

Table 4.13 Descriptive Statistics of items that measure Empathy Practice of respondents

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean (stand deviation)
Employees of the bank understand my feelings	11	7	8	2	31	59	3.59
	18.6%	11.9%	13.6%	3.4%	52.5%	100.0%	1.641
The bank gives individual attention	9	18	4	28	0	59	2.86

to its customers.	15.3%	30.5%	6.8%	47.5%	0.0%	100.0%	1.181
The bank shows a sincere interest in solving your problem.	8	7	0	15	29	59	3.85
	13.6%	11.9%	0.0%	25.4%	49.2%	100.0%	1.483
Employees of the bank are never too busy to respond to customers' requests.	3	12	23	18	3	59	3.10
	5.1%	20.3%	39.0%	30.5%	5.1%	100.0%	.959
The bank has guidance signs indicating as to which counters are offering which services	2	15	6	17	19	59	3.61
	3.4%	25.4%	10.2%	28.8%	32.2%	100.0%	1.273
The working hours of the bank are flexible and convenient to me.	4	11	8	35	0	58	3.28
	6.9%	19.0%	13.8%	60.3%	0.0%	100.0%	1.005

**Source:** SPSS descriptive statistics result based on questionnaire survey, 2017

Summary of customer's perception on Employees of the bank understands my feelings. A question is asked to sample respondents about their perception of bank employees in understanding their feelings; the table above clearly shows the analysis results 55.7 % of the respondents of the bank believed that employees understand their feelings while 13.6% of them were neither disagree nor agree, 30.5% of the sample respondents, however, saying employees of the bank do not understand their feelings properly. This implies that the majority of respondents were strongly agreed employees understand their feelings. With regard to summary of customer's perception on the bank gives individual attention to its customers. As we can observe from the above table, 15.3%, 30.5%, 6.8%, 47.5% and 0% of respondents of the bank strongly disagree, disagree, neutral, agree and strongly agree with the statement does the bank gives individual attention to you, respectively. Although 30.5% of respondent disagreed with regarding the question, the majority of respondents (47.5%) agreed that the bank gives individual attention to its customers.

Summary of customer's perception on the bank shows a sincere interest in solving your problem, as clearly shown from the table 4.5, the majority percent are strongly agreed which hold 49.2%. This indicates that the bank shows a sincere interest in solving the problems.

Summary of customer's perception on employees of the bank is never too busy to respond to customers' requests. As we can observe from table, 5.1%, 20.3%, 39%, 30.5% and 5.1% of the sample respondents strongly disagree, disagree, neutral, and agree, strongly agree, respectively with the question. This implies that data indicates that most respondents of the bank are neutral with the employees support to respond their requests followed by agreed respondent.

Table 4.5 indicated that, the majority 60.3% the sample respondents agreed in responding to the question “Does the bank has guidance signs indicating as to which counters are offering which services?” As a result it is possible to say that the bank is in a position to provide guidance to their customers and this practice of the bank also recognized by their respective customers.

Summary of customer’s perception on the working hours of the bank is flexible and convenient to me. Description of the responses is presented in table 4.5. As we can observe from table, 6.9%, 19%, 13.8%, and 60.3% of the sample respondents strongly disagree, disagree, neutral, and agree, respectively with the question. This indicates that majorities of the respondents of the bank (60.3%) fill positive on the flexibility and convenient of the working hour of the bank.

Table 4.14 Descriptive Statistics of items that measure Responsiveness Practice of respondents

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean (stand deviation)
The bank provides prompt service to its customers	19	10	1	20	7	57	2.75
	33.3%	17.5%	1.8%	35.1%	12.3%	100.0%	1.527
Employees of the bank are willing to help customers.	1	8	13	29	8	59	3.59
	1.7%	13.6%	22.0%	49.2%	13.6%	100.0%	.949
Employees of the bank devote time to reply to any of your questions	5	3	2	27	22	59	3.98
	8.5%	5.1%	3.4%	45.8%	37.3%	100.0%	1.182
The bank arranges special care to special customers.	1	1	1	16	40	59	4.58
	1.7%	1.7%	1.7%	27.1%	67.8%	100.0%	.770
The behavior of the employees inspires confidence in customers.	0	0	5	13	41	59	4.61
	0.0%	0.0%	8.5%	22.0%	69.5%	100.0%	.644
Employees give genuine and detailed information regarding to any transaction of the bank.	4	36	10	3	6	59	2.51
	6.8%	61.0%	16.9%	5.1%	10.2%	100.0%	1.057

**Source:** SPSS descriptive statistics result based on questionnaire survey, 2017

Summary of measuring responsiveness practice, as clearly shown from the table 4.5, except from the last question “Employees give genuine and detailed information regarding to any transaction of the bank.” The above four question indicate customers agreed with prompt service, employees willingness to help customers, arrangement of special care to special customers, and behavior of the employees inspires confidence in customers. This indicate that customer argue on employee of the

bank give genuine and detailed information regarding any transaction of the bank. But customer believes that the bank provides prompt service, employee willingness to help customers, arrangement of special care to special customers, and behavior of the employees inspires confidence in customers.

Table 4.15 Descriptive Statistics of items that measure customer retention Practice of respondents for Dashen Bank customers.

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Total	Mean (stand deviation)
I am giving positive word of mouth witnesses to other about this bank confidently.	9	21	4	13	12	59	2.97
	15.3%	35.6%	6.8%	22.0%	20.3%	100.0%	1.426
I am not intending to leave this bank in the future.	4	17	21	7	10	59	3.03
	6.8%	28.8%	35.6%	11.9%	16.9%	100.0%	1.174
I got that it is difficult to change to other banks due to what I receive from this bank.	4	10	25	16	4	59	3.10
	6.8%	16.9%	42.4%	27.1%	6.8%	100.0%	.995
I will always choose this bank over any other bank.	0	7	10	39	3	59	3.64
	0.0%	11.9%	16.9%	66.1%	5.1%	100.0%	.760

Source: SPSS descriptive statistics result based on questionnaire survey, 2017

As depicted in table 4.7, 15.3% and 35.6% of the respondents disagree with the statement about confidently provide positive word of mouth to others; however, about 6.8% of the respondents are neutral whereas 22% and 20.3 of the respondents agree and strongly agreed with the statement.

On the other hand the bank the ability of retaining existing customers, 6.8%, 28.8%, 35.6%, 11.9%, and 16.9% of respondents strongly disagree, disagrees, neutral, agree and strongly agree with the statement respectively.

With regard to they are intended to continue with bank, 27.1% of the respondents were agreed with this statement; however 42.4 % of the sample respondents neutral whereas 16.9% of the respondents disagree with the statement.

With regard to measure of customer retention the customers choose the bank over other bank, 11.9% of the respondents disagree with statement; however 16.9% of the respondents neutral whereas 66.1% of the respondents agree with the statement. These implies that the bank done well

in retaining current and existing customers through building its goodwill and maintaining long lasting interpersonal and mutual beneficial business relationship and create brand loyalty.

#### 4.5. Hypothesis testing (from data obtained from CBE customers)

**Hypothesis ONE:** Relationship Marketing and customer retention are positively correlated in the context of CBE

##### I. One-Sample Test (T-Statistics)

To test the first hypothesis of the study, effect of CRM on Customer Retention, the One-Sample T test compares the mean score of a sample to a known value.

Table: 4.16. One Sample T-Statistics

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
trust	289	2.8651	.58470	.03439
bonding	289	2.7474	.51532	.03031
reciprocity	289	2.8728	.57287	.03370
empathy	289	3.0055	.69310	.04077
responsive	289	3.1502	.54391	.03199

Source: Survey result, 2017

Table 4.17 One-Sample Test

	One-Sample Test						
	Test Value = 0					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper	
trust	83.301	288	.000	2.86505	2.7974	2.9327	
bonding	90.634	288	.000	2.74740	2.6877	2.8071	
reciprocity	85.253	288	.000	2.87284	2.8065	2.9392	
empathy	73.718	288	.000	3.00554	2.9253	3.0858	
responsive	94.459	288	.000	3.15017	3.0872	3.2131	

Source: Survey result, 2017

##### *Interpretation*

It can be deduced that, the calculated value (t-value) and the p-value for the above statement is **83.3, 90.6, 85.2, 73.7, 94.4** for trust, bonding, reciprocity, empathy, and responsiveness respectively. And .000 at 3% level of significance and 289 degree of freedom.

**Decision (Rejection Rule: Reject H1 if the p-value  $\geq \alpha$  i.e. 0.05)**

From the above table the p-value is .000 which is less than the tabulated value  $\alpha$  (.05). Therefore, alternative hypothesis (H1) should be accepted instead of rejecting. Hence, relationship customer marketing has significant effect on customer retention in bank industry of Ethiopia.

**4.6. Analysis of Correlation for between relationship marketing components and customer retention from CBE respondents**

Correlation measures the strength of the linear relationship between two variables. Thus, Pearson’s correlation is used to identify whether there are relationships between the variables and to describe the strength and the direction of the relationship between two variables (Mohammad, n.d). According to Berndt et. al (2005), the level of association as measured by Pearson’s co-efficient falls between -1.0 and +1.0, which indicates the strength and direction of association between the two variables. The interpretation of the result is as follows; a correlation result between 0 to 1 implies positive relationship, 0 (zero) for no relationship, 1 for perfect positive relationship, -1 for perfect negative relationship and between -1 to 0 indicate the existence of negative relationship. So, the correlation analysis was done to analyze the relationship between Customer retention and trust, Reciprocity, bonding, empathy, and responsiveness. To examine the relationship among these variables, Pearson correlation coefficients were calculated. In this section of the study, the analysis and interpretations of the correlation results between dependent and independent variables are presented.

Table 4.18 Pearson correlation coefficients by bivariate Independent

Variables	Dependent Variable	N	Pearson Correlation	p-value (sig)
Trust	Customer retention	261	<b>0.592</b>	<b>0.01</b>
Bonding	Customer retention	261	<b>0.455</b>	<b>0.01</b>
Reciprocity	Customer retention	261	<b>0.456</b>	<b>0.01</b>
Empathy	Customer retention	261	<b>0.529</b>	<b>0.01</b>
Responsiveness	Customer retention	261	<b>0.524</b>	<b>0.01</b>

**Correlation coefficient is significant at 0.01**

**Source:** SPSS correlation analysis result based on questionnaire survey,2017

According to table 4.18, which present the correlations of each variables. The results shows that relationship marketing and their dimensions are all significantly and positive relationship on customer

retention. First relationship marketing component: - According to the results of the Pearson correlation test is observed that the significant at one percent .Therefore the research question is confirmed and there is relation between trust and customer retention. This indicates that there is a moderate positive relationship between customer retention and trust. The result of the research is consistent with results of Mohammad et al. (2011) and Velnampy & Sivesan (2012). Second relationship component: According to the results of the Pearson correlation test is observed that the significant at one percent .Thus research question is confirmed and there is positive relationship between bonding and customer retention. The result of the research is consistent with results of Mohammad et al. (2011). Third relationship marketing component: According to the results of the Pearson correlation test is observed that the significant at one percent so, the research question is confirmed and there is a positive relationship between reciprocity and customer retention. The result of the research is consistent with results of Kosile and Ajala (2006) and Mohammad et al. (2011).

Fourth relationship marketing component: According to the results of the Pearson correlation test is observed that significant at one percent .Therefore, the research question is confirmed and there is a positive relationship between empathy and customer retention. The result of the research is consistent with results of Mohammad et al. (2011) and Velnampy and Sivesan (2012). Fifth relationship marketing component: According to the results of the Pearson correlation test is observed that significant at one percent .Therefore, the research question is confirmed and there are a positive relationship between responsiveness and customer retention. The result of the research is consistent with results of Rootman. et al (2010).

#### **4.7. Regression Analysis of component so RM on customer retention from respondents CBE**

Like correlations, statistical regression examines the association or relationship between variables. Unlike with correlations, however, the primary purpose of regression is prediction (Marczyk, 2005). Due to this, regression analysis is used to know by how much the independent variable i.e. relationship marketing explains or influences the dependent variable which is customer loyalty. Both simple and multiple regressions were used in this study. In simple regression, we attempt to predict the dependent variable with a single independent variable. In multiple regressions, we may use any number of independent variables to predict the dependent variable (Marczyk et al, 2005). In this study, simple regression is used to approve or disapprove hypotheses 1 up to 5; while, multiple regression was used to approve or disapprove hypothesis number 6. In both of the types, statistical

This section of the study presents the results and discussions of the regression analysis from data obtained from CBE Customers. So far, the study established a framework of literature review and data analysis of descriptive Statistics was describes the practice of customer relationship marketing practice

of CBE whereas correlation analysis used to investigate customer relationship marketing and its relationship with customer retention at Commercial Bank of Ethiopia and To investigate the significant factors of customer relationship marketing that influence customer retention in Commercial Bank of Ethiopia, multiple regression model were computed.

Table 4.19 Regression result RM components and customer retention

Model 1	B	Std-error	beta	t-value	p-value	Sig
Constant	0.403	0.215		1.876		0.000
X1=trust	0.365	0.063	0.331	5.773	0.000*	0.000
X2= Reciprocity	0.115	0.052	0.120	2.226	0.027**	0.000
X3=bonding	0.122	0.055	0.121	2.199	0.029**	0.000
X4= empathy	0.166	0.060	0.177	2.748	0.006*	0.000
X5=responsiveness	0.150	0.066	0.150	2.292	0.023**	0.000

a. Dependent Variable: customer retention variable,

Source: own survey SPSS Data, 2017

Figures in parenthesis denote p-values, \*significant at 1 percent, \*\*significant at 5 percent

In next step for indicate of customer retention explanation and prediction by five components of CRM , we used Multiple Regression method .In table 4.19 , According to Beta coefficient can be said that trust has maximum impact (0.331) and reciprocity has minimum impact (0.120 ) on customer retention variable. Then regression model can be written as follows in a significant at 95% confidence interval.

$$\hat{Y} = 0.403 + 0.365 X1 + 0.115 X2 + 0.122x3 + 0.166 X4 + 0.150 X5$$

Interpretation of the model, as per the finding, trust has a positive impact on customer retention. This means that, as trust increases or decreases by 1%, customer retention increases or decreases at the time by 36.5% controlling for (x2, x3, x4 and x5). Similarly responsiveness influences positively customer retention. When responsiveness is raised or fall by 1%, the dependent variable customer retention raised or fall by 15.5% controlling for(x1,x2,x3 and x4) .As reciprocity increased or decreased by 1% customer retention also increased or decreased by 11.5% controlling for (x1,x3,x4 and x5). With regard to bonding increased or decreased by 1%, the dependent variable customer retention is increased or decreased by 12.2% controlling for(x1, x2, x4 and x5). Finally empathy increased or decreased through 1%, the dependent variable customer retention is increased or decreased by 16.6 % controlling for(x1, x2, x3 and x5). As result trust and empathy have strong impact on customer retention with regarding the bank.

### Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the estimate
1	.692a	0.531	.524	.58318

From the above table the p-value is .000 which is less than the tabulated value  $\alpha$  (.05). Therefore, like CBE accepting hypothesis (H1) which is the independent variable has positive effect on dependent variable. Hence, relationship customer marketing has significant effect on customer retention in the context of Dashen Bank.

#### 4.8. Analysis of Correlation for between relationship marketing components and customer retention on data obtained from Dashen Bank S.Co

From the questioner survey obtained from Dashen Bank customers the correlation analysis was done to analyze the relationship between Customer retention and trust, Reciprocity, bonding, empathy, and responsiveness. To examine the relationship among these variables, Pearson correlation coefficients were calculated. In this section of the study, the analysis and interpretations of the correlation results between dependent and independent variables are presented.

Table 4.23 Analysis of Correlation between RM components and customer retention

Variables	Dependent Variable	N	Pearson Correlation	p-value (sig)
Trust	Customer retention	59	<b>0.712</b>	<b>0.00</b>
Bonding	Customer retention	59	<b>0.552</b>	<b>0.00</b>
Reciprocity	Customer retention	59	<b>0.412</b>	<b>0.00</b>
Empathy	Customer retention	59	<b>0.529</b>	<b>0.00</b>
Responsiveness	Customer retention	59	<b>0.499</b>	<b>0.00</b>

**Correlation coefficient is significant at 0.01**

**Source:** SPSS correlation analysis result based on questionnaire survey, 2017

According to table 4.23, which present the correlations of each variables in the context of Dashen Bank S.Co. Like CBE the results shows that relationship marketing and their dimensions are all significantly and positive relationship on customer retention. First relationship marketing component: According to the results of the Pearson correlation test is observed that the significant at one percent. Therefore the research question is confirmed and there is relation between trust and customer retention. Second relationship component: According to the results of the Pearson correlation test is observed that the significant at one percent .Thus research question is confirmed and there is positive relationship between bonding and customer retention. Third relationship marketing component: According to the results of the Pearson correlation test is observed that the significant at one percent so, the research

question is confirmed and there is a positive relationship between reciprocity and customer retention. Fourth relationship marketing component: According to the results of the Pearson correlation test is observed that significant at one percent .Therefore, the research question is confirmed and there is a positive relationship between empathy and customer retention. The result of the research is consistent with results of Mohammad et al. (2011) and Velnampy and Sivesan (2012) Fifth relationship marketing component: According to the results of the Pearson correlation test is observed that significant at one percent .Therefore, the research question is confirmed and there are a positive relationship between responsiveness and customer retention. The result of the research is consistent with results of Rootman. et al (2010).

#### 4.9. Regression Analysis of component of RM on customer retention (data obtained from respondents Dashen Bank S.Co.)

This section of the study presents the results and discussions of the regression analysis in the context of Dashen Bank. To investigate the significant factors of customer relationship marketing that influence customer retention in Dashen Bank, multiple regression model were computed.

Table 4.24 Regression result of RM components on customer retention

Model 1	B	Std-error	beta	t-value	p-value	Sig
Constant	0.356	0.315		1.876		0.000
X1=trust	0.515	0.059	0.331	5.773	0.000*	0.000
X2= Reciprocity	0.215	0.042	0.120	2.226	0.027**	0.000
X3=bonding	0.232	0.045	0.121	2.199	0.029**	0.000
X4= empathy	0.366	0.055	0.177	2.748	0.006*	0.000
X5=responsiveness	0.251	0.057	0.150	2.292	0.023**	0.000

a. Dependent Variable: customer retention variable,  
Source : own survey SPSS data,2017

Figures in parenthesis denote p-values, \*significant at 1 percent, \*\*significant at 5 percent

In next step for indicate of customer retention explanation and prediction by five components of CRM , we used Multiple Regression method .In table 4.24 , According to Beta coefficient can be said that trust has maximum impact (0.331) and reciprocity has minimum impact (0.120 ) on customer retention variable. Then regression model can be written as follows in a significant at 95% confidence interval.

$$\hat{Y} = 0.403 + 0.365 X_1 + 0.115 X_2 + 0.122x_3 + 0.166 X_4 + 0.150 X_5$$

Interpretation of the model, as per the finding, trust has a positive impact on customer retention. This means that, as trust increases or decreases by 1%, customer retention increases or decreases at the time by 36.5% controlling for (x2, x3, x4 and x5) .similarly responsiveness influences positively customer retention. When responsiveness is raised or fall by 1%, the dependent variable customer retention raised or fall by 15.5% controlling for(x1, x2, x3 and x4). As reciprocity increased or decreased by 1%

customer retention also increased or decreased by 11.5% controlling for (x1,x3, x4 and x5). With regard to bonding increased or decreased by 1%, the dependent variable customer retention is increased or decreased by 12.2% controlling for(x1, x2, x4 and x5). Finally empathy increased or decreased through 1%, the dependent variable customer retention is increased or decreased by 16.6 % controlling for(x1, x2, x3 and x5). As result trust and empathy have strong impact on customer retention with regarding the bank.

<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the estimate</b>
1	.571a	0.511	.509	.543

Predictors: (Constant), mean of responsiveness variables, mean of reciprocity variables, mean of bonding variables, mean of trust variables, mean of empathy variables.

In table 4.25 it can be seen in multiple regressions that in examining independent variables (Variables of trust, reciprocity, bonding, empathy and responsiveness) on customer retention are acceptable and significant at a confidence level of 95%. Meanwhile, determine adjusted R square is equivalent to 0.511; this means that 51% percent of the independent variables can predict or affect the dependent variable.

## CHAPTER FIVE

### 5. SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

Summary Conclusion and recommendation are made based on the review of related literature, results of statistical analysis and discussions of findings as follows:

#### 5.1. Summary of the Major Findings

By undertaking a detailed and thorough analysis on the effect of customer relationship marketing on customer retention, the results of the study findings is summarized as follows;

- The selected two private and government banks; Commercial bank of Ethiopia and Dashen Bank has to a moderate extent, adopted trust as a one customer relationship marketing practice. Among the trust practices used under this study, the majority of the respondents were agreed that the bank has calculating charges, cash payment process properly and the financial status the bank is strong and positive relationship and its impact on customer retention. (Table 4.17 and 4.22)
- With regard to the summary of bonding practice as customer relationship marketing moderate extent affect customer retention for both CBE and Dashen Banks, the banks work in close cooperation with its customers and builds long lasting relationship and positive relation with customer retention and its impacts. (Table 4.17 and 4.22)
- Summary of reciprocity practice as customer relationship marketing, the banks and the customers work for mutual benefit and a positive relationship and its impact on customer retention for the two banks. (Table 4.17 and 4.22)
- Summary of customer's perception empathy practice, moderate extent on the banks and in a good position with regard to empathic relationship with its customers and influence on customer retention but it needs more effort to reach at high level of empathy. (Table 4.17 and 4.22)
- Finally summary of customer's perception with regard to responsiveness practice on t the bank arranges special care to special customers, employees give genuine and detailed information regarding to any transaction of the bank and also all components

of CRM have moderate extent with relationship marketing and its impact on customer retention.(Table 4.6,4.8 and 4.9)

## **5.2. Conclusion**

Based on the overall study, customer relationship marketing is positively associated with customer retention in the context of CBE and Dashen Bank S.Co.. And also, dimensions in the CRM as trust, bonding, empathy, reciprocity and responsiveness have the significant relationship with customer retention. Meantime, CRM has the significant effect on customer retention.

According to the regression analysis, only trust has the significant impact on the customer retention for both CBE and Dashen Banks followed by empathy. It shows 51% for Dashen Bank and 36% for CBE. Therefore, the banks should have proper strategy to earn customers trust by giving and keeping promises, showing concern for the security of customer transactions and striving always to enhance customers' confidence. Further, the empathy is another critical factor to building the customer retention. So that banks should concentrate on empathy through offering the personalized and flexible services. also, banks should concentrates on following factors like keeping in touch with customers, keeping close cooperation with customers, building a long term relationship, solve the difficulties etc. to manage the another variables such as bonding and reciprocity. However CRM does have a direct and positive relationship with customer retention.

The empathy aspect of the banks relationship building is also has positive effect on customer retention. As it has positive effect on customer retention next to trust Ethiopian banks need to build strong strategy on empathy aspects. That is Customers want to feel that Bank knows their problems and must show keen interest in helping them solve it. Customers want a follow-up individually as revealed in the survey. In some cases, Banks must offer personalized attention to clients who may so need. This will bring a feel of belongingness which eventually builds the brand loyalty the firm so desires.

This research has only been confined to two banks. Therefore same research can be extended to other service sector entities such as other private and government banks, foreign banks, telecommunication, insurance etc.,.

### 5.3. RECOMMENDATION

Even though, trust, responsiveness, reciprocity, bonding and empathy components of customer relationship marketing practice at commercial bank of Ethiopia contributed moderate extent and positively on customer retention. However some respondents are disagreed and neutral for the aforementioned variables. For example:-

- ✓ Considering reciprocity aspect of the bank for both CBE and Dashen banks, some of sample respondents have doubt as well as disagree regarding keeping promises of the bank. This may lead to the loss of existing customers. Therefore, the bank should keep its promises properly, by providing consistent quality services through minimizing frequent network failure/internet connection problems.
- ✓ With regard to empathic relationship, some of the respondents of CBE do not agree or have doubt regarding taking six sub variable through questionnaire survey from customers. Therefore, the bank should and give individual attention to its customers by providing sincere interest in solving the problem and respond to customers' requests timely.
- ✓ In bonding perspective some of the respondents of bank do not agree as well as have doubt with the idea 'Employees of the bank know you very well. Therefore, the bank should build long relationship with customers and employees of the bank know the customer very well by providing hiring competent and professional staff, timely, trustworthy, and accurate information to customers.
- ✓ Concerning responsiveness, employees of the bank do not devote time to reply any questions that was raised by customers. In addition to this, the behavior of the employees not inspires confidence in customers. Therefore, listening and answering customer questions and continuous training will put the bank in a better condition and providing good communication skills, customer care, and use of ATM machines in branches, use of better equipment since it is important for reducing long queue and give prompt responses.
- ✓ Customer information strategy (CRM): There is a need for detailed data identification, collection, analysis and interpretation of customer information to enable the detailed strategy to be implemented with confidence in the banking sector

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APPENDIX A;

**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF BUSINESS AND ECONOMICS**  
**MASTER OF ART IN MARKETING MANAGEMENT (MA) PROGRAM**  
**Questionnaires to be filled by customers of CBE and Dashen Bank S.C.**

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Dear Respondents;

I am currently pursuing my Masters of Art degree in Marketing Management (MM) at the Addis Ababa University. As partial fulfillment towards the completion of my postgraduate degree, this research titled as “the effect of customer relationship marketing on customer retention on the commercial banks in Ethiopia” is undertaken. Hence, I kindly request you to lend me few minutes of your time to fill out this questionnaire. It is strictly for academic purpose and therefore all information provided shall be treated with maximum caution and confidentiality. All personal data provided shall be treated collectively and not on personal levels. I would also like to remind you that your fair and impartial feedback will make this research a very successful one.

Thank you for your cooperation and assistance.

Sincerely,

Please respond to each item by putting a tick (✓) mark in the box & fill in the blank on the number which best reflects your own perception.

**Part I. Demographic Profile**

1. What is your Gender?

male       female

2. What is your Age group?

18-25                       26-35                       36-45  
 46-55                       56 and above

3. Occupaton

Business (enterprise) managerial and technical personnel  
 Government officer       Professional  
 Student    Self-employed    Unemployed  

5. Which bank customer are you?

Commercial Bank of Ethiopia     Dashen Bank S.co

6. What type of account do you have with the bank?  
 Saving account  
 Current account  
 Foreign account (US Dollar, Euro, Pound Sterling)
7. How long have you been the customer of the banks? (In years)  
 Less than 1             1-5     6-15             above 15

**Part II. Survey of Customer Relationship marketing practice**

Please show the extent to which you agree or disagree with the statements given below. This is to assess the following on the scales of strongly disagree to strongly agree. Strongly disagree is given the least weight of 1; while strongly agree is given the highest weight of 5. Please tick (√) appropriately.

<b>Trust</b>	<b>Strongly Disagree(1)</b>	<b>Disagree (2)</b>	<b>Neutral(3)</b>	<b>Agree(4)</b>	<b>Strongly Agree(5)</b>
1. You feel safe in all of your transactions with your bank					
2. The bank always does what it promised to do					
3. I am confident on the financial status of the bank					
4. The bank is trustworthy on calculating charges					
5. The bank is trustworthy during cash payment process					
6. The bank provides consistent quality services at different time					
<b>Bonding</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral(3)</b>	<b>Agree(4)</b>	<b>Strongly Agree(5)</b>
1. The bank keeps in touch constantly with its customers					
2. The bank tries very hard to establish a long term relationship with its customers					
3. The bank works in close cooperation with its customers					
4. Employees of the bank know you very well					
5. Your achievement flourish on the solid relationship you have with the bank					
<b>Reciprocity</b>	<b>Strongly Disagree(1)</b>	<b>Disagree (2)</b>	<b>Neutral(3)</b>	<b>Agree(4)</b>	<b>Strongly Agree(5)</b>
1.The bank helps me to solve difficulties, so I am responsible to repay their kindness					
2. The bank keeps its promises					
3. The bank and you work for mutual benefit					

4. The bank and you are interdependent					
<b>Empathy</b>	<b>Strongly Disagree (1)</b>	<b>Disagree (2)</b>	<b>Neutral(3)</b>	<b>Agree(4)</b>	<b>Strongly Agree(5)</b>
1. Employees of the bank understand my feelings					
2. The bank gives individual attention to its customers.					
3. The bank shows a sincere interest in solving your problem.					
4. Employees of the bank are never too busy to respond to customers' requests.					
5. The bank has guidance signs indicating as to which counters are offering which services					
6. The working hours of the bank are flexible and convenient to me					
<b>Responsiveness</b>	<b>Strongly Disagree(1)</b>	<b>Disagree (2)</b>	<b>Neutral(3)</b>	<b>Agree(4)</b>	<b>Strongly Agree(5)</b>
1. The bank provides prompt service to its customers					
2. Employees of the bank are willing to help customers.					
3. Employees of the bank devote time to reply to any of your questions					
4. The bank arranges special care to special customers.					
5. The behavior of the employees inspires confidence in customers.					
6. Employees give genuine and detailed information regarding to any transaction of the bank.					
<b>Customer retention</b>					
1. I am giving positive word of mouth witnesses to other about this bank confidently					
2. I am not intending to leave this bank in the future					
3. I got that it is difficult to change to other banks due to what I receive from this bank					
4. I will always choose this bank over any other bank					

*Source: adopted from, (Ravichandran et.al, 2010 and Frank Kojo Kuranchie); cited by Solomon Amare, 2014 and editing by the researcher.*

**THANK YOU FOR YOUR COOPERATION!!!**

**Appendix C;**

## One sample T test for components customer relationship marketing

Table: 4.16. One Sample T-Statistics

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
trust	289	2.8651	.58470	.03439
bonding	289	2.7474	.51532	.03031
reciprocity	289	2.8728	.57287	.03370
empathy	289	3.0055	.69310	.04077
responsive	289	3.1502	.54391	.03199

Source: Survey result, 2017

Table 4.17 One-Sample Test

One-Sample Test						
	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
trust	83.301	288	.000	2.86505	2.7974	2.9327
bonding	90.634	288	.000	2.74740	2.6877	2.8071
reciprocity	85.253	288	.000	2.87284	2.8065	2.9392
empathy	73.718	288	.000	3.00554	2.9253	3.0858
responsive	94.459	288	.000	3.15017	3.0872	3.2131

Source: Survey result, 2017

Table 4.18 Pearson correlation coefficients by bivariate Independent

Variables	Dependent Variable	N	Pearson Correlation	p-value (sig)
Trust	Customer retention	261	<b>0.592</b>	<b>0.01</b>
Bonding	Customer retention	261	<b>0.455</b>	<b>0.01</b>
Reciprocity	Customer retention	261	<b>0.456</b>	<b>0.01</b>
Empathy	Customer retention	261	<b>0.529</b>	<b>0.01</b>
Responsiveness	Customer retention	261	<b>0.524</b>	<b>0.01</b>

Table 4.19 Regression result RM components and customer retention (In case of CBE)

Model 1	B	Std-error	beta	t-value	p-value	Sig
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Constant	0.403	0.215		1.876		0.000
X1=trust	0.365	0.063	0.331	5.773	0.000*	0.000
X2= Reciprocity	0.115	0.052	0.120	2.226	0.027**	0.000
X3=bonding	0.122	0.055	0.121	2.199	0.029**	0.000
X4= empathy	0.166	0.060	0.177	2.748	0.006*	0.000
X5=responsiveness	0.150	0.066	0.150	2.292	0.023**	0.000

Table 4.24 Regression result of RM components on customer retention (In case of Dashen Bank)

<b>Model 1</b>	<b>B</b>	<b>Std-error</b>	<b>beta</b>	<b>t-value</b>	<b>p-value</b>	<b>Sig</b>
Constant	0.356	0.315		1.876		0.000
X1=trust	0.515	0.059	0.331	5.773	0.000*	0.000
X2= Reciprocity	0.215	0.042	0.120	2.226	0.027**	0.000
X3=bonding	0.232	0.045	0.121	2.199	0.029**	0.000
X4= empathy	0.366	0.055	0.177	2.748	0.006*	0.000
X5=responsiveness	0.251	0.057	0.150	2.292	0.023**	0.000



[ ] ከ1 ዓመት በታች [ ] 1-5 [ ] 6-15 [ ] ከ 15 ዓመት በላይ

**ክፍል II: -የደንበኞች ግንኙነት ሚኒስቴንግን የተመለከቱ ጥያቄዎች**

ከዚህ በታች ለተዘረዘሩት ሀሳቦች የግልዎን አስተያየት በሃሳቦቹ ትይዩ በተቀመጡት አምቶች የ"✓" ይጻፉ

ምልክት በመክቀመጥ እንዲገልፁ በትህትና ስጦታ አሟራጭ ከ በጣም አልሰማም(1) ጀምሮ እስከ በጣም እሰማለሁ(5) ድረስ መሆናቸውን እገልጻለሁ :

1= በጣም አልሰማም 2=አልሰማም 3=እርግጠኛ አይደለሁም 4=እሰማለሁ 5= በጣም እሰማለሁ

**1. በደንበኛውና በባንኩ መካከል መተማመንን የተመለከቱ ጥያቄዎች**

ጥያቄዎች	በጣም አልሰማም (1)	አልሰማም (2)	እርግጠኛ አይደለሁም (3)	እሰማለሁ (4)	በጣም እሰማለሁ (5)
1. ከባንኩ ጋር ያለኝ እንቅስቃሴ በተመለከተ ምንም ዓይነት ችግር አጋጥሞኝ አያወቅም					
2. ባንኩ ሀል ጊዜ በገባው ቃል መሰረት ይፈጽማል					
3. በባንኩ ፋይናንሲያዊ አቅም እተማኝለሁ					
4. ባንኩ በገንዘብ አከፋፈል ሂደቱ ታማኝ ነው					
5. ባንኩ በሚጸስከፍለው የአገልግሎት ክፍያ ታማኝ ነው :					
6. ባንኩ በተለያዩ ጊዜያት ተመሳሳይ ጥሪት ያለው አገልግሎት ይሰጣል					
1. ባንኩ ችግራን ለመፍታት ያግዘኛል እኔም የባንኩን ጥሩ ስራ ዋጋ ለመስጠት ሀላፊነት ይሰጫል					
2. ባንኩ የገባዎት ቃል ያከብራል					
3. እርስዎ እና ባንኩ ለጋራ ጥቅም ትስራላችሁ					
4. እርስዎ እና ባንኩ ተመጋግቦ ናችሁ					

**ጥምረት**

1. ባንኩ ከደንበኞቹ ጋር ቀጣይነት ያለው ግንኙነት ያደርጋል::					
2. ባንኩ ከደንበኞቹ ጋር ዘለቁታዊ ግንኙነት ለመጠሪት አበክሮ ይጥራል					
3. ባንኩ ከደንበኞቹ ጋር ጠበቅ ያለ ግንኙነት አለው					
4. እርስዎ በባንኩ ሰራተኞች በደንብ ይታወቃሉ					
5. የእርስዎ ወጣታማነት እየጨመረ የመሄደ ማህገር ከባንኩ ጋር ጠንካራ ግንኙነት ስለመጠረቱ ነው					

**ሀሳብነት**

1. የባንኩ ሰራተኞች ስሜን ይረደልኛል.					
2. ባንኩ ለእያንዳንድ ደንበኛ ልዩ ጎክረት ይሰጣል.					
3. ባንኩ የእርስዎን ችግር ለመፍታት እውነተኛ ፍላጎቱን ያሳያል::					
4. የባንኩ ሰራተኞች የእርስዎን ጥያቄ በአግባብ ለመጠለስ የሚጸስቻል በቂ ጊዜ አለው					
5. ባንኩ የትኛውንም የባንኩ አገልግሎት በየትኛው አካባቢ ማግኘት እንደሚችል የሚሁቁም ምልክት አለው					
6. የባንኩ የሰራ ሰአታት ለኔ አመድና እንደሁኔታው መለዋወጥ የሚችል ናቸው					

**መልስ ሰጭነት**

1. ባንኩ ለደንበኞቹ ቀልጣፎ አገልግሎት ይሰጣል					
2. የባንኩ ሰራተኞች እርስዎን ለማገዝ ፍቃደኞች ናቸው					
3. የባንኩ ሰራተኞች ማኛውም የእርስዎን ጥያቄዎች ለመጠለስ በቂ ጊዜ ይሰጣሉ::					
4. ባንኩ ለተለዩ ደንበኞች የተለየ እንክብካቤ ያደርጋል					
5. የሰራተኞቹ ባህሪ ደንበኞች እምነት እንዳጠባባቸው ያበረታታል.					

<p>6. የባንኩ ሰራተኞች ማንኛውም የባንኩን ግብይት በተመለከተ  እውነተኛ እና ሙሉ መረጃ ይሰጣሉ፡፡</p>					
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ለተደረገልኝ ትላለር እጅግ በጣም  
አመሰግናለሁ!