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SCHOOL OF COMMERCE

DEPARTMENT OF MARKETING MANAGMENT
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THE EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER LOYALTY: A COMPARATIVE STUDY BETWEEN PUBLIC AND PRIVATE INSURANCE COMPANIES.

PREPARED BY

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The effect of relationship marketing on customer loyalty: A comparative study between public and private insurance companies.

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Statement of Certification

This is to certify that Miss Feven Adane has carried out her research work on the topic entitled "**The effect of relationship marketing on customer loyalty: A comparative study between public and private insurance companies**" is her original work and is suitable for submission for the award of Master's Degree in Marketing Management.

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June, 2022

Declaration

I certify that this research paper entitled "**The effect of relationship marketing on customer loyalty: A comparative study between public and private insurance companies**" has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree.

I also certify that the thesis/project has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

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Table of Contents

LIST OF TABLES

LIST OF FIGURES

LIST OF ACRONYMS

EIC- Ethiopian Insurance Corporation

UNIC-United Insurance S.C

ANOVA-Analysis of Variance

SPSS-Statistical Packages for the Social Studies

VIF-Variance Inflation Factor

DV- dependent Variable

IV Independent Variable

TCT Transactional Cost theory

ABSTRACT

The aim of the paper was to examining the effect of relationship marketing components on. Trust, commitment, satisfaction, communication and conflict handling on customer loyalty in Ethiopian insurance industry. Comparative study was made between public and private insurance companies (a case of Ethiopian insurance corporation and United Insurance S.C. The data were collected from Ethiopian Insurance Corporation and united insurance S.C from Addis Ababa branch from 356 customers by using questioner. The researcher was use quantitative research approach and descriptive and explanatory designs. The collected data were analyzed by using SPSS version 20. The conclusion of the study was draw by using tables. Independent (relationship marketing dimension) and dependent variables (loyalty) have been found to be positively correlated. The study indicates that Trust, commitment, satisfaction, communication and conflict handling were found to have statistically significant effect on customers' loyalty. Therefore, based on the findings of this research, it was recommended that the both insurances should enhance the relationship marketing by being more transparent, by updating their service outlets , by using different more convenient communication channel to also by implementing loyalty program to enhance the level of customer loyalty more than this.

Key words: *Customer loyalty, trust, commitment, satisfaction, communication and conflict handling.*

CHAPTER ONE
INTRODUCTION

This chapter consists of background of the study, company profile of Ethiopian Insurance Corporation (EIC) & united Insurance Company. Statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, definition of terms and organization of the paper

1.1Background of the study

In the last decades, economies worldwide have experienced an expensive social and economic metamorphosis. One of the most important of these metamorphoses is the growth of the service sector. Moment, the service sector is one of the most important profitable conditioning of any society and is nearly related to all other sectors of the frugality. The service sector and other sectors are characterized by strong competition. Companies are always seeking to retain the existing Clint and gain new bones. In the decreasingly competitive request, it's veritably important for any service association to maintain strong and continuing connection with customer s. This will help it in the long-term business journey (Akhtar M.W. 2015).

As of kotler & keller (2007) Consumer loyalty is swayed by the satisfaction aspect that shoppers feel is met with their expectations. Also, the concept of consumer loyalty or consumer loyalty is not formed in a short time but through a learning process and based on the results of experiences from consumers themselves from consistent purchases over time. If their experience met the expectations, then this buying process stays to repeat itself. It can be said that there has been consumer loyalty. If consumers do not get a satisfactory brand, they will not stop trying other brands till they get a product or service that meets their criteria (Kurniawati, 2016). Loyalty is the amount of consumption and frequency of acquisitions made by a consumer against a company (Angamuthu, 2015), and they achieved to find that quality determines satisfaction, trust, commitment and has a positive bond with loyalty. Satisfied and loyal customer s are a chance to get new patrons (Raimondo, 2018).

Bt Musa et al. (2014), stated that one of the strategies that can be applied by companies in maintaining customer loyalty is to generate a relationship between companies and consumers. This strategy of creating relationships with consumers is known as relationship marketing, how important it is for companies to create good relationships through reciprocal communication between them. Wachyudi (2018), defines relationship marketing as a closer introduction to each consumer by creating two-way communication by managing a mutually beneficial relationship between consumers and companies. Therefore, one thing that is very important for companies is to build good relationships with consumers because good relationships will define the future value of the company concerned. Companies must also understand the important factors in relationship marketing, as stated by Apriliani et al. (2014), that the factors that drive relationship marketing are trust, commitment, communication, and conflict handling. These factors are anticipated to satisfy consumers which will have a good impact on increasing consumer loyalty.

In service rendering organizations, rising effective communication and communication with customers and providing quality service is essential to build effective relationship and to retain the existing customers. In the competitive environment, holding customer is a very challenging assignment, because organizations compete by providing distinctive services to attract new customers and retain the existing ones (Leverin and Liljander, 2006). The continual survival of any organization is highly depending on the quality of service delivery system and the relationship with its customers and organizations should develop effective relationship marketing to understand the requirement of their customers. The use of customer relationship marketing is vital in today’s fierce competition because when there is appropriate communication and smooth relationship with customer’s organization should retain their customers (Kotler and Armstrong, 2010). Additionally, though companies have been implementing different customer relationship marketing strategies to improve customer relationship and provide better service however, some of these strategies fail to perform effectively (Hendricks et al, 2007).

Insurance companies have to manage a great number of risks since they are operating in a highly competitive market meaning the chance of losing their customer is very high because since they are deliver very much similar service which makes the industry heretic. Customers, who may want to switch from one insurer to another can easily, and at low cost which makes the insurance sector becoming more and more aggressive, and companies experience fluctuations in business volumes and margins, and in the quantity and quality of existing policies. This is why Insurance companies need to monitor customer loyalty.to enhance customer loyalty the insurance companies implement different relationship marketing tactics.

1.2 Background of the organizations

1.2.1 Ethiopian Insurance Corporation (EIC) &the United Insurance Company SC.

Ethiopian insurance company (EIC) became mounted in 1976 by means of proclamation No.68/1975. The agency got here into existence via taking over all the property and liabilities of the thirteen nationalized non-public coverage firms, with Birr eleven million (USD 1.29 million) paid up capital. EIC turned into functioning the business for about nineteen years below included monopolistic gadget as nation owned-sole insurer. After the quilt of the Marxist regime in mid-1991, a prime exchange has taken vicinity and there was a shift in political, monetary, and social orientation from totalitarianism to that of liberalism. Consequently, EIC become re-established as a public business enterprise under the proclamation range 201/ninety-four with Birr sixty-one million (USD 7.13 million) paid up capital. The insurance corporation engages in all classes of insurance business in Ethiopia. (Annual report EIC, 2021)

The United Insurance Company SC, well identified as, UNIC-ETHIOPIA was founded by 87 Ethiopians in November 1994 with a certified working capital of Br 25 million then an initial paid-up capital of Br 8.073 million. Subsequently having its license and commence writing Non-Life Insurance Business from the firm first office which locates at meskel square on 10th November 1994. (Annual report 2021)

UNIC IS the prominent private-sector insurance Company to start underwriting Life insurance. In this link, ¸ also became the first Company to introduce with-Profits Individual Life Policy. For the first time in the Country's history, acquired a relatively younger and smaller insurance company, then known to be Lion Insurance Company SC, in October 2000, thus setting the pace for the industry. (Annual report UNIC, 2021)

1.3 Statement of the problem

Relationship marketing has arisen over the years as an exciting area of marketing that focuses on maintain long-term relationships with customer s and other parties. The strategy is particularly significant to the service industries because of the intangible nature of the product and their high level of customer communication. A key feature of the strategy of relationship marketing is that it not only results in increased customer and company profitability, but it also provides a sustainable competitive advantage to a service firm as the intangible aspects of a relationship are not easily duplicated by competitors (Reichheld & Sasser, 1990).

Relationship marketing intention at retention and wallet share, according to Strauss and Frost (2014) relationship marketing emphases on wallet share more than market share. Wallet share is the volume of sales a firm can cause from one customer over time and, thus, reflects a focus on retention and growth rather than an acquisition focus (market share)

Preserving relationship between customers is important for financial institutions. In the history of the private insurance company, over the last two decades, sixteen new insurance companies were established. All of these firms typically offer the same type of products with similar scope of covers. They also target to share the same pocket. This gives customer is a low switching cost benefit. According to Kotler (2003) firm needs to deliver more satisfaction than its entrants, otherwise these customers switch to competitors who can satisfy them more.

Many researches have been done on the effect of relationship marketing on customer loyalty in the financial sector more specifically on the insurance industry in our country and abroad. Study on insurance industry made by Abebaw Bekele (2018) use trust, commitment, satisfaction, commitment and relationship benefit as an independent on the other hand research conduct by Abdulaziz & Mostafa (2016) use trust, satisfaction, management, communication and competence as a relationship marketing dimensions to determine the effect on customer loyalty

The empirical evidence revealed that on research conduct by Abebaw Bekele (2018) & Abdulaziz & Mostafa (2016) shows the positive effect of the relationship marketing on customer loyalty.

Opposing to this, Cherinet (2015) took trust, commitment, conflict handling, communication, and gratitude as foundations of relationship marketing and made a research on its effect on customer loyalty seeing Zemen bank S.C. The research provides an empirical evidence for the optimistic relationship between trust, commitment, communication, and gratitude with customer loyalty however conflict handling does not have positive relationship on customers' loyalty.

So, what initiated the researcher to conduct the research on this topic is that, to the very best of the researcher there was no researches conducted on the effects of relationship marketing components- trust, commitment, communication, satisfaction, and conflict handling on loyalty in Ethiopian insurance industry the main reason that we add up the conflict handling is it's not stagnant like the other four dimension it help to observe things out of the box also comparative study is done between private and public insurance. As we know we only have one public insurance with a great long year experience with back up of the government plus there is a thinking among us Ethiopian that public corporations are more trusted in the finance sector. On the other hand we do have around 17 privet insurance who don't have experience more than 23 years. What makes the researcher interested to conduct the comparative study the hug public insurance company lose its market share every year according to the corporation annual report from 2014-2019 G.C 37.7%, 35.7%, 36.3 %, 35.5 % hence conducting the comparative analysis was needed by choosing one private insurance company among the pioneers the united insurance share company. By believing their relationship with their customers gives us some answer for the loosing of EIC market share.

1.4 Research question

This research conducted to response research questions of relationship marketing effect on customer loyalty. Also tries to compare public and privet insurance company It specifically tries to answer the below six research questions:

- How does trust affect customer loyalty at EIC &UNIC?
- How does communication affect customer loyalty at EIC&UNIC?
- How does Commitment affect customer loyalty at EIC&UNIC?
- How does satisfaction affect customer loyalty at EIC&UNIC?
- How does conflict handling affect customer loyalty at EIC&UNIC?
- Is there any significant difference between the two insurances regarding Trust, commitment, Satisfaction, Communication, conflict handling loyalty dimensions?

1.5 objectives of the study

1.5.1 General objective

The main aim of this comparative study was to assess the effect of relationship marketing tactics on the customer loyalty on the case of Ethiopian Insurance Corporation and the united insurance S.C.

1.5.2 Specific objective

- To evaluate effect of trust on customer loyalty of EIC& UNIC.
- To examine the effect of communication on customer loyalty of EIC& UNIC.
- To analyze the effect of commitment on customer loyalty of EIC& UNIC.

- To evaluate the effect of satisfaction on customer loyalty of EIC & UNIC.
- To examine the effect of conflict handling on customer loyalty of EIC & UNIC.
- To test the significance difference between the two insurances regarding Trust, commitment, Satisfaction, Communication, conflict handling.

1.6 Significance of the study

The research benefit primarily, the companies Ethiopian Insurance Corporation and the united insurance S.C. The finding of the research provides a significant understanding to the companies how they enhance their relationship with their customer. On top of this the study of this research has provided a relevant understanding about the significant relationship between relationship marketing and customer loyalty more specifically on the Insurance industry. Finally, the study helps other academic researcher as a source of reference.

1.7 Scope of the study

Theoretically while investigating the effect of customer relationship marketing on customer loyalty it only sees five dimensions Trust, commitment, communication, conflict handling and satisfaction. **Geographically** the research is bounded to study within the geographic territory of Addis Ababa. **Methodologically** the study use qualitative approach and descriptive and explanatory design to see the effect relationship marketing effect on customer loyalty.

1.7 Definition of Terms

● **Relationship marketing** is a side of customer relationship management (CRM) that focuses on customer loyalty and long-term customer engagement rather than shorter-term goals like customer acquisition and individual sales. (Aberia 2019)

● **Customer loyalty** describes an ongoing emotional relationship between you and your customer, manifesting itself by how willing a customer is to engage with and frequently purchase from you versus your competitors. Loyalty is the byproduct of a customer's positive experience with you and works to create trust. (Oracle's 2021)

1.8 Limitation of the study

The study would be important in obtaining a lot of information if it covers all branch of Ethiopian Insurance Corporation and United insurance S.C but it is difficult and unmanageable to do so due to resource and time limitations. So that, this study only be delimited to Addis Ababa branch. Methodologically, the study used convenience sampling technique to select respondents and thus, it is difficult to get an equal probability of all customers being considered for sampling purpose. Hence it might affect the generalizability of the research output.

1.9 Organization of the study

The paper consists five chapters. The first chapter consist introduction, background of the study, statement of the problem, research questions, objective of the study, significance of the study and scope of the study. Chapter two covers a review of the related literature. Chapter three covered the study design and methodologies, the fourth chapter is the data presentation and analysis. Finally, chapter five deals with the conclusions and recommendation.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter presents literatures related to the constructs of the study. It is organized in three categories containing the theoretical review (which talks about what the concepts are and what they contain), the empirical review (which reviews journals related to the study) and finally the conceptual framework and hypothesis.

2.2 Theoretical framework

2.2.1 Theories of relationship marketing

2.2.1.1. Relational Contracting Theory

The concept of relational contracting gives a precious supplement to Williamson's (1975) TCT (Robicheaux and Coleman, 1994) as relational contracting theory explicitly distinguishes intermediate varieties of change between discrete transactions and entire internalization of exchanges (Gundlach and Murphy, 1993; Pandya and Dholakia, 1992). MacNeil (1980) stated such intermediate sorts of alternate as "contractual ways of alternate" or "relational transactions" where exchange events are nonetheless impartial, but on the same time coupled through robust rightful agreements (MacNeil, 1978; Pandya and Dholakia, 1992). MacNeil (1980) defined the idea of the settlement very broadly within the experience that it was not anything extra than a courting between change parties who expect to sustain this relationship into the destiny (Nevin, 1995; Robicheaux and Coleman, 1994). Classical contract law relied ordinarily upon the criminal framework as a mechanism for planning exchanges, negotiating contracts, adjusting present settlement relationships, and resolving contractual conflict (Rylander, Strutton, and Pelton, 1997). Rather, the relational contracting idea states that in simple terms counting on the law mechanism can be luxurious in phrases of both resources and time. As unforeseen instances can have an effect on the change courting, greater-prison governance methods are frequently wished (Nevin, 1995). More particularly, norms expectations about conduct that are at least partly shared by a group of decision-makers are recommended as complementary mechanisms for relational governance (Dwyer, Schurr, and Oh, 1987; Heide and John, 1992; Houston and Gassenheimer, 1987; Krapfel, Salmond, and Spekman, 1991; Weitz and japanese, 1995). In the course of a trade act, buyers and dealers regularly set up norms that did now not exist prior to this trade (Dwyer, Schurr, and Oh, 1987). Buyer-vendor relationships can be primarily based on either the conventional promise of contract regulation (promissory norms) or on relation-primarily based promises (non-promissory or relational norms) (Nevin, 1995). A wellknown assets of relational norms is their prescription of behaviors which might be geared toward preserving a courting and their rejection of behaviors that sell man or woman intention-seeking (Heide and John, 1992). As an example, relational norms may be translated into numerous exceptional behaviors consisting of flexibility, mutuality, consistency, solidarity, introduction, use of power, and information exchange (Heide and John, 1992; Krapfel, Salmond, and Spekman, 1991; MacNeil, 1980). MacNeil (1980) argued that formal contracts guided through promissory norms do now not play a widespread role in maximum relationships. Instead, it's far the set of understandings amongst trade companions or the "implicit agreement" guided by using non-promissory norms that drastically impacts relationships (Anderson and Weitz, 1992). Parties who have interaction in exchanges primarily based upon implicit contracts are much less in want of tracking their alternate partners or constructing safeguards in the relationship (Andaleeb, 1996).

2.2.1.2 Social Exchange Theory

One of the extreme famous theories on relationships is the social alternate principle (Fischer and Bristor, 1994). As is said by Fischer and Bristor (1994, p. 329),

Individual interest is at the center of social alternate principle because it assumes that exchange parties intend to derive benefits from their relationship that might no longer be conceivable on their personal. Those advantages can include non-monetary or even altruistic rewards derived from increasing their companion's application (Andaleeb, 1992; Weitz and eastern, 1995). Especially the interpersonal enchantment literature directed lots of its interest at rewards flowing from perceived similarity or complementary sources which includes cash, statistics, or fame (Dwyer, Schurr, and Oh, 1987). Consequently, it ought to no longer be unexpected that social exchange idea regularly compares the formation and continuity of a relationship with those of a marriage, placing the interactions between people and companies at the center of relationships (Dwyer, Schurr, and Oh, 1987). Extra mainly, Thibaut and Kelley (1959) distinguished between superb and poor motivations for carrying out and retaining trade relationships.

A 2nd key assumption of social exchange theory is that relationship final results assessment is the premise of relationship maintenance and boom. Thibaut and Kelley (1959) measured relationship consequences with the aid of "assessment stage" (the nice of outcomes predicted from experience and know-how with similar relationships) and "comparison stage for alternatives. In keeping with them, comparing effects on basis of evaluation stages determines the elegance of a relationship and the degree of relationship satisfaction, at the same time as evaluating consequences on basis of contrast levels for alternatives determines courting dependence (Anderson and Narus, 1984; Wilson, 1995). Thus, power is explicitly integrated in their framework. The more dependent one party is, the more the other party can influence the quality of this party's outcomes. The basic conceptual tool that is used by Kelley and Thibaut (1978) for evaluating relationship outcomes is the outcome matrix. In this matrix, the behavior of one party is crossed with the resultant outcome of this behavior given the other party's behavior. One party can increase its satisfaction with the other party by making use of the transformations available to that party (Oliver and Swan, 1989).

2.2.1.3 Equity Theory

Equity theory, referred to as distributive justice in sociological literature, seeks to understand deviations from the norm of distributive justice in dyadic relationships,

I.e. desires on the part of exchange parties to have a fair distribution of profits (Adams, 1965; Houston and Gassenheimer, 1987; Huppertz, Arenson, and Evans, 1978; Oliver and Swan, 1989). It postulates that parties in exchange relationships compare their ratios of exchange inputs to outcomes. Consequently, since equity theory as opposed to social exchange theory not merely focuses upon relationship outcomes, it is readily applicable as an explanatory framework to exchange situations in which parties are unequal in size or power.

As parties need to evaluate each other before engaging in an exchange, role expectations play a crucial role in determining the equity level of a potential exchange relationship. Each party to the exchange has certain expectations about one's own role as well as that of the other party. According to role theory, the fact that each exchange partner has learned a set of behaviors that is appropriate in an exchange context will increase the probability of goal attainment by each partner (Solomon et al., 1985). Role stress can affect long-term relationships if role expectations are unclear (role ambiguity) or if actual behaviors deviate from expectations (role conflict) (Dabholkar, Johnston, and Cathey, 1994).

2.2.2 Theories of relationship marketing summary

Three different theories underlying relationship marketing have been mentioned the above by providing a description of each relational contracting theory the presence of relational norms between parties in consumer exchange situations contributes to the relationship friendliness of these situations. However, as already indicated by its limitations, relational contracting theory does not provide normative guidelines in determining the conditions that underlie the development and growth of relational norms. Consequently, it is difficult to classify consumer situations according to the extent to which they are characterized by the presence of relational norms, social exchange theory by applying the concepts of comparison level and comparison level for alternatives in consumer exchange situations, the relationship friendliness of these situations can be assessed. Exchange situations in which a firm is able to go beyond consumers' comparison level and comparison level for alternatives could be classified as relationship friendly Characteristics, equity theory can assist researchers in determining the level of relationship friendliness of a particular exchange situation. Situations that are typified by an equitable input-outcome ratio can be considered as relationship friendly

At the end it could be concluded that the researcher's intention of investigating thoughts well matched with social Exchange theory due to the fact in those heretic competitive industries if corporations didn't move past customer s' contrast level it might be tough to have dependable customers.

2.2.3 Conceptualization of Relationship marketing

In line with Gummesson relationship method movements from 4ps to the fee-creating community society. Relationship marketing (RM) is rising as a new phenomenon, dating-oriented relationship practices. Now, because of technological advances, direct marketing is staging a comeback, leading to a relationship orientation. (Gummesson, 2008). RM is worried with attracting, growing, and keeping purchaser members of the family. (Berry and Parasuraman, 1991). setting up a courting includes giving guarantees, preserving a relationship is primarily based at the success of promises and, finally, enhancing a relationship way that a brand-new set of guarantees is given with the achievement of in advance promises as a prerequisite. (Gummesson, 2008).

RM placing the customer first and shifting the position of relationship marketing from manipulating the patron that means from telling and selling to proper customer involvement by means of speaking and sharing the expertise (berry, 1983) attempts to involve and combine customer s, suppliers, and different infrastructural stakeholders into a firm's Relationship and marketing approach and activities. Such involvement consequences in interactive relationships with suppliers, customers, or different value chain partners of the company. An integrative relationship technique assumes overlap inside the plans and techniques of the interacting events and indicates close financial, emotional, and structural bonds among them. It reflects interdependence rather than independence of desire most of the events and it emphasizes cooperation in preference to opposition and consequent war the various actors. Consequently, the development of RM points to a great shift inside the axioms of relationship from opposition and battle to mutual cooperation, and preference independence to mutual interdependence.

Relationship marketing is concerned with the change of relationships between a company and its customer s, and first-rate and customer support are key linkages on this relationship. Right carrier will pay off because it creates authentic customers, customer s that are glad they selected a specific property company and could use the property enterprise once more and sing the business enterprise's praises to own family and friends, who may, in turn, turn out to be loyal customer s. Customer loyalty is taken into consideration an extensive intangible asset for several agencies Marketing students have provided distinct conceptualizations of consumer loyalty (Jiang and Zhang, 2016).

2.3 Empirical Review

Abdulaziz Abtin & Mostefa pouramir (2016) they find out on their study the relationship between customer loyalty and each various factor affected on it including trust, satisfaction, management, communication, and competence was investigated using Pearson correlation coefficient. Initial analyses have been accomplished to ensure no violation of the assumptions of normality, linearity, and homoscedasticity. The results revealed that there were strong positive correlations between dependent variable (customer loyalty) and each of independent variables including trust, satisfaction, management, communication, and competence ($p < 0.05$). The relationship among every independent variables and customer loyalty was direct... It implies that as each of independent variables, the so-called trust, satisfaction, management, communication, and competence increased, customer loyalty also boost as well.

Ali raza &zia Rehman (2012) they go through five relationship marketing tactics in the objective of which tactics contribute more positively for customer loyalty and how those of different tactics affect customer loyalty hence the research showed that buyer’s and seller’s long-term relationship can be made healthier by implementing these tactics.

Abebaw (2018) studied the effect of relationship marketing on customer loyalty in Neyala insurance company, and his research result indicated that relationship marketing is positively related to customer loyalty in united insurance.

Ashenafi Mengistu (2020) verified on the assessment of EIC's market share price of its products are higher than its competitors. Where price is the main weapon of competition in the market, and customers are shopping for the list price because of lack of product differentiation. Moreover, the shift of existing customer is also triggered by the nature of customer service, which lacks flexibility and adaptation to the current and emerging customer demand by EIC

Cherinet Boke(2015) provides on his study as an empirical evidence for the influence on customer loyalty of five underpinnings of relationship marketing: Trust, commitment, conflict handling, communication, and gratitude. RM constructs are identified from the literature, integrated in the proposed model, and linked with customers' loyalty. In addition, the mediating effect of higher management dedication with RM and customers' loyalty are also will be considerate. This study tries to validate that, in Zemen Bank; relationship marketing underpinnings had effect on customers' loyalty. In general, all relationship marketing underpinnings like trust, commitment, conflict management, communication, and gratitude have positive and moderate relationship with customers' loyalty.

Bogale and Yared (2022) studied on alternate competition amongst Insurers in Ethiopia they monitor that there's no significant alternate opposition among insurers in Ethiopia as it's far predominantly depending on the top class charge instead of using other opposition variables like innovation of latest coverage offerings. Such aggressive price-primarily based opposition is risky due to the fact it's miles allegedly uneconomical and does no longer permit them to cowl even their prices and costs and discourages folks who are inclined to enter into the coverage marketplace and also forces the existing insurers to go out of the marketplace. despite the fact that there had been continuous reports as to the lifestyles of uneconomical top rate pricing and unfair exchange competition, no investigation performed and degree taken by the involved organ. The insurance quarter of the use is likewise characterized via underdevelopment, supplying traditional coverage products, domination of trendy sort of coverage commercial enterprise, low exceptional customer offerings, weak monetary electricity, absence of credit income, market concentration in the capital metropolis, a restrained variety of insurers, nation owned insurer domination, association with banks, low public cognizance, use of puzzling exchange names and lack of home re-insurer

2.3.1 Relationship Marketing in Insurance context

The relationship marketing is crucial inside the service industry in particular the only concerned the complicated, especially intangible offerings which include lifestyles insurance described as

,a system below which the insurer, for an attention normally agreed upon earlier, guarantees to reimburse the insured or to render offerings to the insured in the event that positive unintended occurrences result in losses all through a given period' (Mark Richard Greene, 2017). The primary demanding situations face via the insurance groups are growing competition from the conventional players as global tendencies of alliance and specialization create global insurers which can be larger and fantastically skilled. moreover, competition from new players together with asset managers, unbiased economic advisers and net gamers also adjusting to the technological advances that have finally changed the manner business functioned and meeting the desires of extra sophisticated and extra knowledgeable consumers. By means of conserving the long-term relationship with the prevailing patron and increasing their satisfaction plus loyalty are exceptionally related to the employer profitability (Sweeney, Soutar, & Mccoll-kennedy, 2011). The insurance organization need to make sure that the purchaser stays with the organisation. although the significance of relationship relationship has been recounted and endorsed as an approach to conquer provider intangibility (Berry, 1983), the theoretical base of relationship orientation in banking and coverage offerings has hooked up handiest moderate attention (Shetty & Basri, 2017).

2.3.2 Customer loyalty

Customer loyalty is the maximum critical aim of enforcing courting marketing activities. Oliver (1997) described purchaser loyalty as a deeply held commitment to re-purchase a favored Product/service constantly in the future, thereby inflicting repetitive same- emblem or identical logo set shopping, regardless of situational affects and relationship efforts having the capacity to purpose Switching conduct. Its miles assumed that customer s who are behaviorally loyal to a firm show greater favorable attitudes toward the company, in evaluation to competitors. Consumer pleasure and loyalty are noticeably correlated. Customer pride with a bank courting is a good foundation for loyalty (Leverin and Liljander, 2006).

Customer loyalty broadly refers to consumer behaviors that indicate a desire to better an ongoing relationship with an organization. The customers willingness to purchase again from the company, having a desire for the organization, or recommending the organisation to others can be warning signs to customers" desire to stay in a relationship with a corporation that reveal how lots a customer is related to an agency. Loyal customers are often really worth the relatio and marketing attempt, owing to their willingness to purchase extra merchandise and spread advantageous word of mouth as well as their reliability as a source of non-stop sales (Zeithaml, and Parasuraman, 1996)

2.3.3 Relationship marketing dimension

2.3.3.1 Trust

Companies commenced to recognize that for you to be aggressive within the market one needs to be a trusted cooperator (Morgan and Hunt 1994). Overwhelming assist became found in the marketing literature for the inclusion of accept as true with as a critical measurement of a marketing relationship, with several authors concerning it as a critical construct to the development of successful provider relationships (Morgan and Hunt, 1994). Morgan and Hunt (1994) conceptualize agree with as "willingness to rely upon an alternate partner in whom one has self-assurance", and they recognized that trust is a key construct to courting and marketing. The requirement for consider and dedication appears to be a critical indicator of when relationship marketing strategies can be probably treasured. Equally, the lifestyles of accept as true with and dedication amongst parties is visible with the aid of a few to be primary to the fulfillment of relationship marketing techniques (Morgan and Hunt, 1994).

Trust is defined in diverse methods in the relationship marketing literature, Morgan and Hunt (1994) outline trust as confidence inside the alternate associate's reliability and integrity. This does not, but, point out the lack of confidence that consider is seen to conquer.

As well as generating cooperative behavior, trust may

- reduce harmful conflict;
- decrease transactional costs (e.g. negating the need for constant checks);
- promote adaptive organizational forms (e.g. network relationships);
- facilitate the rapid formation of ad hoc work groups;
- promote effective response to a crisis

In service marketing, Berry and Parasuraman (1991) find that customer-company relationships need trust. Similar to commitment, trust is measured as central to all relationship connections (Morgan and Hunt, 1994).

H1. There is significantly positive relationship between Trust and customer loyalty.

2.3.3.2 Commitment

Even as Dwyer et al. (1987, 19) defined commitment as ‘an implicit or express pledge of relational continuity between change partners’, Morgan and Hunt (1994) defined commitment to relationship as ‘an alternate accomplice believing that an ongoing relationship with some other is so critical as to warrant maximum efforts at keeping it’ this is, the dedicated party believes the connection is well worth working directly to ensure that it endures indefinitely. Courting dedication exists handiest when the relationship is taken into consideration essential, and a dedicated partner wishes the relationship to undergo indefinitely and is inclined to paintings at keeping it.

Commitment appears to be one of the maximum important variables for knowledge the power of a relationship marketing, and it is a useful construct for measuring the chance of customer loyalty in addition to for predicting future buy frequency i.e. customer retention (Morgan and Hunt, 1994).

Inside the provider courting relationship and marketing location, Berry and Parasuraman (1991) preserve that relationships are constructed on the muse of mutual dedication. A commonplace subject emerges from the numerous literatures on relationships, events discover dedication amount change partners as key to accomplishing valuable effects from themselves, and that they undertaking to develop and maintain this valuable characteristic in their relationships besides believe, researchers apprehend dedication as a relevant component of organizing and preserving long-time period relationships (Morgan and Hunt, 1994).

H2. There is significantly positive relationship between Commitment and customer loyalty.

2.3.3.3 Satisfaction

Consumer pride is the volume to which a product’s perceived overall performance fits a buyer’s expectations (Kotler and Armstrong, 2012). Relationship marketing principle suggests that profitability is more advantageous whilst customer retention is excessive. Retention in competitive markets is typically believed to be a manufactured from customer satisfaction (Buttle, 1997)

Pride does now not always bring about retention and its miles equally apparent that dissatisfaction does not necessarily result in defection (Buttle, 1997). Purchaser satisfaction is one of the key building blocks for developing and managing purchaser relationships, and happy customer s are much more likely to be dependable customer s and deliver the enterprise a larger percentage of their commercial enterprise. (Kotler and Armstrong; 2012). In addition, they recognized that purchaser delight depends on the product's perceived overall performance relative to a purchaser's expectancies, and patron delight is a key to constructing worthwhile relationships with customer to keeping and growing consumers and reaping their customer lifetime value.

Building profitable consumer relationships and gaining aggressive advantage requires handing over greater value and satisfaction to target customers than competitors do (Kotler and Armstrong; 2012).

H3. There is significantly positive relationship between Satisfaction and customer loyalty.

2.3.3.4 Communication

According to Morgan and Hunt (1994) conversation can be described broadly because the formal as well as informal sharing of significant and timely facts between corporations. An accomplice's belief that beyond communications from another celebration had been regularly and of excessive fine i.e., applicable, well timed, and dependable - will bring about extra agree with. As a result, communication is part of the key construct of relationship in step with them. Further Liang and Wang (2006) showed the essential role of commitment in a dating, and discovered that, as commitment will become greater wonderful, the relationships on both facets turn out to be more stable.

These days, entrepreneurs are moving in the direction of viewing communications as coping with the purchaser relationship over time (Kotler and Armstrong, 2012).

H4. There is significantly positive relationship between Communication and customer loyalty.

2.3.3.5 Conflict handling

Conflict handling with may be defined as the supplier's ability to avoid potential conflicts, clear up manifested conflicts earlier than they invent issues, and the potential to discuss answers brazenly with customers whilst issues do stand up.

Husnain& Akhtar (2015) kingdom war in our lives is apparent, and struggle is taken into consideration as a dangerous, negative revel in by people, but it is extra natural and battle may be healthy and normal in an organizational perspective, lack of anxiety is ultimately senseless and stagnant and not going to foster creativity and boom.

H5. There is significantly positive relationship between conflict handling and customer loyalty.

2.4 Conceptual frame work

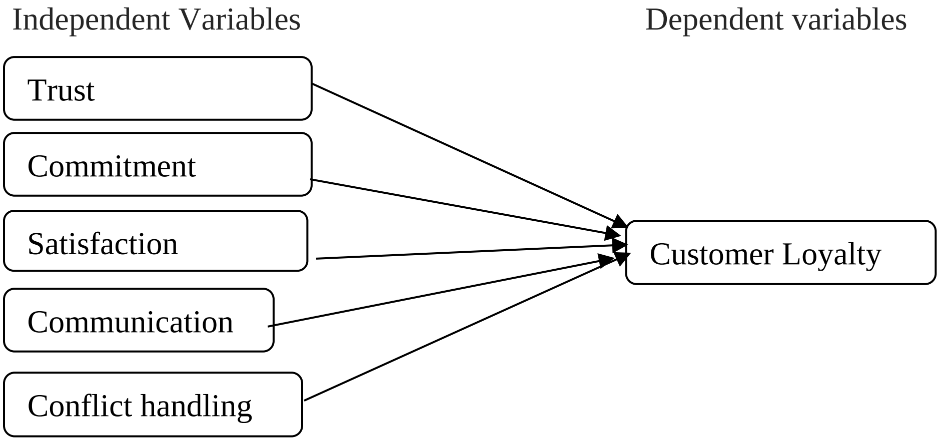

Figure 2.1 conceptual frame works   Source: Researcher's own conceptualization 2022.

Therefore, in order to achieve the result of the study, the following hypothesis was develop:

H1 Trust has positive effect on customer loyalty

H2 Commitment has positive effect on customer loyalty

H3 Satisfaction has positive effect on customer loyalty

H4 Communication has positive effect on customer loyalty

H5 Conflict handling has positive effect on customer loyalty

H6 There is significant difference between the two insurances regarding Trust, commitment, Satisfaction, Communication, complaint handling loyalty dimension

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This chapter is about the research approach, research design, research method, population and sampling, data collection instruments, data analysis techniques and ethical considerations

3.2 Research approach

There is a tendency to divide research into qualitative and quantitative based on type of data utilized as the criterion for classification. Qualitative research involves studies that do not attempt to quantify their results through statistical summary or analysis. It seeks to describe various aspects about behavior and other factors studied in the social sciences and humanities. The data is often in the form of descriptions, not numbers; whereas, quantitative research is a systematic and scientific investigation of quantitative properties and their relationships. The objective of quantitative research is to develop and employ mathematical models, theories and hypotheses pertaining to natural phenomena. The process of measurement is central to quantitative research because it provides the fundamental connection between empirical observation and mathematical expression of an attribute (Abbey, 2009). Therefore, quantitative approaches were applied in this study.

3.3 Research Design

A research design is the over-all plan of how a researcher was answering his/her research question(s) and achieving the research purpose. As a result, a research design can be exploratory, descriptive or descriptor-explanatory.

Exploratory study is valuable to find out what is happening, to seek new perceptions to ask questions and to assess phenomena in a new light. Descriptive design is used to offer a truthful and effective representation of the variables that are relevant to the research questions. While, explanatory research is used to identify any causal link between and among variables of the research problem. The researcher was employed both descriptive and explanatory research design to pursue the objectives of this study.

3.4 Population and Sampling design

3.4.1 Target population

The total number of insurance operating in Addis Ababa is seventeen. Among these Insurance, one from public Ethiopian Insurance Corporation and one from private bank namely the united insurance Share Company is chosen for the comparative study between public and privet insurance company.

Overall Ethiopian Insurance Corporation has 100 branches which are operating in overall Ethiopia. There are 23 branches in Addis Ababa. On the other hand, the united insurance S.C has 42 branches which are operating overall the country, in Addis Ababa which have 30 branches Due to time and resource limitation. This study focuses on Addis Ababa branches.

Population characteristics categorize in three major groups General insurance user, micro insurance user and life insurance user.

3.4.2 Sampling technique

3.4.2.1 Sample Size

One of the main concerns with determining the sample size is how large the sample should be (Malhotra, 2010). It shows how many respondents was participate in the research. The number of insurance customers are not known due to the fact that one customer may purchase more than one policy in a given insurance. Determining sample size is directly proportional to the desired confidence level of the estimate (z) and to the variability of the phenomenon being investigated, and it is inversely proportional to the error that the researcher is prepared to accept (Corbetta, 2003). When the size of population is unknown and previous researches are unavailable to determine the variability of an estimate over all possible samples, thus the sample size is calculated for the list favorable case p = q = 0.5 (Corbetta, 2003). Indeed, as the variability is measured by $\sqrt{pq}$, it is easy to see that this index assumes its highest value when p = q = 0.50 (Corbetta, 2003).

Since the total population is unknown in this study, the following formula is used based on the recommendation of Corbetta (2003) in determining the standard deviation, 95% confidence interval and 5% sampling error in calculating the sample size.

$$n=\frac{Z^2\,p*q}{e^2}$$

Where:

n = required sample size

Z = Degree of confidence (i.e. $1.96)^2$

P = Probability of positive response (0.5)

Q = Probability of negative response (0.5)

E = Tolerable error $(0.05)^2$

$$n = \frac{(1.95)^2 x0.5x0.5}{(0.05)2}$$

$$n = \frac{3.8416 \text{ x } 0.5\text{x } 0.5}{0.0025}$$

n = 384.16~ 385 Respondents

The researcher used a non-probability sampling using convenience sampling technique based on the availability and willingness of customers to answer the questions. The reason or applying convenience sampling technique is to collect the required data from the sample customers who was in city easily or conveniently. By chance. Each individual has the same probability of being chosen to be a part of a sample

3.5 sources of data

3. 5.1 Primary source

The source of the primary data collected from Ethiopian Insurance Corporation and the united insurance S.C customers.

3.5.2 Secondary source

The secondary data was collected by studying previous research works, articles, journals, and online information available.

3.6 Data collection

3.6.1 Data Collection Instrument

The data collection technique was survey questionnaire assessed by using a five-point Lickert scale. Each question of the questionnaire is assigned a number indicating strongly disagree measured as 1, disagree measured as 2, no opinion measured as 3, agree measured as 4, and strongly agree measured as 5.

3.6. 2 Method of data Analysis

After collecting the data through questionnaire from Ethiopian Insurance Corporation and The United Insurance S.C customers the data was analyzed by using SPSS (Statistical Packages for the Social Studies). To regress and to see the correlation of the variables it is the best tool more explicitly Correlation Analysis is a vital analysis it helps us to reveal meaningful relationship among different metrics. Information about those connection can provide new insights and reveals interdependencies, even if the metrics come from different parts of model. On the other hand, regression is one of the most reliable method of identifying which variables have impact on a topic of interest. While performing regression process it allows confidentially to determine which factors matters most, which should ignore and how they influence each other.

3. 7 Validity and Reliability

3.7.1 Validity

Validity refers to the conceptual and scientific soundness of a research study or investigation, and the primary purpose of all forms of research is to produce valid conclusions. (Marczyk et al., 2005). The researcher was use standardized questionnaire. So, the instrument is already valid and tested. There also a large sample size was used to increases the accuracy of the results.

3.7.1 Reliability

Reliability assesses the diploma of consistency between multiple measurements of a variable. A generally used measure of reliability is internal consistency, which applies to the consistency some of the variables in a summated scale. The maximum widely used degree for the consistency of a scale is the Cronbach's alpha (Hair et al., 2006),

As a way to measure every aspect's internal consistency reliability, Cronbach's alpha method was used. Cronbach's coefficient alpha represents the average of all feasible cut up-half coefficients due to specific ways of splitting the dimensions objects.

3.8 Ethical Considerations

About this study purpose the researcher evidently indicated in the first page of the questionnaire to get informed consent of respondents. Hence data was collected from respondents based on their willingness to participate. Responses of participants are analyze without making any change and the result report directly. Moreover, data collect from respondents was use for any purposes other than the academic purpose and it kept confidential.

CHAPTER FOUR
RESULTS &DISCUSSIONS

4.1 Introduction

To study the effect of relationship marketing on customer loyalty, a questioner was developed with a five-point Likert scale and a value was assigned to express the extent to which a respondent agrees or disagree with the specific statements given in the questioner. Hence a value of 1 was assigned to state strong disagreement, 2 just their disagreement, 3 to be neutral about the statement, 4 to agree with the specific statement in question and the higher value 5 is denote strongly agreement. Three hundred eighty-six (386) questionnaires were distributed equally for both insurance respondents (193) for each.

Out of the distributed questioner three hundred fifty-six (356) were returned and each case were directly keyed into IBM© SPSS© version 20 software. However, there were thirty (30) cases which were not included in the analysis because those questioners were not returned back on time and deliberately removed so as these removed cases will not affect the research finding all successful responses cover 92% of the sample.

4.1.1. Gender of respondents

The female respondents of both Insurance constituted the largest share of the gender composition representing 53.9% and 55.1 % respectively while 46.1% and 44.9% were males.

Table 4:1 Gender of respondents of EIC and UNIC

Variables		EIC		UNIC	
		Valid Percent	Cumulative Percent	Valid Percent	Cumulative Percent
Valid	Male	82	46.1	80	44.9
	Female	96	53.9	98	55.1
	Total	178	100.0	178	100.0

Source: Survey data (2022)

4.1.2 Age of respondents

The table shows that 9.6 % and 3.4 % were at the age of 18-28 years old, followed by respondents at the age between 29- 39 years old with 34.3% and 28.1%, and 36.5 for each were at the age between 40-50 years old. The remaining of the respondents 19.7% and 32% were 51 years old and above.

Table 4:2 Age of respondents of EIC and UNIC

Variable		ECI		UNIC	
		Frequency	Percent	Frequency	Percent
Valid	18-28	17	9.6	6	3.4
	29-39	61	34.3	50	28.1
	40-50	65	36.5	65	36.5
	above 51	35	19.7	57	32.0
	Total	178	100	178	100.0

Source: Survey data (2022)

4.1.3. Educational qualification of the respondents

Regarding the educational background of the respondents 3.9 % and 2.8 % of the respondents were from elementary school, followed by respondents form high school 16.3% and 11.2% then from vocational school 34.3% and 26.4 %, those of degree holders 18 % and 35.4 %, who were second degree holders and above 27.6% and 29.6%

4.1.4. Business Classification of the Respondents

The highest respondent was from private business 47.8% &44.9% followed by Government office 19.7 % and 15.2 % local NGO 18.5% &16.9% also from international NGO 3.9% &7.3%, Religious organization 2.8% &5.1% and other 7.3% &10.7%.

Table 4:4 Business Classification of respondents of EIC and UNIC **Source**: Survey data (2022)

Variable		EIC		UNIC	
		Frequency	Percent	Frequency	Percent
Valid	Government Organization	35	19.7	27	15.2
	International NGO	7	3.9	13	7.3
	Local NGO	33	18.5	30	16.9
	Private Business	85	47.8	80	44.9
	Religious organization	5	2.8	9	5.1
	Other	13	7.3	19	10.7
	Total	178	100.0	178	100.0

4.1.5. Total Year of Business the respondents with the Insurance.

Majority of the respondent have business with the insurance 5-10, 37.6% &56.7 % followed by those of who have business more than 11 years 33.1 % &17.4 and those of less than 5 years 29.2% and 25.8%

Table 4:5 Total Years of Business the respondents with EIC and UNIC

Variable	EIC		UNIC	
	Frequency	Percent	Frequency	Percent
Less than 5	52	29.2	46	25.8
5-10	67	37.6	101	56.7
above 11	59	33.1	31	17.4
Total	178	100.0	178	100.0

Source: Survey data (2022)

4.1.6. Types Insurance.

The highest respondents are user of the general insurance 60.1 % & 57.9% followed by Micro insurance 37.6 % & 35.4 and finally life insurance 2.2 % & 6.7% respectively for EIC&UNIC

Table 4:6 Types of insurance service respondents use at EIC and UNIC

Variable	EIC		UNIC	
	Frequency	Percent	Frequency	Percent

Valid	General Insurance	107	60.1	103	57.9
	Life Insurance	4	2.2	12	6.7
	Micro Insurance	67	37.6	63	35.4
	Total	178	100.0	178	100.0

Source: Survey data (2022)

4.2. Scale reliability analysis

We used 37 objects in the measurement of six variables and we came to realize that the items on this look at are dependable in line with Malhotra, (2007) the reliability coefficient that's greater than or equal to zero.60 should be taken into consideration good enough to develop a questionnaire. Therefore, a low coefficient alpha shows the pattern of items performs poorly in shooting the construct motivating the measure. Conversely, a large coefficient alpha means that the gadgets test correlates with the true ratings closely to Malhotra (2007).

Table 4:7 Reliability of measurement instrument of EIC and UNIC

Scale	Cronbach's Alpha of ECI	Items
Trust	.848	8
commitment	.708	5
satisfaction	.753	5
communication	.701	4
Conflict Handling	.841	6
Loyalty	.738	9

Source: Survey data (2022)

4.3. Descriptive Analysis of Variables

In this section analysis is done using the descriptive statistics by computing the grand mean and Standard Deviation score of each dimension. The main purpose of using this statistical parameter is to interpret the average response rate of respondents. Interpreting the pattern of these values will also give us an indication of the impact of our independent variables. (Pallant, 2005).

- As can be depicted from the table 4.7, the mean score of EIC 3.87and UNIC 3.72 on trust dimension shows that EIC respondents believe that their insurer is more trusted than UNIC respondent.

- As can be showed from the table 4.7, the mean score of EIC 3.76 and UNIC 3.98 on commitment dimension shows that UNIC respondents believe that the insure is more committed than EIC respondents.
- As can be depicted from the table 4.7, the mean score of EIC 3.64 and UNIC 3.72 on satisfaction dimension shows that UNIC respondents are more satisfied by their insurer than EIC respondents.
- As can be illustrated from the table 4.7, the mean score of EIC 3.97 and UNIC 3.82 on Communication dimension shows that UNIC respondents believe that their insurer communicates well than EIC respondents.
- As can be showed from the table 4.7, the mean score of EIC 3.80 and UNIC 3.94 on Conflict Handling shows that UNIC respondents believe their insurer are better at conflict handling than EIC respondent.
- As can be showed from the table 4.7, the mean score of EIC 3.81 and UNIC 3.87 of loyalty which showed that UNIC respondents are more loyal for their insurer than EIC respondents.

Table 4:8 Trust, Commitment, Satisfaction, Communication and Loyalty Descriptive Analysis of EIC and UNIC

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Trust	EIC	3.8750	178	.76607	.05742
	UNIC	3.7261	178	.86549	.06487
Commitment	EIC	3.7618	178	.58484	.04384
	UNIC	3.9809	178	.57664	.04322
Satisfaction	EIC	3.6494	178	.87387	.06550
	UNIC	3.7236	178	.83997	.06296
Communication	EIC	3.9705	178	.70873	.05312
	UNIC	3.8287	178	.96008	.07196
Conflict Handling	EIC	3.8015	178	.99192	.07435
	UNIC	3.9401	178	.75196	.05636
Loyalty	EIC	3.8171	178	.52957	.03969
	UNIC	3.8702	178	.51313	.03846

Source: Survey data (2022)

4.4 Correlation analysis

The person Correlation evolution is a measure of the correlation between two variables. It's far broadly used in the sciences as a measure of the energy of linear dependence between variables. The p- value in Pearson correlation evaluation, attempts to provide a degree of the electricity of the consequences of a check, in evaluation to a simple reject or do no longer reject choice.

InPearsoncorrelation evaluation the value ofthe strength of theconnection (r) plays a vital fun ction in figuring out the extent of relationships among variables. The importance degree, p<zero.05 is also used to set up the relationship. This importance stage suggests that there is handiest a 5 percentage threat that the relationship does not exist, and ninety five times out of a hundred times the connection amongst variables can be defined as having a sizeable correlation.The table beneath indicates the consequences of the Pearson correlation evaluation, the various variables, trying out of the hypotheses and interpretation of the Pearson correlation results may be presented in a separate section with the consequences of the regression analysis. Senthilnathan, S. (2019).

Pearson correlation test was conducted to know the degree of relationship between the independent and dependent variable. The results of the correlation between these variables are shown in table 4.9. As it is indicated in the table there is significant correlation between trust, commitment, satisfaction, communication, conflict handling and loyalty. In other words, Trust and loyalty have strong relationship ($r=0.613$ with $p<0.05$), Commitment and loyalty have moderate relationship ($r=0.598$ with $p<0.05$), Satisfaction and loyalty have strong relationship ($r=0.614$ with $p<0.05$), Communication and loyalty have strong relationship ($r=0.602$ with $p<0.05$), Conflict handling and loyalty have moderate relationship ($r=0.545$ with $p<0.05$)

Table 4.9**:** Correlation analysis between variables

Correlations

		Loyalty	Trust	Commitment	Satisfaction	Communication	Conflict handling
Loyalty	Pearson Correlation	1	.613**	.598**	.614**	.602**	.545**
	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	356	356	356	356	356	356
Trust	Pearson Correlation	.613**	1	.102	.621**	.209**	.152**
	Sig. (2-tailed)	.000		.055	.000	.000	.004
	N	356	356	356	356	356	356
Commitment	Pearson Correlation	.598**	.102	1	.394**	.325**	.515**
	Sig. (2-tailed)	.000	.055		.000	.000	.000
	N	356	356	356	356	356	356
Satisfaction	Pearson Correlation	.614**	.621**	.394**	1	.269**	.215**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	356	356	356	356	356	356
Communication	Pearson Correlation	.602**	.209**	.325**	.269**	1	.365**
	Sig. (2-tailed)	.000	.000	.000	.000		.000
	N	356	356	356	356	356	356
Conflict Handling	Pearson Correlation	.545**	.152**	.515**	.215**	.365**	1
	Sig. (2-tailed)	.000	.004	.000	.000	.000	
	N	356	356	356	356	356	356

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

4.5. Regression analysis

Regression is a technique used to expect the value of a dependent variable the use of one or greater independent variables. Malhotra (2007) showed that regression evaluation is a statistical device for the research of relationships among variables. As a way to confirm the causal effect of 1 variable upon any other, researchers bring together statistics at the underlying variables of the causal variables upon the variable that they affect (Malhotra, 2007). Researchers generally examine the "statistical significance" of the estimated relationships, namely, the degree of self-belief that the real relationship is close to the anticipated relationship Malhotra (2007).

4.5.1. Assumption Testing for Regression Analysis

Meeting the assumptions of regression analysis is required to approve that the got data truly represented the sample and that researcher has attained the best results (Hair et al., 2014). In the following paragraphs, each assumption is explained.

4.5.1.1 Linearity

The linearity of the relationship between the dependent and independent variable represented the degree to which the change in the dependent variable is associated with the independent variable (Hair et al., 2014) according to appendix 2 there was no linearity problems between the dependent and independent variables.

4.5.1.2. Multi-collinearity

Before presenting and interpreting the regression analysis, it is important to evaluate the model in terms of the issue of multicollinearity. There can be problems with collinearity or multi-collinearity when several variables are involved (Hill, R.C. and Adkins, 2003). Generally, as multi-collinearity rises, it will complicate the interpretation of the variables because it is more difficult to confirm the effect of any single variable, owing to their interrelationship (Hair et al., 2014).

Table 4.10: Multi collinearity

Model	Collinearity Statistics	
	Tolerance	VIF
Trust	.575	1.740
Commitment	.603	1.657
Satisfaction	.498	2.009
Communication	.813	1.229
Conflict Handling	.681	1.469

Source: Survey data (2022)

4.5.1.3. Homoscedasticity

Hair et al., (2014) identified homoscedasticity as homogeneity of variance. Scatter plots between dependent variable and each of the independent variables and/or scatter plots of the residuals (ZRESID) and predicted values (ZPRED) were checked and the result showed that the variances along the line of best fit remain similar as we move along the line

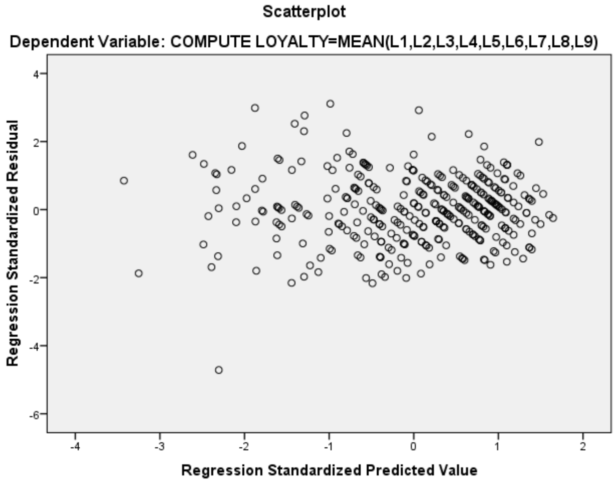

Figure 4.1 Homoscedasticity test

4.5.1.4 Autocorrelation

An autocorrelation error takes place when blunders phrases are correlated to each other. The Durbin-watson dimension amplifies between the values of zero to four. A value near 2 suggests the complete absence of autocorrelation; a value closer to 0 indicates positive autocorrelation, while a value closer to 4 indicates bad autocorrelation. Chen (2016) suggests that the rule of thumb of to accept autocorrelation of faults phrases as highly regular is 1.five to two. Five. For this model, the Durbin-watson is 1.384 that's within the tolerable range. As a result, the model is in shape and suitable for predicting customer loyalty.

Table.4.11 Durbin-Watson test

Model Summary of EIC					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.895[a]	.802	.799	.23379	1.384
a. Predictors: Trust, Commitment, Satisfaction, Communication and conflict handling b. Dependent Variable: Loyalty					

4.5.1.5 Normality Test

It is the assessment of the normality of data is a prerequisite for many statistical tests because normal data is an underlying assumption in parametric testing. Hence in the above figure there is no significance variation in the spread of residuals. Nearly all residuals lay on the linear straight line. As a result, the association between the dependent and independent variables are linear.

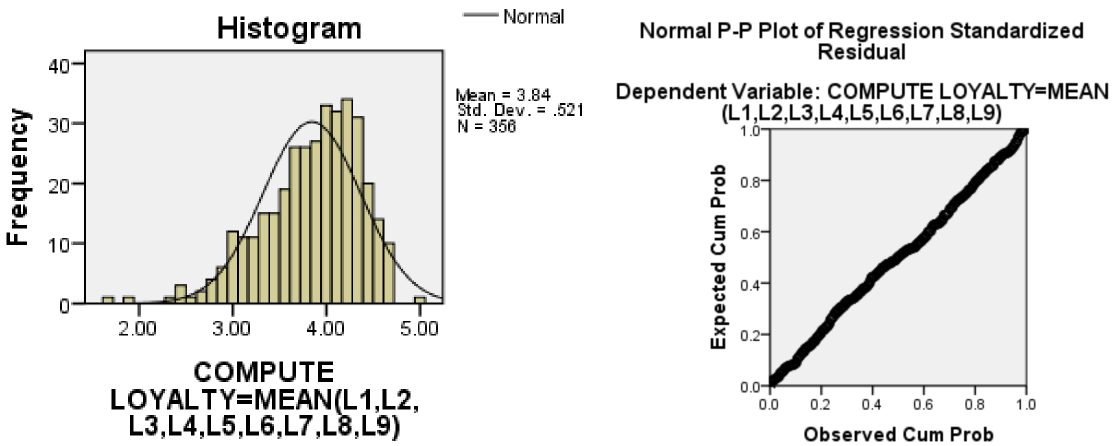

Figure 4.2 Normality test

4.6 Multiple linear regression analysis

This regression analysis was conducted to know by how much the independent variable explains the dependent variable. It is also used to understand by how much each independent variable (Trust, commitment, satisfaction, communication and conflict handling) explains the dependent variable that is customer loyalty.

4.6.1 Model Summary

Table 4.12: Model summary of EIC   Source: Survey data (2022)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.895[a]	.802	.799	.23379	1.384

a. Predictors: Trust, Commitment, Satisfaction, Communication and conflict handling
b. Dependent Variable: Loyalty

The "R" column represents the value of R, the multiple correlation coefficients. R can be considered to be one measure of the quality of the prediction of the dependent variable; loyalty. A value of 0.895, in this indicates a good level of prediction. The "R square" also called coefficient of determination, which is the proportion of variance in the dependent variable that can be explained by the independent variables (Trust, Commitment, Satisfaction, Communication and conflict handling) and the value of 79% that the independent variables (Trust, Commitment, Satisfaction, Communication and conflict handling) explain of the variability of the dependent variable which is loyalty

4.6.2 ANOVA Summary

Table 4.13: ANOVA

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	77.403	5	15.481	283.227	.000[b]
	Residual	19.130	350	.055		
	Total	96.533	355			

Source: Survey data (2022)

a. Dependent Variable: Loyalty

b. Predictors: (Constant), Predictors: Trust, Commitment, Satisfaction, Communication and conflict handling

From Table 4.14 ,the significant value (P=0.000) show that there was a strong significant

relationship between the independent variables (Trust, Commitment, Satisfaction, Communication and conflict handling) and dependent variable (Loyalty). The P-value of 0.000 which is greater than 0.05 denotes that the model of customer loyalty is significant at the 5 percent significance level. The F-test result of the study is 283.227which is greater than one with significance of p=0.000.

4.6.3 Coefficient of Regression

Table 4.14: Coefficient of variable

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1		.323	.100		3.241	.001
	Trust	.271	.020	.426	13.562	.000
	Commitment	.284	.027	.322	10.500	.000
	Satisfaction	.060	.021	.099	2.940	.004
	Communication	.195	.016	.317	12.016	.000
	Conflict Handling	.105	.017	.177	6.148	.000

Source: Survey data (2022)

a. Dependent variable: Loyalty

From the regression model;

$Y = \alpha0 + \alpha1X1 + \alpha2X2 + \alpha3X3 + \alpha4\ X4 + \alpha5\ X5$

Where: Y= Loyalty

X1 = Trust

X2 = Commitment

X3 = Satisfaction

X4 = Communication

X5 = Conflict Handling

$$Y = .323+ 0.271X1 +0 .284X2 + 0.060X3 +0.195 X4 + 0.105 X5$$

The equation above concluded that loyalty was extremely swayed by Commitment (β=0.284), followed by trust (β=0.271), and then communication (β=0.195), and conflict handling (β=0.105), finally by satisfaction (β=0.060).Given all the Predictor variables constant at zero (0), customer loyalty will be 0.323.

The study found a positive relationship between Trust, Commitment, Satisfaction, Communication and conflict handling and having a regression coefficient of 0.271, 0.284,0.060,0.195, and 0.105 This shows that having effective relationship marketing will have influences on customer loyalty positively.

4.7 Hypothesis Testing and Discussion of Results

The core objective of this study was to evaluate the effect of relationship marketing on customer loyalty: A comparative study between public and private insurance companies (a case of Ethiopian Insurance Corporation and United Insurance S.C). This study formulated six hypotheses that were proposed to be tested against these statistical results and based on the analysis result hypothesis was tested and the results are discussed below.

Table.4.15Hypothesis testing

Hypothesis	Relationship	Beta	Sig.	Result
H1: There is significantly positive relationship between Trust and customer loyalty.	Positive	.271	.000	Supported
H2: There is significantly positive relationship between Commitment and customer loyalty.	Positive	.284	.000	Supported
H3: There is significantly positive relationship between Satisfaction and customer loyalty.	Positive	.060	.004	Supported
H4: There is significantly positive relationship between Communication and customer loyalty.	Positive	.195	.000	Supported
H5: There is significantly positive relationship between conflict handling and customer loyalty.	Positive	.105	.000	Supported

Source: Survey data (2022)

H1: There is significantly positive relationship between Trust and customer loyalty in the two insurance.

Based on the tables and explanations provided in the previous paragraphs, Trust has a positive and significant relationship with the dependent variable customer loyalty, where the beta value of ($\beta1=0.271$) at $p<0.05$. This indicates that, as Trust increase or decrease by 1% customers' loyalty increase or decrease by 27.1% As a result Trust is significant and positive predictor of customers' loyalty.

Therefore, H1 is accepted.

H2: There is significantly positive relationship between Commitment and customer loyalty in the two insurance.

Based on the tables and explanations provided in the previous paragraphs, Trust has a positive and significant relationship with the dependent variable customer loyalty, where the beta value of ($\beta1=0.284$) at $p<0.05$. This indicates that, as Trust increase or decrease by 1% customers' loyalty increase or decrease by 28.4% As a result Trust is significant and positive predictor of customers' loyalty.

Therefore, H2 is accepted.

H3: There is significantly positive relationship between Satisfaction and customer loyalty in the two insurance.

Based on the tables and explanations provided in the previous paragraphs, Trust has a positive and significant relationship with the dependent variable customer loyalty, where the beta value of ($\beta1=0.060$) at $p<0.05$. This indicates that, as Trust increase or decrease by 1% customers' loyalty increase or decrease by 6% As a result Trust is significant and positive predictor of customers' loyalty.

Therefore, H3 is accepted.

H4: There is significantly positive relationship between Communication and customer loyalty in the two insurance.

Based on the tables and explanations provided in the previous paragraphs, Trust has a positive and significant relationship with the dependent variable customer loyalty, where the beta value of ($\beta1=0.195$) at $p<0.05$. This indicates that, as Trust increase or decrease by 1% customers' loyalty increase or decrease by 19.5% As a result Trust is significant and positive predictor of customers' loyalty.

Therefore, H4 is accepted.

H5: There is significantly positive relationship between conflict handling and customer loyalty in the two insurance.

Based on the tables and explanations provided in the previous paragraphs, Trust has a positive and significant relationship with the dependent variable customer loyalty, where the beta value of ($\beta1=0.105$) at $p<0.05$. This indicates that, as Trust increase or decrease by 1% customers' loyalty increase or decrease by 10.5% As a result Trust is significant and positive predictor of customers' loyalty.

Therefore, H5 is accepted.

H6: There is significant difference between the two insurances regarding Trust, commitment, Satisfaction, Communication, complaint handling (Relationship Marketing dimensions)?

For this hypothesis, Paired t-test was used to determine whether to check or not there is a difference between the means of EIC and UNIC. SPSS produces the exact significance value of T, and we are interested in whether this value is less than or greater than 0.05. In this case, the two-tailed value of p for the ECI & UNIC relationship marketing dimension, 0.990, is more significant than 0.05, and so we would have to conclude that there is no significant difference between the means of the variables as mentioned earlier.

4.8. Paired Samples T-Test

One of the objectives of this study was to compare whether their significant a difference between Trust, Commitment, Satisfaction, communication, and Conflict Handling in the Customer loyalty of Ethiopia Insurance Corporation and The united insurance S.C. Paired sample t-test helps to compare the means of two variables within a group. Therefore, the result of paired sample t-test of the insurances was calculated as in the Tables below.

Table 4.16: Paired sample T test of EIC &UNIC Relationship marketing dimensions

Paired Samples Statistics						
		Mean	N	Std. Deviation	Std. Error Mean	Sig. (2-tailed)
Pair 1	EIC	3.8116	178	.58583	.04391	.990
	UNIC	3.8122	178	.50876	.03813	

Source: Survey data (2022)

Table 4.17: Paired sample T test of EIC &UNIC level of customer loyalty

Paired Samples Statistics						
		Mean	N	Std. Deviation	Std. Error Mean	Sig. (2-tailed)
Pair 1	EIC	3.8171	178	.52957	0.3969	.199
	UNIC	3.8702	178	.51313	0.3846	

- There is no significant difference between the two insurance companies regarding the relationship marketing dimensions as well as their level of customer loyalty.

CHAPTER FIVE
MAJOR FINDING, CONCLUSION & RECOMMENDATION

5.1. Introduction

In this chapter, conclusions, summary, recommendations and limitations & suggestions for future research are presented.

5.2 Summary of major findings

A comparative study between public and private insurance companies (a case of Ethiopian Insurance Corporation and United Insurance S.C. with the main objective of examine the effect of relationship marketing on customer loyalty. For the matter of the study data were collected from both insurance customers out of the total distributed questioner 92% were returned back and the data was analyzed by using SPSS version 20 software. Before conducting the final regression analysis, the assumption of regression was test such as, linearity, multicollinearity homoscedasticity and autocoleration tests were checked and confirmed acceptable. The overall reliability test shows all independent and dependent variables are internally consistent according to the Cronbach's alpha result. Based on the analyses, the following major findings are summarized.

The female respondents of both Insurance constituted the largest share of the gender composition representing 53.9% and 55.1 % respectively while 46.1% and 44.9% were males. Majority of respondent were from the age range of 29-36 followed by 40-50 and above 51. Regarding educational background majority of respondent were from vocational school and degree holders followed by 2nd degree and above from elementary school they were under 10 % Close to half the respondents were from private business and followed by government office and local NGO respectively. Majority of respondent spent with the insurance from 5-10, 37.6% &56.7 % followed by around ¼ spent less than 5 years 29.2% and 25.8% and finally who spent more than 11 years were 33.1 % &17.4% .60.1%& 57.9 % the respondents was user of general insurance followed by micro insurance user 37.6 % 35.4% the rest 2.2 % & 6.7 % were life insurance user

As per the Pearson correlation matrix, the relationship marketing dimensions are positively correlated to customers' loyalty from having a coefficient of .613, 598,.614,.602, and.545 at 0.01 p-value 2-tailed.

The model summary shows adjusted R^2 was 0.802. This implies that about 80.2% the dependent variable (e.g. customer loyalty) can be explained by the independent variables (e.g. trust, commitment, satisfaction, communication and conflict handling),

The multiple regression result, estimate of regression weight showed that the five independent variables trust, commitment, satisfaction, communication and conflict handling) significantly determine and explain customers' loyalty, statistically supporting the five hypotheses. When we see the descriptivist analysis reviled that the relationship marketing dimensions variables affect customer loyalty highly

5.3. Conclusion

Based on the analysis and findings/result of the study, conclusion was made.

- Relationship marketing dimension positively affect customer loyalty.

  Trust is one of the highly pushing factor for having loyal as we see on the coefficient regression result it was the second dominant factor on customer loyalty. Commitment makes customers loyal which is proven by different study. According to Morgan and Hunt(1994) Commitment appears to be one of the maximum important variables for knowledge the power of a relationship marketing, and it is a useful construct for measuring the chance of customer loyalty in addition to for predicting future buy frequency. We saw the strength of this variable on the coefficient regression result it took the highest value amongst the other dimensions. Satisfaction is a path way to loyalty according to exchange theory it reviles one way of creating relationship marketing in this very heretic dynamic business environment to go beyond customers expectation raising up their level of satisfaction so that it's a key role the insurance industry The result of conflict handling it was not high as it was expected still we saw the effect on customer loyalty also communication dimension has positive impact on customer loyalty. Finally, as we saw on the grand mean result of both company on descriptive analysis we can say that both insurance respondents are agreed on the both insurance trustworthiness, commitment, also they were satisfied with service, on the insurance way of communication plus on their way of conflict handling as a result their loyalty level was good but not enough. There was a traditional thinking that government organization was more trusted on financial sector but the reality falsifies the thinking which show us there is no such thing. These days customers become more exposed to for new, update and better service information hence keeping them for so long is become herd and harder. Henceforward both insurances should have to enhance their service have to use different better relationship marketing tools they have to go beyond the expectation level of their customers.

5.4. Recommendations

Based on the conclusions, the following recommendations are given.

- The study discovered that significant effect of trust on customers' loyalty. Consequently, both insurances need to enhance the level of trust more than this by keeping their promise that they gave to deliver for the customers also they need to make their service more transparent as we know the insurance policies are mostly complicated majority of the customers are not understanding well so if the insurance make themselves transparent in order to be more trusted by their customers customer.
- Both insurance customers are satisfied somehow but they have to work on it let say by make things so easily accessible this days place utilities have a greater impact on customer satisfaction so if the insurances create a service that enable customer to purchase the service that they desire where ever they are by using their smart phone will make enhance their level of satisfaction.
- The respondents believed on the commitment of on both insurance but still have to be developed more than this by giving continuous and appropriate on job or off job training for the employees to enhance their level of commitment
- The insurance has to enhance their communication method because there service there thought have to reach out there intended customers hence, have to use different mechanism like by using chat bots and self-service portals also using different mobile applications which allows to access to information, such as new policy features, and so on.
- Also for conflict handling the insurance companies have to give for the sales agents plus for the management a training regarding how to handle and resolve conflict
- To enhance the level of loyalty of their loyal customers have to give recognition to their loyal customer let say by giving some sort of discount, giving gifts on holiday and so on.

5.5. Limitations and Suggestions for Future Research

Recommended that in future studies, other tools can used such as structured interviews, and focused group discussion in order to study and investigate the variables. Because data collection in this research was based on questionnaire only. Future research can determine other factors that influence customer loyalty in the insurance sector. Because this research only go through five dimension of relationship marketing which are trust, commitment, satisfaction, communication and conflict handling correspondently it is recommended, for the future using interviews with experts and employees in order to identify, measure and prioritize the indicators for measuring the variables. Also since employees are internal customers their loyalty has to be measured and their know how about the concept of relationship marketing and customer loyalty cause it will have greater impact on external customers loyalty.

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Appendices
Research Instrument
Appendix 1

ADDIS ABABA UNIVERSITY COLLEGE OF BUSINESS ANDECONOMICS SCHOOL OF COMMERCE

GRADUATE STUDIES, DEPARTMENT OF MARKETING MANAGEMENT

Questionnaire

Dear respondent, my name is Feven Adane I would like to thank you for taking your time to fill the questionnaire. The purpose of this research is to study the effect of customer relationship marketing on customer Loyalty in Insurance industry. This survey is designed as part of my work for a Masters of Artin Marketing Management at Addis Ababa University School of Commerce. All the information will be kept confidential and used **strictly** for academic purposes only.

CASE No: ___________________

Instruction:

Please, mark using either (☑), (☒), or (□) selection method based on your convenience in theappropriate box for your choice. Please, also make sure that your choice is visible.

Part I. General Information

1. How old are you?

□ 18-28
□ 29-39
□ 40-50
□ above 50

2. What is your maximum education level?

□ Elementary School   □ Doctoral
□ High School   □ Degree   □ Professor

□ Vocational School Certificate □ Masters □ Other

3. What is your gender?

□ Male
□ Female

4. . How long have you been doing business with the insurer?_______(Years)

□ Less than 5 years
□ 5-10
□ more than 11

5. hat policy covers do you purchased from the insurer? (Please tick all that apply)

□ General Insurance (Motor, Workmen Compensation, Fire and Lightning, etc.)
□ Life Insurance
□ Micro-Insurance

6. In which business classification can your organization be categorized?

□ Governmental Organization
□ International NGO
□ Local NGO
□ Private Business
☐ Religious Organization
☐ Other

Part II: Elements of Customer Relationship Marketing

Please answer each statement below by putting a circle around the number or mark ((☑), (☒),or (□)) that best reflects your degree of agreement or disagreement with each statement.

Key:

1 = SD: Strongly Disagree

2 = D: Disagree,

3 = N: Neutral,

4 = A: Agree,

5 = SA: Strongly Agree,

1. Trust	**SD**	**D**	**N**	**A**	**SA**
1.1. The reputation of my insurer is trustworthy.	1	2	3	4	5
1.2. My insurer words and promises are reliable.	1	2	3	4	5
1.3. I have a confidence on the integrity of the insurer.	1	2	3	4	5
1.4. The policies and practices of my insurer are trustworthy.	1	2	3	4	5
1.5. My insurer fulfill its obligations to me.	1	2	3	4	5
1.6. My insurer pays claims within a reasonable time frame.	1	2	3	4	5
1.7. I am certain that I will be indemnified when loss occur.	1	2	3	4	5
1.8. I am certain that my insurer kept all my personal records Secured.	1	2	3	4	5
2. Commitment	**SD**	**D**	**N**	**A**	**SA**
2.1. The insurer always applies the right policy and practices.	1	2	3	4	5
2.2. My insurer offers personalized services to meet my needs.	1	2	3	4	5
2.3. My insurer is flexible when its services are changed.	1	2	3	4	5
2.4. My insurer is flexible in serving my needs.	1	2	3	4	5
2.5. The insurer mostly updates their service.	1	2	3	4	5
3. Satisfaction	**SD**	**D**	**N**	**A**	**SA**
3.1. Overall, I am very satisfied with my insurer.	1	2	3	4	5
3.2. If I had to do it all over again, I would still choose to use the Insurer.	1	2	3	4	5
3.3. I am comfortable about the relationship with this insured.	1	2	3	4	5
3.4. My experiences with the insurer have always been good.	1	2	3	4	5
3.5 Overall, I am very delight by my insurer service.	1	2	3	4	5
4. Communication	**SD**	**D**	**N**	**A**	**SA**
4.1. My insurer provides timely and trustworthy information.	1	2	3	4	5
4.2. My insurer provides information if there are new insurance Services.	1	2	3	4	5
4.3. Information provided by my insurer is always accurate.	1	2	3	4	5

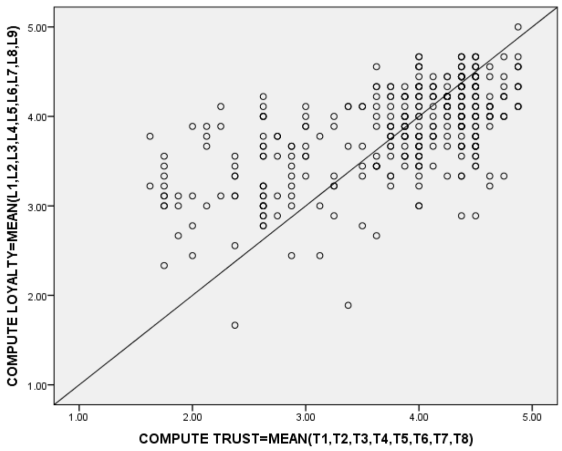
5.3. The insurer shows a sincere interest in solving customers' problem	1	2	3	4	5
4.4. My insurer provides early notice whenever there is change during policy renewal (change in policy or premium Payment).	1	2	3	4	5
5.4. The insurer listens customers' problem	1	2	3	4	5
5. Conflict Handling	**SD**	**D**	**N**	**A**	**SA**
5.5 The insurer gives your prompt response for your complaints	1	2	3	4	5
5.1. The insurer tries to avoid potential conflicts before their occurrence.	1	2	3	4	5
5.6 The insurer asks you about your feeling toward their responses for your complaints	1	2	3	4	5
5.2. The insurer openly discusses on the solutions when problems arise.	1	2	3	4	5

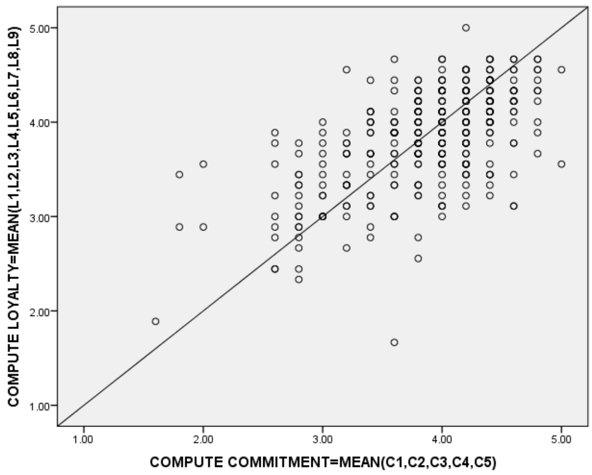
Part III Customer Loyalty

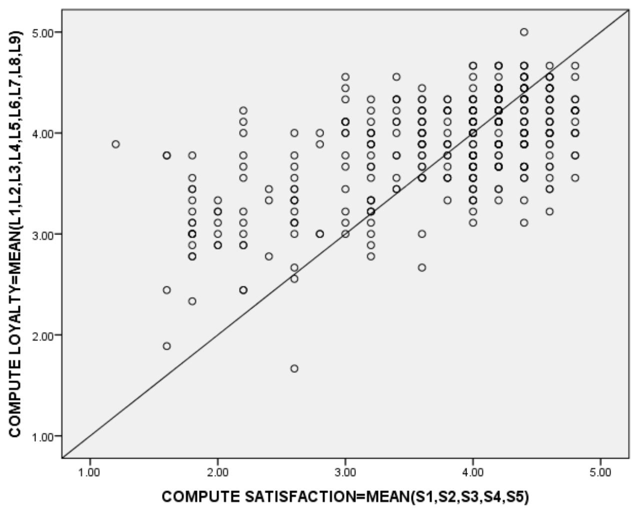
Please, also indicate your agreement or disagreement level for the next statements, using the same method of selection as the previous section, concerning your interest to continue doing business with the insurer.

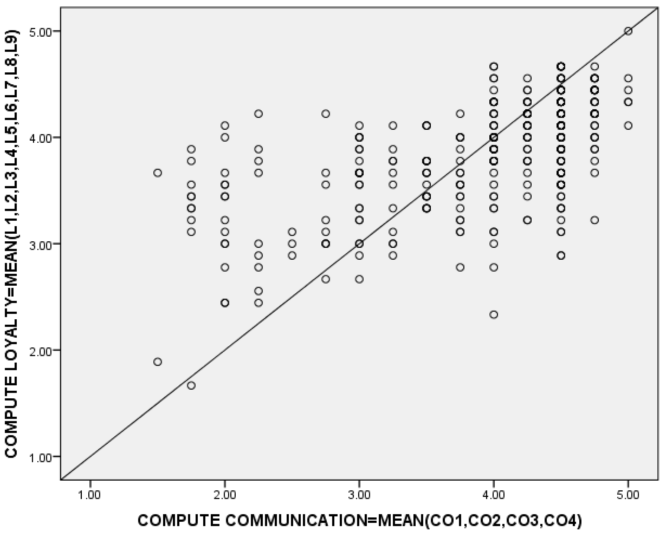
6. Customer Loyalty	**SD**	**D**	**N**	**A**	**SA**
6.1 I am a loyal customer to the insurer	1	2	3	4	5
6.2 I consider the insurance as my first choice among other insurer in the area and first choice that comes to my mind when making purchase decisions on insurance services	1	2	3	4	5
6.3 If I had to do it over again, I would still choose to use the insurer	1	2	3	4	5
6.4 I do not want to change my choice to another insurer because I value the insurer first.	1	2	3	4	5
6.5 I would always recommend the insurer to everyone who seeks my advise	1	2	3	4	5
6.6 It would be difficult to change my beliefs about the insurer	1	2	3	4	5
6.7 Even if my close friends recommend me to use another insurer my preference for this insurer would not be changed	1	2	3	4	5
6.8 I do not like to change to another insurer because this insurer suits all my needs.	1	2	3	4	5
6.9 Even if I get lower price from another insurer my preference wouldn't change.	1	2	3	4	5

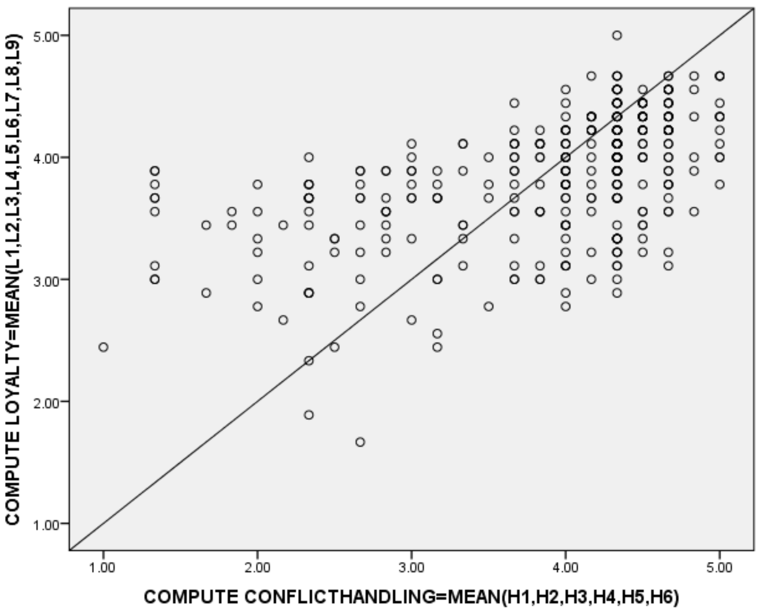
Appendices 2: Linearity test








5.00
4.00
3.00
2.00
1.00
COMPUTE LOYALTY=MEAN(L1,L2,L3,L4,L5,L6,L7,L8,L9)
1.00
2.00
3.00
4.00
5.00
COMPUTE COMMUNICATION=MEAN(CO1,CO2,CO3,CO4)


5.00
4.00
3.00
2.00
1.00
COMPUTE LOYALTY=MEAN(L1,L2,L3,L4,L5,L6,L7,L8,L9)
1.00
2.00
3.00
4.00
5.00
COMPUTE CONFLICTHANDLING=MEAN(H1,H2,H3,H4,H5,H6)