ADDIS ABBA UNIVERSTY SCHOOL OF COMMERCE

DEPARTMENT OF BUSINESS LEADERSHIP

THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER RETENTION: THE CASE OF HIBRET BANK SOUTH ADDIS ABABA DISTRICT

BY: BLEN GETACHEW

A THESIS SUBMITTED TO THE ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS LEADERSHIP

ADVISOR: FISSEHA GEBREANANIA (PHD)

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ADDIS ABABA, ETHIOPIA

DECLARATION

Declare that the research under consideration is headed "The Effects of customer relationship management practices on customer retention: The Case of Hibret Bank". My work, which I have submitted to the Addis Ababa University School of Commerce for the Masters of Business Leadership degree, is entirely original and has not been submitted for credit at any other university. All study resources have been properly cited.

Researcher's Name	**Date**	**Signature**
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CERTIFICATE OF APROVAL

THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON CUSTOMER RETENTION: THE CASE OF HIBRET BANK SOUTH ADDIS ABABA DISTRICT

BY: BLEN GETACHEW

Approved by Board of Examiner

FISSEHA GEBREANANIA (PHD) ____________________

Advisor Name **Signature**

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External Examiner **Signature**

ENDORSMENT

This certifies that the study "The Effects of customer relationship management practices on customer retention: The Case of Hibret Bank" completed by **Blen Getachew** for the Addis Ababa University School of Commerce's Master of Business Leadership program, is original and hasn't been submitted previously for credit toward any degree at this university or any other university.

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ADVISOR SIGNITURE

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CRM- Customer Relationship Management

SPSS - Statistics Package for Social Science

HB- Hibret Bank

ABSTRACT

The aim of this study was to examine the effects of customer relationship management practices on customer retention: The case of Hibret Bank. Thus, attempts were made to provide answers to the research questions. In order to maximize accuracy and minimize error in estimating from the target population, participants for the study's questionnaire were chosen using a straightforward random selection procedure to gather the data for this study, the simple random sampling technique was used to select participants for the questionnaire of the study. Out of the 261 questionnaires provided, 242 were correctly completed by the participants. The study employed both primary and secondary sources. To collect quantitative data analysis for this study, descriptive statistics like frequencies, percentages, means, inferential analysis and standard deviations were used in conjunction with SPSS data. Both descriptive and explanatory study designs had been applied. The finding verified that trust has the strongest correlation with communication (0.638). This indicates that higher levels of trust are strongly associated with better communication between the bank and its customers. Enhancing trust can therefore improve communication, leading to more effective customer interactions. The finding of the study verified that bonding and trust do not significantly predict customer retention. From the findings, it was concluded that this regression analysis not only identifies key drivers of customer retention but also provides a statistically sound basis for prioritizing customer reward, service quality, and responsiveness in retention strategies. The insights gained can guide managerial decisions and resource allocation to enhance customer loyalty and retention effectively. Finally, it was recommended that Hibret Bank should develop targeted retention programs: design and implement retention programs targeting specific customer segments based on their satisfaction, commitment, and responsiveness levels. Personalized retention efforts can be more effective in addressing the unique needs and preferences of different customer groups.

Keywords: Customer relationship management practices, customer retention:

CHAPTER ONE

INTRODUCTION

This chapter includes; introduction, background of the study, statement of the problem, basic research questions, objective of the study, significance of the study, delimitation of the study, operational definition of terms and organization of the study.

1.1. Background of the study

In the current competitive and turbulent environment, the number and intensity of competitors are increasing. Consequently, power in the marketplace is shifting to the customer. Customers are the centre of attention, and companies try to satisfy customers' needs by focusing their production on customer loyalty and maintaining sustainable and successful relationships with them. Therefore, Customer Relationship Management (CRM) is crucial for customer retention and profit maximization. Companies must analyse and meet the needs of their customers to survive and grow.in this competitive environment (Wu et al., 2009). Many companies have recognized the growing trend toward CRM and the benefits of continuously nurturing customer relationships in recent years. As a result, academics and business professionals are becoming more interested in CRM and progressive companies are focusing on CRM investments (Gruen et al., 2000). Between 1970 and 2010, marketers shifted from a product-centric strategy to a customer-centric strategy; CRM is the dominant strategy (Khera, 2011). In the 1990s, CRM became an integrated system rather than a specific system (Cunningham, 2002). It is estimated that between 1998 and 2001, the growth of CRM increased from 2 billion dollars to nearly 8 billion dollars (Bergeron, 2002). Marketing has increased competition between companies and has presented companies with greater challenges in retaining customers. To maintain customer relationships and build a customer database, companies today focus more on existing customers than on acquiring new ones. CRM is now considered an indispensable marketing strategy as it describes how customers want to be served efficiently and effectively (Peppers et al., 2004). CRM is gaining popularity to consolidate the customer base, maintain customer satisfaction, and build customer loyalty (Chen & Ching, 2007). In addition, CRM practices have enabled managers to target their most valuable customers to use their company's resources more efficiently and effectively (Dorsch et al., 2001). Companies can access secret and unrecognized customer information through CRM. When a company employs a CRM strategy, customers can receive highly customized and interactive services. Companies can build and maintain long-term customer relationships (Winer, 2001). From the number of educational centres, conferences, research papers, and industry attention, it is clear that CRM has developed much. Companies use CRM to manage customer, client, and prospect interactions.

Marketing is becoming increasingly customer-centric as brands have shifted from brand-centric to customer-centric. Building customer knowledge through CRM is important as it positively impacts customer knowledge (Mithas et al., 2005). Customers need to be engaged through CRM so that companies can differentiate themselves and build loyal customers. Companies have increased profits, sales, and shareholder value through customer relationship management. Successful customer relationships are also developed, maintained, and improved through these marketing practices. CRM is critical to a company's long-term success because it builds well-established market value, primarily by retaining valuable customers (Bolton & Tarasi, 2006). CRM involves understanding the needs of current and potential customers and providing appropriate products or services. In addition, CRM includes technologies, processes, and procedures that help companies build long-term relationships with their customers. Implementing CRM involves a company's efforts to nurture its existing customers and attract new ones by catering to and satisfying their individual needs. CRM means gaining customers' commitment and loyalty to the company by making them feel they have a stake in it. The more satisfied and engaged customers are with the company, the more likely they are to remain customers of the company for a longer period. In customer relationship management, numerous empirical studies have been conducted worldwide, and researchers have tested various variables associated with CRM. For instance, Verhoef (2003) and Yim et al. (2004) examined the impact of CRM on customer share trends and customer outcomes, respectively. The focus of these studies is to understand the role of CRM in customer retention. Therefore, the study aims to examine the effect of customer relationship management on customer retention in the case of Hibert Bank.

1.2. Background of the Organization

Hibret Bank S.C. was established as a share company on September 10, 1998G.C. under the Commercial Code of Ethiopia and the Licensing and Supervision of Banking Business Proclamation. Its establishment was after emergence of five commercial Banks: Ethiopian Commercial Bank of Ethiopia, Bank of Abyssinia, Awash Bank and Dashen Bank and currently number of banks in Ethiopia are 33. Hibret Bank has become one of the country's largest private Banks, with a 9.37 billion capital base, 82.58 billion asset size, 493 branches over the country and more than 5386 total employees. Its newly built 32 stories with 4 basements headquarter is located in the financial district in front of Addis Ababa University School of Commerce at Ras Abebe Aregay Street. Hibret bank has celebrated its Silver anniversary this fiscal year.

The competition of commercial banks in Ethiopia is stiffer than before, the products and services are mostly similar and with insignificant difference in service and products price. Since all Banks are giving similar services and 85% of the population is living in the rural area, the Bank shall design a special customer retention mechanism by having a strong relationship management system with a better service quality delivery. To cope up with this stiff competition, Hibret bank hired a Consultant called Delloite Consultancy with the strategic vision of "Quchit 2030". The essence of this strategy is to deliver customer centred excellence for mutual benefit. Fluss (2010) indicates that rival organizations make every effort to get more customers from other companies producing similar goods or providing similar in order to increase their market share. By creating a strategic partnership, enable it to remain competitive among the existing 33 Banks. In order to achieve its target classified its customers in four segments. Therefore, the study aims to examine the effect of customer relationship management on customer retention in the case of Hibret Bank.

1.3. Statement of the Problem

According to Parvatiyar and Sheth (2002), there is a global increase in the use of CRM as a tool for competitive advantage. However, there is no doubt that the real implementation and resourceful practice of CRM are important to the success of a firm. They stated that the majority of the firms applying CRM have so far benefited from it in terms of increasing profitability, expanding market share, enhancing sales volume, satisfying customers, retaining customers, and reducing customer defection by attracting potential customers because there are no ground rules, guidelines, and procedures on adoption, implementation, and practices. Customer relationship management has gained wide attention in both business and service literature recently and has become of pivotal importance to many organizations as the key to profitability through building and maintaining sustainable relationships with profitable customers. Zakaria (2014) stated that it is very important in our intensely changing competitive environment in the banking industry to be in direct contact with the customers to build good relationships so that satisfaction can be attained. As a result of this, knowing the main elements of customer relationship management that can achieve customer satisfaction and loyalty is a critical issue for financial institutions, especially with the intense competition between such institutions. In applying CRM, the goal of the banks is to identify their profitable customers and provide personalized services to enhance and increase both customer satisfaction and loyalty in the long run (Shani and Chalasani, 1992). Thus, customer relationship management becomes the main tool used to satisfy and retain customers in the banking industry.

Yatish and Ehtesham (2013) argued that heavy competition threatens bank revenues and puts downward pressure on operating margins and profits, so retail banks are facing increasing pressure to increase their growth rate, and they are using CRM as a main tool for competition. A clear and positive relationship exists between CRM and customer satisfaction (Yao & Khong, 2011). However, having CRM software installed or introducing the strategy does not ensure a successful result. To be successful in the implementation of CRM practices, financial and banking organizations must define and develop a business strategy as well as a supporting infrastructure for that strategy (Kwamena, 2013). One of the most important studies conducted in this field is by Reichheld and Sasser (1990), cited in the Ali study (2007:16), which showed the large impact on the profitability of small increases in customer retention rates, which made the marketing community more conscious of the need to manage customer relationships in the long term as well as before the first sale.

Due to the dynamic and turbulent nature of business, many service industries have moved from the idea of acquiring new customers to increase returns to a customer retention approach. Retaining customers that already exist has proven to be more cost-effective than acquiring new customers (Kotler & Keller, 2006). Cherinet (2015) stated that as the financial market becomes more dynamic and competitive in Ethiopia, banks also need to focus on retaining existing clients through effective relationship marketing. Hence, in recent times, CRM has been adopted as a marketing tool and strategy in the Ethiopian banking industry. Therefore, undertaking studies about the practice and effectiveness of CRM in the Ethiopian banking industry is quite necessary to improve its implementation and practice. This study was conducted to examine the effect of customer relationship management on customer retention in Hibret Bank South Addis Ababa District by considering some selected variables representing, bonding, trust, communication, service quality, customer reward responsiveness and dependent variables represented by customer retention.

1.4. Research Questions.

This research work is addressed the following major research questions:

1. How a Customer Relationship Management (CRM) strategy does implemented by Hibret Bank impact customer retention and satisfaction levels within the study area?
2. What are the key CRM practices utilized by banks to enhance customer retention?
3. What are the factors influencing customer retention in the context of CRM initiatives within Hibret Bank?

1.5. Objectives of the Study

1.5.1. General Objectives of the Study

The general objective of the study was to examine the effect of Customer Relationship Management practices on Customer Retention in the case of Hibret Bank South Addis Ababa.

1.5.2. Specific Objectives of the Study

The specific objectives of the study:

1. To evaluate the impact of Customer Relationship Management (CRM) strategies on Customer Retention within the study area.
2. To identify and analyse the key CRM practices employed by banks, specifically Hibret Bank aimed at enhancing customer retention.
3. To investigate the factors influencing customer retention within Hibret Bank in the context of CRM initiatives.

1.6. Significance of the Study

This study investigates the effect of customer relationship management and customer retention in the context of Hibret Bank South Addis Ababa. The findings of this study have both theoretical and practical significance. Theoretically, the study contributes to the growing body of knowledge on the effect of customer relationship management and customer retention. Practical significance: the research can help Hibret Bank identify and refine CRM practices that demonstrably enhance customer retention rates. This translates to increased customer loyalty, repeat business, and profitability. Enhanced customer experience understanding the impact of CRM on customer satisfaction can inform Hibret Bank's approach to creating personalized and positive customer experiences.

Further information on the impact of customer relationship management strategies on customer retention is provided by this study to other researchers. To close the glaring gap in customer services, it first encourages scholars to carry out more study that illustrates the connections between customer relationship management and client retention.

1.7. Scope of the study

The conceptual, geographical, and methodological scopes of the problem under inquiry can all be used to discuss the study's scope.

- Conceptually, the study is delimited to investigate customer relationship management for customer retention in the case of Hibret Bank South Addis Ababa District.
- Geographically, the study is restricted to the Hibret Bank South Addis Ababa District in terms of geography. The researcher made an effort to limit the geographic scope to obtain original data from the South Addis Ababa Hibret Bank.
- Methodologically, the study is based on a questionnaire, and data will be analysed via descriptive and inferential statistics. Besides this, the study is limited to describing the dependent and independent variables and explaining the relationship between them. A simple random sampling technique was used in selecting representative samples from the population. Hence, questions are the variables that are used to gather information.

1.8. Limitation of the Study

This research was limited to examining the effect of Customer Relationship Management on Customer Retention in the case of Hibret Bank South Addis Ababa District. The study focuses on the internal function of the organization, which is customer relationship management, bonding, trust, communication service quality, customer reward, responsiveness and customer retention. It is focused on customers and employees of the organization.

1.9. Organization of the study paper

The entire study was broken up into five chapters. Chapter 1 gives a general summary of the study, including its background, problem description, objectives, significance, scope, and constraints as well as the methodologies used and the organizational structure. Chapter Two is a survey of the literature in the research topic. In Chapter 3, methodology and research design are discussed. However, chapter four contains the data analysis, conclusions, and discussion. A summary of the key findings, conclusions, suggestions for additional research and recommendations are included in Chapter 5 conclusion. A list of tables and figures, appendices, references, and an acronym index were also provided in the study.

1.10. Operational Definition of Terms

Customer Relation Management: - Francis Buttle (2004): Defines CRM as the integration of processes, people, and technology aimed at understanding and improving customer interactions to create an environment that fosters customer loyalty. This definition emphasizes the role of CRM in creating a holistic customer experience.

Customer Retention: - Frederick Reichheld (1996) defines customer retention as the rate at which a business can keep its customers coming back and loyal to the brand over a given time period. It's often measured by metrics like repurchase rate, churn rate, and customer lifetime value. This definition emphasizes the behavioural aspect of retaining customers through repeat purchases.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

The primary goal of this literature review is to present the opinions and points of view of various authors discussing customer relationship management and Customer Retention. Customer's Relationship Management and Customer Retention are incorporated into these theories. The objective is to provide a theoretical framework that serves as an analytical framework. The section also looks at actual data from several publications, using customer relationship management as a prism through which to examine the effect of Customer Relationship Management and Customer Retention

2.1.1. Theoretical Literature Review

2.1.2. Customer Relationship Management (CRM)

Relationship Management is a marketing approach that has been used for many years and, unlike transactional marketing, appears to be receiving more research attention in academia (Lind green 2001). Relationship Management aims to build bonds with customers and keep them as customers for a long time, while transactional marketing is interested in attracting or finding new customers through the exchange process (Vance, 2002). Today, respecting customers is a core activity and necessity of existence for organizations (Dedham, 2009). Customer Relationship Management is a type of sales strategy that goes far beyond the transaction amount and aims to increase customer profitability, profits, and satisfaction (Battle, 2005). To achieve these goals, organizations use a wide range of tools, technologies, procedures, and customer communications (Roland, 2006). Customer Relationship Management is a strategic process that shapes interactions between a company and its customers to maximize customer satisfaction as well as the customer's current and lifetime value to the company (Raja Gopal, Romulo Sanchez, 2005). CRM is the integration and collaboration of various business units that process and access customer information to provide an integrated assessment of customer interactions to improve the quality of a company's service delivery.

Customer Relationship Management (CRM) is becoming increasingly important for organizations around the world looking to increase revenue through long-term customer relationships. Today, CRM is most often used by companies that use two distinct capabilities: customer service and technology. According to Anderson (2000), the three business sectors that rely most heavily on CRM and use it to great advantage are the financial services sector, various high-tech companies, and the telecommunications industry. In the financial services sector in particular, we are tracking customer satisfaction levels and what customers want in terms of transformation and personalization features. Customer Relationship Management is broadly described as a strategy, process, practice or methodology. Customer Relationship Management is an on-going process, not a one-time task for new customers. Customer relationship Management is an important part of modern business management. On the other hand, Richards and Jones (2008) state that Customer Relationship Management is a systematic management process that creates, maintains and develops relationships with customers, wherever they are located, with the goal of maximizing the value of the relationship. Additionally, Customer Relationship Management involves a collaborative and interactive relationship between a business and its customers to obtain a holistic view of the customer and to anticipate and meet the customer's needs and desires through practical, efficient and effective efforts for each customer. While the primary goal of customer relationship management is to create and improve customer relationships from scratch in order to satisfy and retain existing customers, transactional marketing attempts to make sales and attract new customers rather than retaining existing customers (Vance, 2002). According to Bounding (2005) and Dimitriadis and Stevens (2008), CRM is the integration of marketing activities and technological resources by companies to build strong relationships with customers. Customer Relationship Management is the application of systematic methods for building relationships, collecting and analysing data, integrating all of these activities across the company, and integrating these activities into a network of companies that work together to create value for customers and shareholder value for the company. Focus on strengthening your capabilities.

2.1.3. Customer Relationship Management in the Banking Industry

Today, CRM plays an important role in all areas of business, including international trade. Therefore, companies need to get closer to their customers and find new ways to create value for them. According to a 2010 report from Kotler & Armstrong, today's customers have become more price-sensitive and demand better services; more and more competitors are offering the same or better services at cheaper prices. Therefore, the challenge is not to please the customer; instead, create satisfied and loyal customers. Improving the relationship with the customer will satisfy the customer, thus making him a loyal customer. Li Yun (2008) believes that the purpose of CRM is to manage and maintain long-term customer relationships in the banking industry, thereby increasing customer satisfaction and creating performance. When used appropriately, CRM will improve the bank's ability to achieve the ultimate goal of retaining customers, thereby gaining an advantage over competitors (Nguyen, Sheriff, and Newby, 2007). Thus, effective customer service management can increase customer satisfaction and trust, thus having a positive impact on business development (Li Yun, Keyi, Xiao Shu, & Fang fang, 2008). Generally, all businesses, especially financial institutions, are affected to some extent by the events in the global economy. Businesses create value in form, time, place, and content to delight customers through their products and services. Creating and marketing products and services that meet customer needs is the basis for generating profits. (Altitaş, 2000 :). Customer satisfaction depends on whether he compares his expectations with what is offered to him. Customers will be satisfied if the product is as expected. Customers will be satisfied and happy if the product exceeds expectations. (Kother, 2004:36) For example, if the quality of the product or service in the bank is lower than expected, the result is not satisfied; if it is equal or higher, customer satisfaction is achieved. (Kocoglu, Duygu, 2012; Gubuz, 2008).

2.1.4 The importance of customer management in banks

The importance of customer management in banks has begun to receive more attention. It may be easy for other banks to catch the unhappy customer. To increase customer satisfaction and retain customers, banks need to focus on customer management. Customer relationship management has the following benefits for banks: (Duygu, 2012; Alagoz,2003) It enables the company to maintain good customer relations. Using technology to create personal relationships based on the collection and use of information by creating a personal sales strategy, v reshaping the bank's sales and marketing, v leaving the bank's real customers alone in the long term and helping to build the building. Relationship v Customer relationship management system provides a permanent competitive advantage, v Increases the overall efficiency of the Bank.

2.2.1. Customer Retention (CR)

Abratt and Russell (1999) identified several benefits customer retention provides to an institution. In reality, customer who stays with an institution or company for long is much more profitable than searching for prospects (Reichheld & Kenny, 1990; Rust & Zahorik1993). Numerous reasons such as reducing high cost of searching and catching the attention of prospects, expanding the volume of sales and profits, and advertising by customers through word of mouth. When customers understand clearly the services of the company, this influences the customer's willingness to stay with the institution hence customer retention. Furthermore, customer retention positively affects the organizations returns, productivity, reducing switching of customer to competitors and introducing fresh prospect (Felvey, 1982; Reinartz & Kumar, 2000).

Boohne et al. (2012) argued that an improvement in the market orientation practice will lead to high business performance thus ensuring the long term survival of the businesses. The long term survival of business is based on the retention of customers meaning that if business performs well then customers are most likely to come back to repurchase services and remain loyal. According to Homburg et al. (2011) maintaining a high-level of customer oriented service helps in building long term agent-customer relationships and identifying the highest level of customer orientation can help an agent maximize his customer relationship potential to achieve maximum sales results. The ultimate goal for any organization is profitability and continued survival and to achieve this companies have to maximize efforts and make their customers a priority. Homburg et al. (2011) believe that the heart of market orientation is its customer focus.

A study carried out by Mascaraing (2009) showed that some customers acknowledge the advantages of pinpointing products directly to them; this means that customers are happy when they feel that their needs are directly targeted to them. It tells the customer that you are concerned and put their needs first. Customers that feel appreciated will come back.

According to Menon and O'Connor (2007), customer retention means retaining and protecting customers by building a relationship with the company to maximize customer value. Different changes may affect the company's business relations and customer management in the company, such as communication, customer information, promotion, development, honest services, ethics, and technology. According to Ang and Buttle (2006), when customers are loyal, the number of products will increase and relationship costs will decrease because the organization and the customer know each other better than before and these loyal customers pay higher price original customers. To attract new customers and gain new customers, you do not need to get new customers and discounts from the organization. Therefore, in order to ensure the integration of these customers, all the needs of the CRM program must be met correctly. However, some organizations operate differently in relation to customer management, such as in the planning process, customer satisfaction measurement, complaint management process, and quality assurance procedures. Generally, to complete the program, companies need to consider relevant issues such as the type of customers to retain and the nature of the product or service provided to them (Ahmad and Buttle, 2002).

Ashraf (2014) observes that although communication is a crucial characteristic in determining customer retention, it has often been neglected due to the belief that providing a good or service alone suffices without necessarily enhancing communication efforts. Communication plays a significant role in customer relationship management as it contributes immensely to providing a clear understanding of the capabilities and intentions of trading partners, thus forming a basis for creating customer loyalty. The frequency of communication between a firm and its customers is equally important because it influences the level of loyalty they have towards the organization.

Further, Gilaninia et al. (2011) confirm that while communication is not synonymous with relationship marketing, it significantly affects the levels of retention a buyer has with an organization. Timely communication, in particular, fosters customer retention by facilitating dispute resolution and aligning expectations and perceptions. Communication additionally enhances customer retention by providing a channel through which dissatisfied customers can be brought into agreement by explaining the causes and remedies for their dissatisfaction.

Moorman et al. (1993) describe trust as the confidence that a person willingly gives to a partner. This implies that trust reflects the extent to which each party in a relationship considers the other party's promises. Trust is evaluated through elements such as service quality, transaction security, staff behaviour towards customers, the reliability of organizational processes, and the commitment of the organization towards service delivery. Therefore, trust is based on reputation, personality, systems, and processes that define the relationship between two parties.

According to Menon and O'Connor (2007), customer retention involves retaining and protecting customers by building a relationship with the company to maximize customer value. Various factors can affect a company's business relations and customer management, such as communication, customer information, promotion, development, honest services, ethics, and technology.

Ang and Buttle (2006) note that loyal customers tend to purchase more products and reduce relationship costs because both the organization and the customer understand each other better. These loyal customers are also willing to pay higher prices. Attracting new customers does not require offering discounts to existing customers if their needs are met through an effective CRM program. However, organizations may operate differently in aspects of customer management, such as planning processes, customer satisfaction measurement, complaint management, and quality assurance procedures. To complete the program, companies need to consider relevant issues like the type of customers they want to retain and the nature of the product or service they provide. Customer Retention Contract to formalize the strategies and efforts for enhancing customer retention, organizations may establish a customer retention contract. This contract outlines the commitments and expectations between the company and its customers, aiming to build and maintain long-term relationships. Key components of a customer retention contract might include:

- **Communication Protocols**: Regular updates, personalized communication, and responsive customer support channels to ensure timely and effective interaction.
- **Service Quality Assurance**: Guarantees of high service standards prompt resolution of issues, and consistent delivery of promised benefits.
- **Trust and Security Measures**: Clear policies on data protection, transaction security, and transparency in business operations.
- **Customer Feedback Mechanisms**: Systems for gathering, analysing, and acting on customer feedback to improve products and services.

- **Loyalty Programs**: Incentives and rewards for repeat customers to foster loyalty and encourage continued patronage.
- **Customization and Personalization**: Tailored offerings and personalized experiences based on customer preferences and behaviours.
- **Commitment to Improvement**: On-going efforts to innovate and enhance the customer experience demonstrate a commitment to meeting evolving customer needs.

By integrating these elements into a formal agreement, companies can ensure a structured approach to customer retention, ultimately leading to stronger, more loyal customer relationships. 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: -

- It is cheaper to retain customers than to acquire them.
- The costs of serving long-life customers are less than those of serving new customers.
- Long-life customers improve the reputation of the company and attract new customers through word-of-mouth advertising.
- Long-life customers are less price sensitive than new customers and are therefore more willing to pay higher prices in some cases.
- 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.
- Organizations can boost profits from 25 to 40% by retaining merely 5% and more of the existing customers.
- A 2% increase in customer retention has the same effect on profits as cutting costs by 10%.
- Satisfied customers tell four others of their positive experience. Dissatisfied customers tell ten to twelve people how bad it was.

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.

2.2.2. The relationship between Customer Relationship Management and Customer Retention

The establishment of a profitable and long-lasting relationship with customers is very essential in the service industry (Christopher et al., 1991; Bejou & Palmer, 1998; Berry, 1995). Service providers who practice CRM efficiently gain a competitive advantage over their competitors and can retain their customers (Uppal, 2008; Speier & Venkatesh, 2002; Bhattacharya, 2011; Sharma et al., 2011). Further studies discovered that retained customers are very crucial business property for companies and this asset cannot be duplicated by competitors. Therefore, there must be strong integration among customer-related strategies (acquisition, retention, and add-ons) through CRM strategies (Webster, 1992; Kalakota & Robinson, 1999; Kotler et al., 2011; Winder, 2001; Blattberg et al., 2001; Thomas, 2001; Reinartz et al., 2004; Collier & Bienstock, 2006). In Addition, McKim & Hughes (2001) studies classified customer acquirement and customer retention as the main purpose of CRM. West's (2001) & Kincaid's (2003) findings show that CRM provides a comprehensive set of strategies for managing those relationships with customers that relate to the overall process of marketing, sales, service, and support within the organization. Bradshaw et al., 2001; Massey et al., 2001 defined CRM as a management approach that involves identifying, attracting, developing, and maintaining successful customer relationships over time to increase retention of profitable customers. According to the literature, many organizations invest greatly in customer relationship management (CRM) strategies to create and cultivate long-lasting and beneficial relations with customers.

2.3. Dimensions of Customer Relationship Management

Major critical elements of CRM to be examined in this study are bonding, trust, communication, commitment, customer satisfaction and responsiveness.

2.3.1. Bonding

Bonding is defined as the dimension of a business relationship that results in parties (customer and supplier) acting in a unified manner toward a desired goal. Various bonds exist between parties and indicate different levels of relationships (Callaghan et al., 1995). Bonding served effectively to control social and business behaviour in society, contribute to removing doubt, create trust, and form close relationships (Hinde, 1997). The dimension of bonding, as it applies 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 to the sense of belonging to the organization (Sin et al., 2002). Buyers and sellers who have a strong personal relationship are more committed to maintaining the relationship than less socially bonded partners.

2.3.2. Trust

Trust is the "cornerstone" for building and developing long-term relationships with customers (Juscius and Grigaite, 2011). According to Chattananon and Trimetsoontorn, (2009), Trust is defined as a belief or conviction about the other party's intention within the relationship. From a relationship marketing perspective, trust is defined as the dimension of business relationship marketing that determines the level at which each party feels relies on the integrity of the promise offered by the other party. According to Clow and Kurtz (2003), the key issue to developing customer relationship marketing is not only obtaining a contractual agreement, but the development of mutual trust is a must. The primary issue in gaining customer acceptance of the service delivery system and process modification is to develop customer trust and relationships. 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).

2.3.4. Service quality

Service quality is a critical determinant of customer satisfaction and loyalty, impacting overall business performance. Various frameworks and models have been developed to assess and enhance service quality across different contexts. Parasuraman, Zeithaml, and Berry (1988): SERVQUAL Model: Service quality is defined as the difference between customer expectations and perceptions of service. The model includes five dimensions: Tangibles: Physical facilities, equipment, and appearance of personnel, Reliability: Ability to perform the promised service dependably and accurately, Responsiveness: Willingness to help customers and provide prompt service, Assurance: Knowledge and courtesy of employees and their ability to inspire trust and confidence Empathy: Caring, individualized attention provided to customers. Akbar, M. M., & Parvez, N. (2009): Examines the impact of service quality, trust, and customer satisfaction on loyalty in the banking sector. Finds significant influence of service quality on satisfaction and loyalty, with trust as a mediator. Hussain, R., Al Nasser, A., & Hussain, Y. K. (2015):

Investigates service quality and customer satisfaction in the retail sector in Pakistan using SERVQUAL. Concludes that all five dimensions positively correlate with customer satisfaction. Ranaweera, C., & Sigala, M. (2015): Focuses on service quality in online services, exploring how digital platforms can adapt traditional models to enhance user experience and satisfaction. From Service Quality to Service Theory: An Analysis of Service Research from 1993 to 2013," Journal of Service Research. Wu, C. H., & Liang, R. D. (2009): Studies the impact of service quality on loyalty in the hospitality industry. Emphasizes continuous improvement in service processes and employee training. "Effect of Experiential Value on Customer Satisfaction with Service Encounters in Luxury-Hotel Restaurants," International Journal of Hospitality Management. Seth, N., Deshmukh, S. G., & Vrat, P. (2005): Reviews various service quality models and methodologies, suggesting a hybrid approach combining qualitative and quantitative measures for accurate assessment.

2.3.5. Communication

Communication is defined as a formal as well as informal exchange and sharing of meaningful and timely information between customers and service providers (Sin et al, 2002). Communication is transmitting of messages or information, through different methods, from the firm to customers and vice versa (Bosch et al., 2006). According to Kotler et al., (2010) describes that word of mouth and marketing communication are considered as methods of communication to and from clients. Communication refers to the ability to provide timely and reliable information to customers. Today, there is a new view of communications as an interactive conversation between a company and its customers, which takes place during the pre-selling, selling, and post-selling stages. Communication in relationship marketing is keeping valued customers by providing timely and reliable information on the way service delivery system and service changes and communicating with customers if a delivery problem occurs. Communication tells dissatisfied customers what the organization is doing to correct the causes of dissatisfaction. When there is effective communication between an organization and its customers, a better relationship will result and customers will be more loyal to the organization (Ndubisi, 2007).

2.3.6. 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 behaviour, 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 include included devoted time to customers and efficient services.

2.3.7. Customer Rewards:

Customer rewards refer to incentives provided by businesses to their customers as a means to encourage repeat purchases, foster loyalty, and enhance the overall customer experience. These rewards can take various forms, including discounts, points, cashback, free products, and exclusive access to events or services. Berry, L. L. (2019): discusses the effectiveness of loyalty programs, including customer rewards, in driving profitability and customer retention. He emphasizes the importance of measuring the return on investment (ROI) of reward programs and aligning them with overall business objectives. Tailoring rewards to individual customer needs and preferences (Kim & Jeong, 2020; Gupta & Kim, 2021). The recent literature on customer rewards highlights several critical aspects of designing and implementing effective loyalty programs: ROI Measurement: Evaluating the financial impact of reward programs and aligning them with business goals (Berry, 2019). Engagement: Encouraging customer participation in reward programs to build stronger emotional connections (Henderson & Palmatier, 2020). Reward Structure: Balancing immediate and aspirational rewards to maintain customer interest (Nunes & Drèze, 2019). Long-term Impact: Enhancing customer lifetime value through strategic reward programs (Zhang, Dixit, & Friedman, 2021). These insights provide a comprehensive understanding of how customer rewards can be leveraged to foster loyalty, enhance customer experience, and drive business success.

3. Empirical review

The final goal of Customer Relationship Management is customer retention which is the key to surviving in a competitive market for any firm. Customer satisfaction and survival in today's competitive environment require the ability to understand the requirements of customers, the intelligence to analyse, and the capability to provide products and services to customers.

Customers are the most significant factor in the management of businesses because they can choose the items they want from different choices and therefore change the strategies and programs firms have. Hence, having adequate information about customers' requirements and the marketplace is a key factor in interacting with their unexpected behaviour's and then acting in the direction of companies' objectives (Ghahfarokhi and Zakaria, 2009).

According to Becker, Greve, and Albers (2009), the implementation of customer relationship programs affects the firm's goals differently and may result in poor economic outcomes. For example, although many firms employ consultants and project members to implement Customer Relationship Management technological systems such as software applications and databases, to organize the firms' structures they cannot be sure that focusing on these activities will guarantee reaching the final goal of customer relationship marketing which is customer retention. Companies can reduce their cost significantly through customer retention by building strong relationships with customers. Firms can also reduce the uncertainty of demand by building strong relationships with customers (Ndubisi, 2006). According to Zablah et al., (2004), there are five major concepts of CRM; these are technology, strategy, philosophy, process, and capability that represent an important insight toward an integrated CRM framework. Indeed, many models have been developed to propose how CRM affects the firm performances which are different in conceptualization of key measurements and the relationships among them (Keramati et al., 2010). The Key findings of Gee et al. (2008) indicate that organizations must understand what drives both value and delight for their customers and adopt a customer-centric vision that enables an organization to understand their customers, deliver customer delight, and drive for loyalty and retention. They also described that different customers have different requirements and will be delighted in different ways and appropriate monitoring of customers is important to ensure customer satisfaction. This is essential for the sustainable growth of an organization. According to Huseyin et al. (2005) findings, it is more expensive to find and attract new customers than to retain an existing one and banks need to redefine their corporate image to one that emphasizes service quality by introducing standards for service excellence to make customers loyal. The study also indicates that customers are looking for banks that keep their promises, have confidence in the way they handle transactions, provide prompt service, and have employees who are competent and always willing to help the customers. They also described that due to the highly interactive nature of the employee-customer relationship, including input from employees on what constitutes service excellence will be beneficial for banks and need to reassess what customers expect from them in terms of products and services and thus, provide client specific services is very important. According to the findings of Gee et al. (2008) states that service providers aimed at customer relationship management often look at four areas such as satisfaction, retention, loyalty, and lifetime profitability. They also suggest a fundamental criterion for the success of customer initiative schemes is making sure that customer perceived value is met or better still, whether it is exceeded and organizations should evaluate future service schemes concerning cost and results. They also described that in a competitive environment where customers have numerous choices and few switching costs, loyalty could from the organization's point of view decrease costs and increase revenues. The need for businesses to retain customers is an important issue in today's competitive marketplace. They also recommended that to retain customers, businesses must build long-term relationships with profitable customers.

Effective communication in service provider organizations should affect all aspects of the relationship, but largely trust, satisfaction, and loyalty (Ball et al.2004). Interactions between customers and service providers lie at the heart of service delivery and people who deliver the service have key importance to both the customer they serve and the employer they represent (Huseyin et al., 2005). They also indicated that bank customers want a high degree of interaction with bank staff that are sensitive to their needs and expect personalized service.

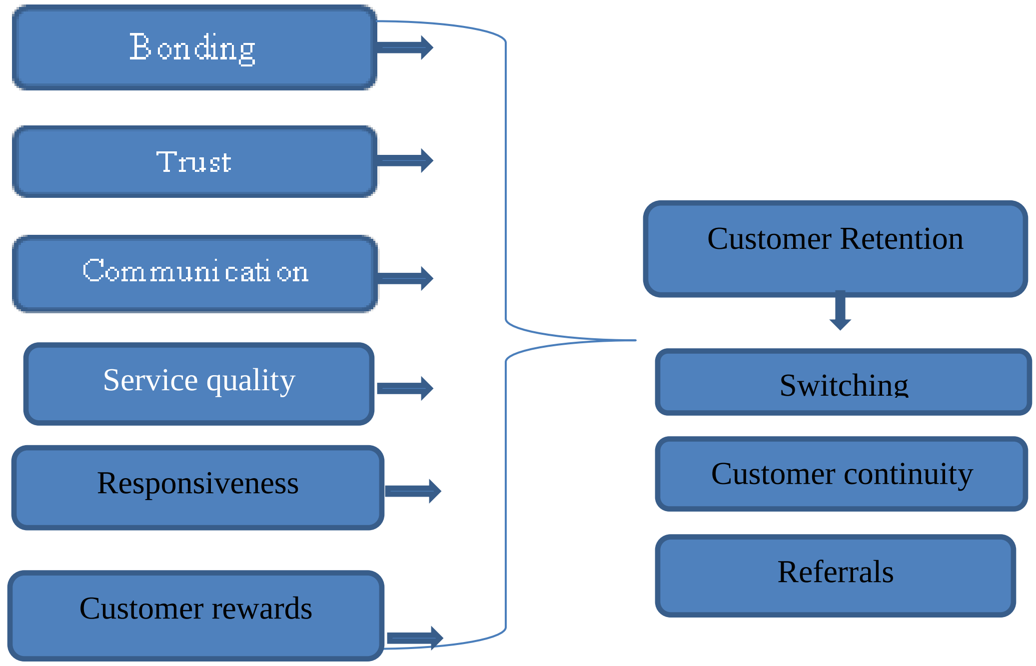
The findings of Ndubisi (2007) described that the greater the trust in the bank, the higher the level of the bank's commitment, the more reliable and timely its communications, and the more satisfactorily it handles conflicts, the more loyal its customers will tend to be. Effective communication affects customers to stay with service providers. Loyalty can be cultivated by providing timely and reliable information, for example about the uses and benefits of the company's new services. It can also be reinforced by the provision of honest information on what the bank is doing about existing problems and what it does to anticipate potential ones. The findings of Zablah et al. (2004) distinguish the concept of CRM in building a comprehensive framework to aid marketers in achieving CRM implementation successfully. They concluded that perceiving relationships with customers as a continuous process helps maximize and save the profits to stay in the competition.

Kumar (2012) has identified the key issues and successful patterns for collaborative customer relationship management in Swiss and German financial services networks. He identified key issues were privacy constraints, redundant competencies of partnering companies, customer information exchange and customer relationship management process, and systems integration. To address these issues, the partnering organizations have to give their consensus on well-defined responsibilities in the collaborative processes. Other issues such as data privacy protection law, process integration, web services and internet-based standards, and data integration were also explored in the study. The finding of Gera (2011) also identified and discussed the key conceptual and empirical inter-relationships between overall customer satisfaction, retention, service encounter variables of perceived agent service quality and perceived value and their relationships with repurchase intentions, word of mouth and intentions to complaint in the Indian life insurance services.

4. The Conceptual Framework of the study

The purpose of this conceptual framework was to demonstrate how the aforementioned factors interacted. It provided a clear picture of the study's variables, their results, effects, and changes. It made the topic clear and concise for the reader to grasp. This conceptual framework illuminates the central idea of the entire investigation and clarifies the topic. A better understanding of the mechanisms through which the precursors of the effect of customer relationship management strategy and customer retention would be provided by this model. Besides this, the overall objective of relationship management is to provide a higher level of customer service than similar companies do. Therefore, companies must measure their customers' satisfaction level and improve their relationship management which helps to deliver products and services beyond customer expectations to retain the existing customers (Winer, 2001). The conceptual framework for the study is developed from the literature review done above, based on this framework effective customer relationship management is a key ingredient for customer satisfaction and retention. Therefore, the researcher set the conceptual framework to guide the study as follows.

Figure 1. Conceptual framework of the study



Sources: - while the specific conceptual model bonding, trust, communication, service quality, and customer rewards and customer retention (CR) isn't attributed to a single author, it draws upon several established theoretical frameworks and empirical studies. Here are some key sources and authors that support the different components and relationships in this model: Morgan and Hunt (1994); Gambeson

CHAPTER THREE

RESEARCH METHODOLOGY

Introduction

In this chapter, the practical methodological framework used to answer the research questions and fulfil the purpose of the research is discussed accounting for the research setting, design, method, study population, sampling technique, and the whole data collection process, its validity, and reliability, analysis, and ethical consideration as well.

3.1. Research Design

A choice of research design reflects decisions about the priority being given to the following; expressing causal connections between variables, generalizing to larger groups of individuals than those forming part of the investigation, understanding behaviour and the meaning of that behaviour in its specific social context and having a temporal appreciation of social phenomena and their interconnections (Bryman & Bell, 2007). Both descriptive and explanatory study designs have been applied. The reason behind using descriptive research design was to describe the opinion of a researcher that has been collected through a questionnaire. An explanatory research design, explains, understands, and controls the relationship between the dependent and independent variables. An explanatory research design is a correlation design that enables the researcher to examine the extent to which two or more variables are associated. Moreover, this type of research design allows the researcher to collect data at one point in time (Creswell, 2012).

3.2. Research Approach

In this study, a quantitative research approach was applied. To achieve the aim of the study, a quantitative approach was used. A method involved a number of respondents; listed questions were raised, and response choices were predetermined. According to Svensson (2003), the quantitative research approach is best to investigate the perceptions and problems of the study and to discover the hidden values, feelings, attitudes, and motivations. It uses a deductive approach; the focus is on testing the theories related to the topic by analysing and collecting the data (Bryman and Bell, 2007).

3.3. Population and Sampling Design

3.3.1. Target Population of the study

A population is any group of individuals, things, or objects that share certain traits and adhere to a certain set of standards (Cooper & Schindler, 2003). Research is conducted with the population's best interests in mind. Another name for a well-defined group of people or things that are known to share similar traits is a study population. Within a given community, all people or items typically have a common, unifying quality or trait. Customers and workers were the intended respondents. Employees and customers are the respondents of the study. They bore complete accountability for the bank's growth. The survey also looked at how they perceived the effect of customer relationship management and customer retention.

3.4. Sample Technique

The researcher was used a stratified sampling technique to select the sample of respondents from each stratum. In the stratified sampling technique, the researcher divides the total population into different separate groups or divides the total members of the population into identical subgroups before sampling is undertaken. Within each stratum, the researcher uses simple random sampling to include subjects in the (study (Mishra & Alok, 2019). As previously noted, the total population of the study area is 812, of which 261 participants were selected using the sample size determination formula. After selecting the sample size, then a determination was made to represent each terry according to its size to select a sample element from each terry. Besides this, according to Emory, Cooper, and Williams (1995), a simple random sample can be taken within each stratum after a population is divided into the appropriate strata. The sampling results can be taken within each stratum. The employees and customers at the Hibret Bank South district is divided into four branches strata based on the number of branches. The above sample size, 261, is proportionately distributed into these four strata to guarantee appropriate representation. To select the sample element from each stratum; (Employee of the terry/ total employee or customers) = proportion from each stratum× sample size=sample element to each stratum.

Table 1. Sample elements from each stratum

Terry	The Employee and customer of the Terry	Sample selected
Beklobet branch	232/812=0.28*261	74
Wolosefer branch	206/812=0.25*261	66
Yoseph branch	163/812=0.62*261	52
Kality branch	211/812=0.26*261	69
Terry	812	261

3.5. Sample Size Determination

The formula researcher used Slovin's formula Statistics Canada (2010) as cited by (James,2012) to determine the sample size at a 95% confidence level, degree of variability = 0.5, and level of precision/sampling error = 5%

$$n=N/ (1+Ne2)$$

$$n=812/ (1+812(0.05)2$$

$$\mathbf{n=261}$$

Where "n" is the sample size, "N" is the population size "e" is the level of precision. By using the above formula for the total study population of 812 participants, 261 participants are selected as a sample. To obtain representative samples, a simple random sampling technique (the lottery method) was used to select respondents to participate in completing the questionnaire.

3.6. Sources and Types of Data

Both primary and secondary sources were used in the study to gather data and draw specific conclusions. The main source of data was customer and employees of at Hibert Bank, who are surveyed using a straightforward random sample technique. Secondary data was gathered from published sources and yearly reports.

3.7. Method of Data Collection

To increase the breadth of information obtained from the respondents the study used two types of data collection instruments:

Questionnaires: - During the study, the questionnaires were designed based on the objective of the research. In this study, the questionnaires were administered by the researcher in such a way that the same questionnaires were translated into Amharic language and the researcher distributed to participants who were available at the moment of data collection. Besides to this, observation also used for the study.

3.8. Methods of Data Analysis.

The data collected was analysed using Statistical Package for Social Science (SPSS 26). Descriptive statistics were used to quantitatively describe the important features of the variables using frequencies, present, mean, and standard deviations. Furthermore, the study will use correlation and multiple regression models.

3.8.1. Reliability

The reliability of instruments measures the consistency of instruments (Yallew, 2004). The reliability of a scale indicates how free it is from random error (Pallant, 2010). The most commonly used statistic for internal consistency is Cronbach's alpha. This statistic indicates the average correlation among all of the items that make up the scale. The variable value ranges from 0 to 1, with higher values indicating greater reliability (Pallant, 2010; Yalew, 2004). While different levels of reliability are required, depending on the nature and purpose of the scale, citing Nunnally (1978), Pallant (2010) recommends a minimum level of 0.7. Also, Yalew (2004) adds that it is good for Cronbach's Alpha not to be below 0.65. Therefore, all the variables or factors undergone in this paper are tested using Cronbach's alpha. The result was calculated using SPSS version 26.

3.8.2. Validity

Validity of instruments refers to the quality of data gathering instruments procedures, which measure what is supposed to be measured (Kothari, 2009). Tabachnick and Fidel (2007), defined validity as the degree to which the study accurately reflects the degree to a specific concept the researcher is attempting to measure. In qualitative research, the concept of validity has been adopted to mean more appropriate terms such as quality, rigor, and trustworthiness (Fink, 2008). To ensure the validity of the questionnaire and observation schedule is constructed in such a way that relevant and crucial themes are obtained. In this study, employees and management members conducted a pilot test to improve the questionnaire's content validity and the respondents' understanding and comprehension. Besides, the researcher discussed with the advisor about the questionnaires before it was distributed in order to assure the validity of the study. Therefore, this study addressed content validity through the review of literature and adapting instruments used in previous studies. Finally, to ensure validity, particularly content validity, comments from professionals and respondents are sought.

Table 2: Cronbach's Alpha Internal Consistency Rule of Thumb

Cronbach's alpha Internal consistency	Cronbach's alpha Internal consistency
$\alpha > 0.9$	Excellent (High-Stakes testing)
0.7< 0.9	Good (Low-Stakes testing)
0.6 < 0.7	Acceptable
0.5 < 0.6	Poor
$\alpha < 0.5$	Unacceptable

Source: Manerika, Vijaya and Manerikar, Sumeet (2015)

Table 3. Reliability Statistics

Variable's	Cronbach's Alpha	N of Items	Internal consistency
Bonding	.862	5	Good
Trust	.794	6	Good
Communication	.745	6	Good
Service quality	.698	6	Acceptable
Responsiveness	.721	6	Good
Customer rewards	.764	5	Good
Customer retention	.783	9	Good

Cronbach's alpha, according to Allen and Yen (2002), separates all of the instrument's questions in every conceivable way and calculates correlation values for each one. Cornbrash's alpha is ultimately expressed as a single number, and similar to a correlation coefficient, the closer the number is to one, the greater the instrument's reliability estimate. All items were generally approved because their Cronbach's alpha was majority greater than 0.7. The researcher used a pilot test for validity testing and a reliability test for validity testing before beginning the investigation.

3.9. Ethical Consideration

All the information was treated as secret with high confidentiality and without disclosure of the respondent's identity. No information is changed or modified, hence the information is presented as collected and the same with the literature collected for this study. The information gathered through this questionnaire is used solely for this study.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

Introduction

In this chapter, the study attempted to examine the effect of customer relationship marketing practices on customer retention. Consequently, the outcomes of the study were offered and examined in this subdivision. The questionnaire was developed on five scales ranging from five to one, where 5 represents strongly agree, 4 agree, 3 neutrals, 2 disagree, and 1 strongly disagree. The study also used regression analysis to test the effect of independent variables on dependent variables. The collected data were presented and analysed using the SPSS 26 software version.

4.1. Response rate

The study targeted a sample size of 261 respondents, of whom 242 filled out and returned the questionnaires, for a response rate of 92.7 per cent. This rate implied that the response rate was acceptable to mark deductions for the study.

4.2. Demographic Characteristics

The following section presents the respondent's profile in terms of age, education level, and work experience in the current position. The results obtained from the structured questionnaires are represented below.

4.2.1. Gender of respondent’s

Table 4 . Gender of respondent’s

Information	Category	Frequency	Percentage
Gender	Male	126	52
	Female	116	48
	Total	242	100

According to the above table, 126 (52 %) male and 116 (48. %) female respondents were included in the study, provided that both genders participated and there was no gender bias in the study.

4.2.2. Distribution characteristics of Respondents

Table 5. Distribution characteristics of Respondents

Categories		Frequency	Percent
Age of respondents	18-30	86	35.5
	31-40	114	47.1
	41-50	36	14.9
	>50	6	2.5
	Total	242	100.0
Marital status	Single	110	45.5
	Married	132	54.5
	Total	242	100.0
Educational Status	Certificate	42	17.3
	Diploma	82	33.9
	BA Degree	83	34.3
	Master's Degree	35	14.5
	Total	242	100.0
Occupations of respondents	Unemployed	36	15
	Students	46	19
	Salaried	102	42
	Pensioner	58	24
	Total	242	100.0
For how long customer of the bank	Less than Five	123	50.8
	Five to Ten	88	36.4
	More than Ten	31	12.8
	Total	242	100.0

The findings of the study revealed that the largest group respondents (47.1%) falls into the age group of 31–40 years, while respondents aged 18–30 represent 35.5 %. According to the study, respondents aged 41–50 years represent only 14.9% of the total sample. Furthermore, above 50 years represent only 2.5%.

According to the study's findings, 110(45.5%) single and 132 (54.5%) married respondents were included in the study, provided that both Categories participated in the study. There for the majority of respondents were (54.5%)

The largest group of the respondents in this study falls into the group it takes up a share of BA Degree 83 (34.3%) of the total sample, whereas the respondents holding an educational level of masters represent 35 (14.5%). Furthermore, the respondents holding certificate 42(17.3) and respondent holding diploma 33.9%.

The survey also asked respondents to indicate occupation category within the organization. The study revealed that the largest group of respondents falls into the category salaried occupation represents 102(42. %) of the total sample, unemployed occupations are the lowest respondents falls into this category.

The survey also asked respondents to indicate for how long customer of the bank within the organization. The study revealed that the largest group of respondents falls into the category less than five years represents 123(50.8%) of the total sample, five to ten years' customers of the bank represents 88(36.4) from the total sample and more than ten years' customer of the bank are the lowest respondents falls into this category with 31(12.8%).

4.3 Descriptive statistics

Accordingly, the findings are presented using descriptive statistics, including the mean for central tendency and standard deviation (SD) for variability.

4.3.1. Descriptive statistics bonding

Table 6.Descriptive statistics bonding

Bonding	N	Mean	SD
1. The bank organizes events and workshops aimed at educating customers about financial literacy and investment opportunities, fostering a sense of community and trust.	242	3.67	.937
2. The bank tries very hard to establish a long term relationship with its customers	242	3.64	.990
3. The bank works in close cooperation with its customers	242	3.69	.888
4. The bank regularly seeks feedback from its customers to understand their needs and preferences better.	242	3.55	.883
5. Personalized services are offered by the bank, tailored to individual customer requirements and financial goals	242	3.46	.845
Valid N (listwise)	242		

Source: Own Survey, 2024

As shown in Table 6, five items show the descriptive analysis of the bonding. "The bank works in close cooperation with its customers" had the highest mean value of 3.69 and a standard deviation of 888. In contrast, personalized services offered by the bank, tailored to individual customer requirements and financial goals, have the lowest mean score of 3.46 and SD of. 845. The bank organizes events and workshops aimed at educating customers about financial literacy and investment opportunities, fostering a sense of community and trust, and the bank tries very hard to establish a long-term relationship with its customers. It had a mean score of 3.67 and an SD of 937 and a mean value of 3.64 and an SD of 990, respectively. A statement: "The bank regularly seeks feedback from its customers to understand their needs and preferences better received a mean of 3.55 with a standard deviation of.883 align with Payne, Frow, and Eggert (2017) emphasize the importance of building strong customer relationships through personalized services and collaborative interactions, emphasizing that tailored customer experiences can significantly enhance customer loyalty and satisfaction. The finding agrees with the finding of Becker's, Risselada, and Verhoef (2014): the critical role of personalized services in fostering customer engagement and loyalty. They argue that companies that excel at providing personalized, customer-centric services can better meet individual customer needs, thereby strengthening long-term relationships and improving overall customer retention. Therefore, the data suggests a strong focus on collaborative interactions (highest mean score) and building long-term relationships with customers. However, personalized services seem to be an area for improvement. While the bank excels at working closely with clients, further investment in tailoring services to individual needs could strengthen customer loyalty (as evidenced by the lower mean score for personalized services).

4.3.2. Descriptive Statistics trust

Table 7 Descriptive statistics trust

Trust	N	Mean	SD
1.I feel safe in all of your transactions with your bank	242	3.52	.841
2.I am confident on the financial status of the bank	242	3.50	.836
3.The bank is trustworthy on calculating charges	242	3.45	.869
4.The bank is trustworthy during cash payment process	242	3.48	.758
5I believe the company acts ethically in its business practices	242	3.48	.790
6.The bank always does what it promised to do	242	3.41	.811
Valid N (listwise)	242		

Source: Own Survey, 2024

As shown in Table 7, six items show the descriptive analysis of the trust. "I feel safe in all of your transactions with your bank" had the highest mean value of 3.52 and a standard deviation of.841 aligns with Hansen et al. (2022): emphasize the role of security in transactions as a fundamental aspect of trust in the banking sector. In contrast, the bank that always does what it promises to do has the lowest mean scorer. Molinillo et al. (2022): Highlight the importance of fulfilling promises and ethical behaviour as critical components of trust. I believe the company acts ethically in its business practices, and the bank is trustworthy during the cash payment process. Kim and Lee (2021): Support the necessity of ethical practices in fostering customer trust and satisfaction. It had a mean score of 3.48 and a SD of 790 and a mean value of 3.48 and a SD of 758, respectively. A statement, “The bank is trustworthy in calculating charges," had a mean value of 3.45 and a standard deviation of.869, aligning with Molinillo et al. (2022): Emphasize the need for transparency and reliability in banking processes to build trust. I am confident in the financial status of the bank." have received a mean of 3.50 with a standard deviation of.836. Finally, Hansen et al. (2022) discuss the importance of a bank's financial stability in maintaining customer trust. The descriptive analysis emphasizes safety, reliability, ethical behaviour, and financial stability as critical components of trust in banking relationships.

4.3.3. Descriptive statistics communication

Table 8. Descriptive statistics Communication

Communication	N	Mean	SD
1. The bank keeps me informed about important updates and promotions.	242	3.38	.807
2. The Bank’s communication is clear and easy to understand.	242	3.41	.837
3. I have multiple channels available to contact the company (e.g., phone, email, social media).	242	3.38	.856
4. The bank is responsive to my inquiries and concerns.	242	3.35	.867
5. The bank provides me with relevant and personalized communication.	242	3.43	.792
6. I feel like the Bank listens to my feedback and suggestions.	242	3.42	.786
Valid N (listwise)	242		

Source: Own Survey, 2024

As shown in Table 8, six items show the descriptive analysis of the communications. The bank provides me with relevant and personalized communication. “Had the highest mean value of 3.43 and a standard deviation of 792. The finding agrees with Lakshmana (2022)**:** it supports the importance of personalized communication in enhancing customer satisfaction and loyalty. In contrast, the bank is responsive to my inquiries and concerns and has the lowest mean scorer with 3.35, aligning with Kumar et al.'s (2019) emphasis on the critical role of responsiveness in customer engagement and satisfaction. I feel like the bank listens to my feedback and suggestions.**”** had a mean score of 3.42 and SD of 7.86. Chakraborty (2021)**:** Highlights the importance of incorporating customer feedback into communication strategies to improve customer satisfaction and I have multiple channels available to contact the company (e.g., phone, email, social media). had a mean value of 3.38 and SD,.856 Kumar et al. (2019)**:** Discuss the necessity of providing multiple communication channels to enhance customer convenience and satisfaction, respectively. A statement, "The bank's communication is clear and easy to understand," had a mean value of 3.41 and a standard deviation of.837. Lakshmana (2022)**:** This supports the significance of clear and easy-to-understand communication in building customer trust and satisfaction.

4.3.4. Descriptive statistics service quality

Table 9. Descriptive statistics service quality

Service quality	N	Mean	SD
1. How would you rate the overall quality of service provided by Hibret Bank	242	3.44	.824
2. How reliable is Hibret Bank in delivering its services as promised	242	3.34	.816
3. How professional are the staff members at Hibret Bank in their interactions with you	242	3.33	.849
4. How knowledgeable and competent are the staff members at Hibret Bank in addressing your needs and inquiries	242	3.37	.784
5. How consistent is the quality of service you receive from Hibret Bank across different branches and interactions	242	3.49	.785
6. How effective is Hibret Bank in resolving any issues or problems you encounter	242	3.36	.794
Valid N (listwise)	242		

Source: Own Survey, 2024

As stated in the above Table 9, the descriptive analyses of Service quality items started with the statement, " How consistent is the quality of service you receive from Hibret Bank across different branches and interactions.," which had the highest mean value of 3.49 and SD of.785 align with Parasuraman, Zeithaml, and Berry (1988)**:** The SERVQUAL model by these authors is widely used to measure overall service quality, encompassing various dimensions that contribute to the overall perception. In contrast, how professional are the staff members at Hibret Bank in their interactions with you, which have a lower mean score of 3.33 and a standard deviation of. 849. Bitner and Hubbert (1994). This work discusses the importance of customer evaluations of service encounters, including staff professionalism. How reliable is Hibret Bank in delivering its services as promised. It has the second highest mean value of 3.44 and the highest standard deviation of.824**.** Parasuraman, Zeithaml, and Berry (1988) Reliability is one of the key dimensions of the SERVQUAL model, defined as the ability to perform the promised service dependably and accurately. How effective is Hibret Bank in resolving any issues or problems you encounter and how knowledgeable and competent are the staff members at Hibret Bank in addressing your needs and inquiries had a mean score of 3.36 and an SD of.794, and had a mean value of 3.37 and an SD of.784, respectively. Align with Rust and Oliver (1994). The edited volume includes discussions on service recovery and problem resolution as crucial components of service quality and Zeithaml, Parasuraman, and Malhotra (2002). This study discusses the importance of consistency in service quality across different channels and interactions.

4.3.5. Descriptive statistics customer rewards

Table 10.Descriptive statistics customer rewards

Customer Rewards	N	Mean	SD
1. How often do you receive rewards, discounts, or special offers from Hibret Bank	242	3.16	.875
2. The company's offerings consistently meet my expectations.	242	3.15	.912
3. Do you feel that the rewards and incentives offered by Hibret Bank provide significant value to you	242	3.02	.864
4. To what extent do the rewards and incentives from Hibret Bank influence your decision to continue using their services	242	3.12	.896
5. How do the rewards and incentives offered by Hibret Bank compare to those offered by other banks you have used	242	3.04	.892
Valid N (listwise)	242		

As shown in Table 10, five items show the descriptive analysis of the customer rewards items. “How often do you receive rewards, discounts, or special offers from Hibret Bank." had the highest mean value of 3.16 and a standard deviation of 8.75. Oliver (1980) the finding align with Oliver’s Expectancy-Disconfirmation Theory discusses how frequent positive surprises, such as rewards and discounts, can influence customer satisfaction. In contrast, do you feel that the rewards and incentives offered by Hibret Bank provide significant value to you, which has the lowest mean score of 3.02 and a SD of.864. Align with Holbrook (1999) Holbrook’s work on consumer value highlights the importance of perceived value in the context of rewards and incentives. The company's offerings consistently meet my expectation and how do the rewards and incentives offered by Hibret Bank compare to those offered by other banks you have used had a mean score of 3.15 and an SD of 912, and had a mean value of 3.04 and an SD of 989, respectively. McDougall and

Levesque (2000). This paper discusses how service quality and perceived value, including comparisons with competitors, affect customer satisfaction and loyalty in the banking sector and Gwinner, Gremler, and Bitner (1998) This study examines relational benefits, including rewards and incentives, and their impact on customer loyalty and retention. A statement: " To what extent do the rewards and incentives from Hibret Bank influence your decision to continue using their services received a mean of 3.12 with a standard deviation of.896 align with McDougall and Levesque (2000)

4.3.5. Descriptive statistics responsiveness

Table 11.Descriptive statistics responsiveness

Responsiveness	N	Mean	SD
1. Employees of the bank give time to solve customers' problems.	242	3.35	.781
2. The bank takes customer feedback seriously and replies to them.	242	3.26	.847
3.Employees are always willing to help customers with any queries in a responsive	242	3.21	.845
4. Customers give greater attention to bank reaction toward complaints presented.	242	3.13	.847
5.Employees treat customers with respect	242	3.12	.865
6. The behavior of the employees inspires confidence in customers	242	3.03	.880
Valid N (listwise)	242		

Source: Own Survey, 2024

As shown in Table 11, six items show the descriptive analysis of the responsiveness items. "Employees of the bank give time to solve customers' problems." had the highest mean value of 3.16 and a standard deviation of 8.75. The behavior of the employees inspires confidence in customers." Have the lowest mean value of 3.03 and a standard deviation of 8.80. with a mean value of 3.12 and a standard deviation of 8.65. Customers give greater attention to bank reaction toward complaints presented have a mean value of 3.13 and a standard deviation of 8.47. Employees are always willing to help customers with any queries in a responsive with a standard deviation of.845 and a mean value of 3.21. The bank takes customer feedback seriously and replies to them have a mean value of 3.35 and a standard deviation of.781, Choudhury and Harrigan (2014): discuss the significance of responsiveness and attentiveness to customer needs in the context of customer relationship management (CRM) strategies. They emphasize the importance of promptly addressing customer queries and complaints to enhance customer satisfaction and loyalty. Jiang, Xu, and Sun (2021): the role of social media in enhancing customer relationship management practices in the banking sector. Their findings highlight the importance of actively soliciting and responding to customer feedback, indicating that banks that prioritize responsiveness tend to foster stronger customer relationships and achieve higher levels of customer satisfaction.

4.3.6. Descriptive statistics customer's retention

Table 12.Descriptive statistics customer's retention

Customer retention	N	Mean	SD
1.How satisfied are you with our product/service compared to competitors	242	3.12	.866
2.How effective do you find our current loyalty programs in preventing you from	242	3.21	.842
3.Have you experienced any service issues that made you consider switching	242	3.08	.839
4.I am likely to continue purchasing products and service from this bank in the future and recommended to them to others	242	3.14	.826
5.Have there been any recent changes in our service that affected your satisfaction	242	3.05	.805
6.How satisfied are you with the overall experience of our product/service	242	3.08	.839
7. How likely are you to recommend our product/service to a friend or colleague	242	3.15	.846
8. Have your referrals resulted in positive experiences for those you referred?	242	3.02	.820
9.I have recommended this bank product and service to others in the past years and am likely to continue recommending them in the future	242	3.08	.836
Valid N (listwise)	242		

The descriptive statistics summarize the responses from 242 participants regarding various aspects of their customer retention. As shown in Table 12, items show the descriptive analysis of customer retention. "How satisfied are you with our product or service compared to competitors" had the highest mean value of 3.21 and a standard deviation of.842. Align with Mittal et al. (2021): Explores factors influencing customer satisfaction compared to competitors, which is essential for customer retention. "How likely are you to recommend our product or service to a friend or colleague had the second highest mean value of 3.15, aligning with Mittal et al.'s (2021) investigation of the likelihood of recommendation as a key aspect of customer retention. In contrast, have your referrals resulted in positive experiences for those you referred has the lowest mean scorer with 3.02, aligning with Hwang et al. (2022): Examines factors influencing referral experiences and their impact on customer retention. "How satisfied are you with our product or service compared to competitors" have a mean value of 3.12 and a standard deviation of.842. Zhou & Dai (2021) analyse how service issues and changes affect customer satisfaction and retention. Have you experienced any service issues that made you consider switching to other banks, and how satisfied are you with the overall experience of our product or service had a mean score of 3.08 A statement: " I have recommended this bank product and service to others in the past years and am likely to continue recommending them in the future " received a mean of 3.08 with a standard deviation of 836, aligning with Hwang et al.'s (2022) investigation of customer familiarity with referral programs and their role in customer retention. Have there been any recent changes in our service that affected your satisfaction a mean of 3.05 with a standard deviation of.805. I am likely to continue purchasing products and service from this bank in the future and recommended to them to others received a mean of 3.14 with a standard deviation of 826.

4.4.1. Correlation Analysis

Senthilnathan (2019) claimed that the correlation coefficient could serve as a live assessment of how strongly variables are linearly associated. An immediate association between the variables is implied by a positive correlation coefficient, which shows that an increase in the first variables would correlate to a rise in the second variables. Additionally, an inverse relationship—that is, one variable increasing while the other decreases—is demonstrated by a negative correlation (Taylor, 1990).

Table 13.person correlation matrix’s

Variable’s		1	2	3	4	5	6	7
Bonding	Pearson Correlation	1						
	Sig. (2-tailed)							
Trust	Pearson Correlation	.442**	1					
	Sig. (2-tailed)	.000						
Communication	Pearson Correlation	.274**	.638**	1				
	Sig. (2-tailed)	.000	.000					
Service quality	Pearson Correlation	.363**	.536**	.520**	1			
	Sig. (2-tailed)	.000	.000	.000				
Responsiveness	Pearson Correlation	.222**	.476**	.405**	.560**	1		

	Sig. (2-tailed)	.000	.000	.000	.000			
Customer reward	Pearson Correlation	.188**	.485**	.521**	.501**	.614**	1	
	Sig. (2-tailed)	.003	.000	.000	.000	.000		
Customer retention	Pearson Correlation	.233**	.459**	.498**	.550**	.589**	.701**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	242	242	242	242	242	242	242

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

The above table shows that the Pearson correlation matrix highlights significant positive relationships between seven key variables in customer relationships: bonding, trust, communication, service quality, responsiveness, customer rewards, and customer retention. Trust shows the strongest correlation with communication (0.638), indicating that higher trust levels are strongly linked to better communication. Customer reward has the highest correlation with customer retention (0.701), suggesting that satisfied customers are more likely to stay loyal. Responsiveness is crucial, as it strongly correlates with customer satisfaction (0.614). All variables positively influence each other, implying that improvements in one area can enhance others. Practically, companies should focus on enhancing trust and communication to boost satisfaction and retention. Additionally, fostering strong bonding and service quality can improve responsiveness and overall satisfaction. Prioritizing responsiveness is essential for directly impacting customer reward and retention.

The findings of the study verified that trust shows the strongest correlation with communication (0.638), indicating that higher levels of trust are strongly associated with better communication. On top of that, customer reward has the highest correlation with customer retention (0.701), suggesting that satisfied customers are more likely to remain loyal. Furthermore, responsiveness is strongly correlated with customer reward (0.614), emphasizing the importance of responsiveness in enhancing customer rewards. Therefore, all variables show significant positive correlations with each other, implying that improvements in one variable are associated with improvements in others, albeit to varying degrees.

4.4.2. Model Summary

Table 14. Model Summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.753[a]	.567	.556	.337
a. Predictors: (Constant), :bonding, trust, communication, service quality, responsiveness, customer rewards,				
b. Dependent Variable: customer retention				

As seen in Table 14 above R is the correlation coefficient, representing the strength and direction of the linear relationship between the independent variables and the predicted values of the dependent variable, customer retention. An R value of 0.753 indicates a strong positive correlation, meaning the predictors collectively explain a substantial portion of the variance in customer retention. R squared (R2), also known as the coefficient of determination, indicates the proportion of the variance in the dependent variable that is predictable from the independent variables. The R2 value of 0.567 means that approximately 56.7% of the variability in customer retention can be explained by the predictors (bonding, trust, commination, service quality, responsiveness and customer reward). Adjusted R square adjusts the R2 value for the number of predictors in the model, providing a more accurate measure of the model's explanatory power when multiple predictors are involved. An adjusted R2 of 0.556 suggests that, after adjusting for the number of predictors, about 55.6% of the variability in customer retention is accounted for by the model. Therefore, the finding was concluding that the regression model shows a strong positive relationship between the predictors (bonding, trust, commination, service quality, responsiveness and customer reward) and the dependent variable customer retention. The model explains about 56.7% of the variance in retentions, with an adjusted R2 of 55.6%, indicating a well-fitted model. The standard error of 0.337 suggests a reasonably accurate prediction of retentions by the model.

4.4.3. ANOVA

Table 15. ANOVA

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	34.830	6	5.805	51.210	.000[b]
	Residual	26.639	235	.113		
	Total	61.468	241			
a. Dependent Variable: customer retention						
b. Predictors: (Constant), bonding, trust, commination, service quality, responsiveness and customer reward).						

Source: Own Survey, 2024

The other goodness of fit test ANOVA result in our study shows the significance of the model by P = 0.000 and F=51.210 revealing strong relationship between dependent and independent variables (See Table 15).

4.4.4. Coefficients result

Table 16. Coefficients result

Coefficients[a]					
Model		Unstandardized Coefficients		Standardized Coefficients	t
		B	Std. Error	Beta	
1	(Constant)	.561	.175		3.195
	Bonding	.018	.034	.025	.519
	Trust	-.011	.056	-.013	-.206
	Commination	.097	.055	.105	1.741
	Service quality	.165	.058	.167	2.836
	responsiveness	.160	.055	.173	2.918
	Customer reward	.363	.047	.458	7.720
a. Dependent Variable: customer retention					

Source: Own Survey, 2024

The regression analysis results in the above Table 16 indicate that customer reward is the most significant predictor of customer retention, with a strong positive standardized coefficient (Beta =.458) and high statistical significance (p =.000). Service quality and responsiveness also significantly contribute to customer retention, with standardized coefficients of.167 and.173, respectively, and p-values of.005 and.004. Communication shows a marginally positive effect on customer retention (Beta =.105, p =.083). Bonding and trust, however, do not significantly predict customer retention, as indicated by their low standardized coefficients (.025 and -.013) and high p-values (.604 and.837). The constant term of the model is significant (p =.002), suggesting that other factors not included in the model also play a role in customer retention.

4.4.5. Multi-collinearity Test

Another assumption of the classical linear regression model is that the test of multi-collinearity. Multi-collinearity may be a statistical phenomenon within which two or more predictor variables during a multivariate analysis model are highly correlated. Multi-collinearity is that the event of great inter-correlations among the factors during a multiple regression (model (Shrestha, 2020). To know the existence of multi-collinearity it's possible to use indicators of Tolerance, Variance Inflation Factor (VIF), and Correlation. Tolerance is that the amount of variability in one independent variable not explained by the other independent variables, and it's in fact1-R2. Tolerance values less than 0.10 indicate co-linearity. The variance inflation factor (VIF) could be a tool to measure and quantify what proportion the variance is inflated if the independent variables are correlated (Wahab et al., 2017). A rule of thumb to detect multi-collinearity is that when the VIF is greater than 10, and then there is a problem of (multi-collinearity (Shrestha, 2020).

Table 17: Collinearity Diagnosis

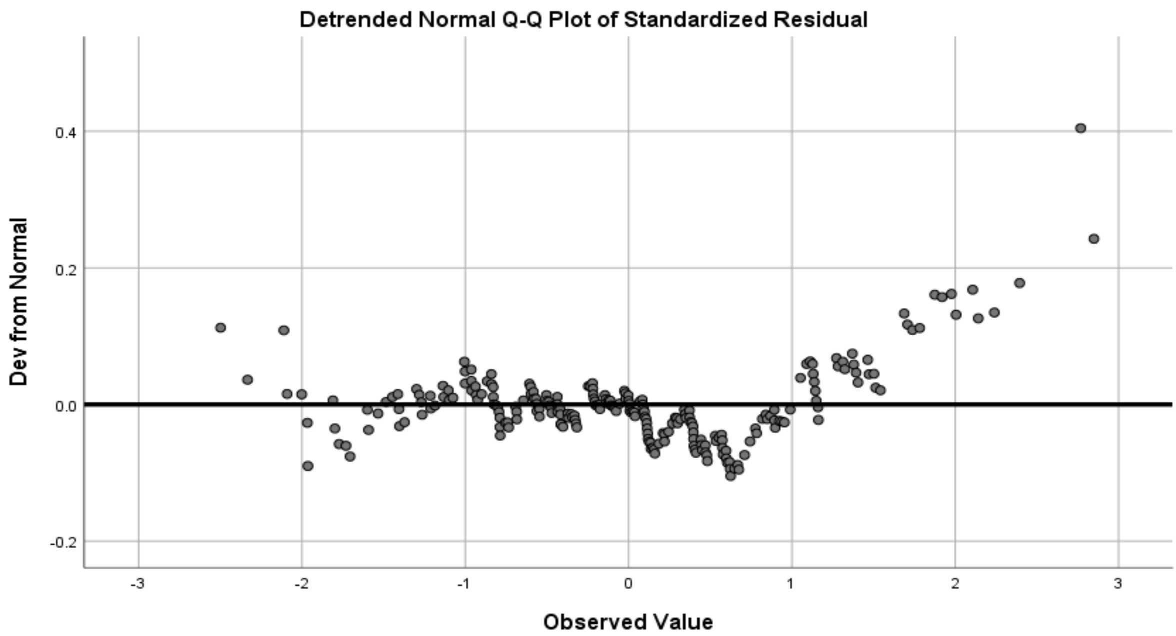
Model		Collinearity Statistics	
		Tolerance	VIF
1	(Constant)		
	Bonding	.774	1.292
	Trust	.462	2.165
	Communication	.512	1.955
	Service quality	.535	1.870
	Responsiveness	.525	1.904
	Customer reward	.523	1.911
a. Dependent Variable: customer retention			

The above collinearity diagnosis Table 17 shows that, the tolerance values of bonding, trust, communication, service quality, responsiveness and customer reward) bonding are 0.774, trust, values 0.462, communication .512, service quality.535, responissiveness.525 and customer reward 0.523 for each independent variable which are above the threshold of 0.10 and the VIF values are also 1.292, 2.165, 1.955, 1.870, 1.904 and 1.911respectively as demonstrated in the above table. These VIF values are below the threshold of 10. Therefore, the model passes the underlining assumption of the multiple regression models and interpreting the results is become valid and correct.

4.4.6. Linearity Test

To test the assumption of linearity in regression analysis, two graphical methods can be employed: The Normal Probability Plot (P-P Plot) of the Regression Standardized Residuals and the scatter plot of the observed versus predicted values or residuals. The Normal Probability Plot of the Regression Standardized Residuals is used to assess whether the residuals follow a normal distribution, which is an underlying assumption for linear regression. If the residuals are normally distributed, they should fall roughly along the diagonal line in the P-P plot. A P-P plot that shows residuals lying close to the diagonal line suggests that the assumption of normality is satisfied. Significant deviations from this line indicate potential problems with normality, which could affect the validity of the regression results. Montgomery, Peck, and Vining (2021):

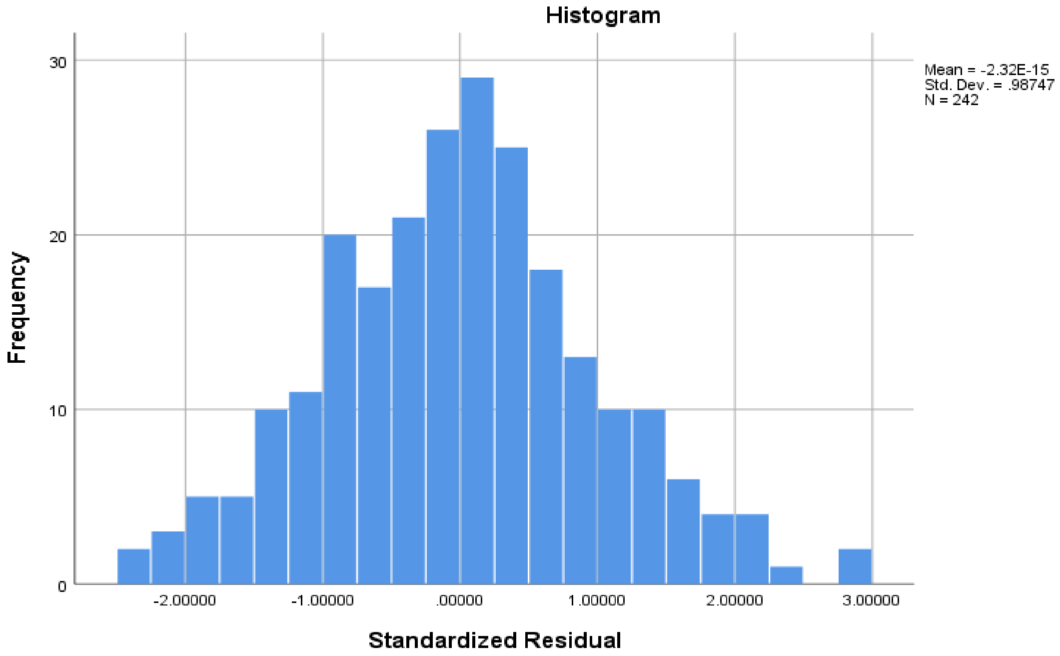
Figure 2. Linearity Test



4.4.7. Normality test

This test was applied to control whether a data is well-modelled by a normal distribution or not, and to calculate in what way likely an underlying random variable is designate normally distributed. If the residuals are normally distributed, the histogram should be bell-shaped. Hair, Black, Babin, and Anderson (2019)**:** In "Multivariate Data Analysis," they highlight the importance of normality checks in multivariate analysis and recommend using histograms as a visual tool. The histogram where a bell-shaped histogram indicates normally distributed residuals is a visual tool often recommended in exploratory data analysis and is supported by statistical concepts developed by these authors.

Figure 3.Histogram



4.4.8. Test of Homoscedasticity

Table 18: test of homoscedasticity

Levine's Test of Equality of Error Variances[a]			
Dependent Variable: GA			
F	df1	df2	Sig.
.943	239	2	.000
Tests the null hypothesis that the error variance of the dependent variable is equal across groups.			
a. Design: Intercept + bonding + trust,+ communication, service quality, + responsiveness + and customer reward)			

The above table shows that Levine's test is whether the variances of two samples are approximately equal. A homoscedasticity test was carried out to determine if the moderating factors examining customer retention of the Hibret Bank are giving similar variances to employee performance on the regression values. As shown in the above table, the value of Levine's statistic, F (, 943), p =.000, was less than the study's level of significance (p.05),

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

This chapter covers the study's key findings, the conclusions drawn from them, and the suggestions that are made in light of those conclusions. There is a presentation of the theoretical and practical implications. There are also suggestions for the chosen organization on enhancing customer relationship management practices and customer retention as well as the necessity of more research centred on the study's shortcomings

5.1. Summary of Research Findings

The general objective of the study was to examine the effect of customer relationship management practices on customer retention in the case of Hibret Bank South Addis Ababa. There would be certain goals for the study. To evaluate the impact of Customer Relationship Management (CRM) strategies on Customer Retention within the study area, to identify and analyse the key CRM practices employed by banks, specifically Hibret Bank aimed at enhancing customer retention.to investigate the factors influencing customer retention within Hibret Bank in the context of CRM initiatives, to investigate the correlation between customer perceptions of CRM efforts and their overall satisfaction levels with Hibret Bank. A structured questionnaire was given to 261 individuals in order to meet the study's goals, and 242 (92.7%) of them returned it. The statistical methods employed for the analysis of the data were descriptive and inferential. Regression analysis and Pearson's correlation were utilized in inferential statistics to examine the effect of customer relationship management practices on customer retention in the study. Version 26 of the statistical package for social science (SPSS) was used to examine the data that were gathered. The demographic features of the respondents were analysed using descriptive statistical analysis, which employed means, standard deviations, frequencies, and percentages. The effect of independent variables on the dependent variable was estimated using regression analysis. To examine the effect of Customer Relationship Management practices on Customer Retention, the study conducted correlation analysis, regression analysis, a multi-co-linearity test, linear relationship coefficients, a homoscedasticity test, a normality test, and descriptive statistics.

The regression analysis indicates that the model demonstrates a strong positive relationship between the predictors (bonding, trust, communication, service quality, responsiveness, and customer reward) and customer retention, with an R value of 0.753. This suggests that these predictors collectively explain a substantial portion of the variance in customer retention, as evidenced by an R^2 of 0.567 and an adjusted R^2 of 0.556. Customer reward emerges as the most significant predictor, followed by commitment and responsiveness, while bonding and trust do not significantly impact customer retention. The standard error of 0.337 reflects a reasonably accurate prediction.

The finding of the study revealed that, the model effectively explains around 56.7% of the variability in customer retention, indicating a well-fitted model.

The finding of regression analysis verified that customer reward is the most crucial factor, significantly enhancing customer retention, as evidenced by its high standardized coefficient and strong statistical significance. Service quality and responsiveness also play vital roles, indicating that customers value these attributes in their interactions with the company.

The finding of the study verified that bonding and trust do not significantly predict customer retention.

Communication, although marginally significant, still contributes positively to retention, suggesting the importance of effective communication strategies. Conversely, bonding and trust do not appear to be significant predictors, highlighting that these factors might not be as critical in retaining customers in the context Hibert bank.

5.2. Conclusion

Based on the data analysis and summary of major findings the following conclusion was forwarded based on research objective and questions: The finding of the study revealed there is a significant positive relationship among bonding, trust, communication, service quality, responsiveness, customer reward, and customer retention.

The finding verified that trust has the strongest correlation with communication (0.638). This indicates that higher levels of trust are strongly associated with better communication between the bank and its customers. Enhancing trust can therefore improve communication, leading to more effective customer interactions.

The finding of the study shows that customer reward shows the highest correlation with customer retention (0.701). This finding underscores the fact that satisfied customers are more likely to remain loyal to the bank. Therefore, efforts to enhance customer reward are crucial for improving retention rates.

It was concluded that responsiveness has a strong correlation with customer reward (0.614). This highlights the importance of being responsive to customer needs and queries as a key factor in enhancing their overall customer reward with the bank's services.

The regression model indicates a strong positive relationship between the predictors (bonding, trust, communication, service quality, responsiveness, and customer reward) and customer retention. The model explains approximately 56.7% of the variance in customer retention, with an adjusted R2 of 55.6%. This suggests that the model is well-fitted and that these predictors collectively have a substantial impact on customer retention.

The finding of regression analysis verified that customer reward is the most crucial factor, significantly enhancing customer retention, as evidenced by its high standardized coefficient and strong statistical significance. Service quality and responsiveness also play vital roles, indicating that customers value these attributes in their interactions with the company.

In conclusion, this regression analysis not only identifies key drivers of customer retention but also provides a statistically sound basis for prioritizing customer reward, service quality, and responsiveness in retention strategies. The insights gained can guide managerial decisions and resource allocation to enhance customer loyalty and retention effectively.

5.3. Recommendations

Based on the conclusions on the study, the following Recommendations were drawn:

I would have recommended that organizations consider enhancing customer reward. Since customer reward is the most significant predictor of retention, prioritize initiatives that improve overall customer reward. Put customers at the heart of strategy, leadership, and operations and demonstrate exceptional results in customer experience.

Hibret Bank should develop targeted retention programs: design and implement retention programs targeting specific customer segments based on their satisfaction, service quality, and responsiveness levels. Personalized retention efforts can be more effective in addressing the unique needs and preferences of different customer groups.

Hibret Bank should foster a sense of commitment among customers by implementing loyalty programs, offering personalized experiences, and maintaining consistent and transparent communication. Building strong relationships with customers can enhance their commitment to the brand.

Hibret Bank should train employees: ensure that employees, especially those in customer-facing roles, are well-trained to deliver excellent service, service quality, and respond effectively to customer needs. Regular training sessions on communication skills, empathy, and problem-solving can empower employees to contribute positively to customer retention.

It was recommended that Hibret Bank develop a comprehensive on boarding process for new customers to ensure they understand how to use your products or services effectively. A positive initial experience can set the tone for a long-term relationship and improve retention.

Hibret Bank should develop and use advanced data analytics to continuously monitor and analyse customer behaviour and satisfaction levels. This can help identify trends, predict potential churn, and enable proactive interventions to retain at-risk customers.

Hibret Bank should implement a comprehensive strategy that the organization should create to enhance customer retention, ultimately leading to increased customer loyalty, satisfaction, and long-term business success.

It was suggested that Hibret Bank make investments in training and technology to allow bank staff to provide more individualized services. Systems for managing customer relationships (CRM) that keep tabs on specific client preferences and financial objectives may fall under this category.

Hibret Bank should develop customized financial solutions and advisory services that cater specifically to the unique needs of each customer. This could involve personalized financial planning, investment advice, and tailored product offerings.

Finally, Hibret Bank should increase customer feedback mechanisms and **e**stablish more robust channels for collecting customer feedback regularly. This could include surveys, feedback forms, and direct interactions with customers to understand their needs and preferences better. And use the feedback collected to refine and improve personalized services. Ensuring that customers feel heard and that their suggestions are implemented can enhance customer satisfaction and loyalty.

5.4. Recommendations for Future Researchers

Based on the findings and analysis of the study on the effect of customer relationship management (CRM) on customer retention, the following recommendations are proposed for future researchers: The research suggests that customer retention is influenced by additional variables that are not taken into account in the existing model.

Future studies should discover and examine other factors, such as personalization, consumer demographics, and technology improvements that may have an influence on customer retention.

To investigate the long-term impacts of CRM activities on client retention, conduct longitudinal research. This method can shed light on the long-term effects of CRM methods as well as how connections and retention change over time.

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APENDXS

Department of Business Leadership

Questionnaire to be filled by Hibret Bank South Addis Ababa District customers and employees.

Dear respondents,

I am currently pursuing my Masters of Art Degree in Business Leadership at Addis Ababa University School of Commerce.

The purpose of the questionnaire is to collect data for research to examine the effect of customer relationship management on customer retention in the case of Hibret Bank. Your genuine and honest response is very important for the success of the research, and the researcher would like to thank you in advance for your cooperation.

Note: for any clarification or question please don't hesitate to contact the researcher through the following address.

Name: - Blen Getachew Mobile Phone: - 0911867426
Email:-Blenwithu@gmail.com

General Instruction:

- No need to write your name
- Your response confidentiality is maintained
- Instruction for each part of the questionnaire is given at the beginning of the questions

Thank You for your cooperation!

Part I: General background information

1. Gender A. Male ☐ B. Female ☐

2. Age Group A. 18 – 30 Years ☐ B. 31 – 40 Years ☐
C. 41-50 Years ☐ D. above 50 ☐

3. Educational Level A. Diploma ☐ C. Masters ☐
B. Degree ☐ D. Certificate ☐

4. Occupation:

A. Unemployed

B. Student

C. Salaried

D. Pensioner

E. Other

5. For how long have you been customer of the bank (in years)

A. Less than Five

B. Five to Ten

C. More than Ten

Section II: - Variables (Questioners)

The sets of statements aimed at helping you assess your feelings or perceptions of the employees and managers of the organization. You are requested to rating yourself against each statement to indicate you level of agreement with what the statement is suggesting, where the following ratings are. Responses are measured on 5- point scales with the following verbal anchors: Independent Variables (Questioners) Scale: 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) Instructions: Please indicate your level of agreement with the following statements regarding customer relationship management in your organization.

	1	2	3	4	5
Bonding	Strongly disagree	disagree	Neutral	Agree	strongly agree
1. The bank organizes events and workshops aimed at educating customers about financial literacy and investment opportunities, fostering a sense of community and trust.					
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. The bank regularly seeks feedback from its customers to understand their needs and preferences better.					
5. Personalized services are offered by the bank, tailored to individual customer requirements and financial goals					
Trust					
1. I feel safe in all of your transactions with your bank					
2. I am confident on the financial status of the bank					

3. The bank is trustworthy on calculating charges					
4. The bank is trustworthy during cash payment process					
5. I believe the company acts ethically in its business practices.					
6. The bank always does what it promised to do					
Communication					
1. The bank keeps me informed about important updates and promotions.					
2. The Bank's communication is clear and easy to understand.					
3. I have multiple channels available to contact the company (e.g., phone, email, social media).					
4. The bank is responsive to my inquiries and concerns.					
5. The bank provides me with relevant and personalized communication.					
6. I feel like the Bank listens to my feedback and suggestions.					
Service quality					
1. How would you rate the overall quality of service provided by Hibret Bank					
2. How reliable is Hibret Bank in delivering its services as promised					
3. How professional are the staff members at Hibret Bank in their interactions with you					
4. How knowledgeable and competent are the staff members at Hibret Bank in addressing your needs and inquiries?					
5. How consistent is the quality of service you receive from Hibret Bank across different branches and interactions					
6. How effective is Hibret Bank in resolving any issues or problems you encounter					
Responsiveness					
1. Employees of the bank give time to solve customers' problems.					
2. The bank takes customer feedback seriously and replies to them.					
3. Employees are always willing to help customers with any queries in a responsive manner.					
4. Customers give greater attention to bank reaction toward complaints presented.					
5. Employees treat customers with respect					
6. The behavior of the employees inspires confidence in customers					
Customer rewards					

1. How often do you receive rewards, discounts, or special offers from Hibret Bank					
2. The company's offerings consistently meet my expectations.					
3. Do you feel that the rewards and incentives offered by Hibret Bank provide significant value to you					
4. To what extent do the rewards and incentives from Hibret Bank influence your decision to continue using their services					
5. How do the rewards and incentives offered by Hibret Bank compare to those offered by other banks you have used					
Customer Switching					
1. How satisfied are you with our product/service compared to competitors					
2. How effective do you find our current loyalty programs in preventing you from switching?					
3. Have you experienced any service issues that made you consider switching?					
Customer Continuity					
1. am likely to continue purchasing products and service from this bank in the future and recommended to them to others					
2. Have there been any recent changes in our service that affected your satisfaction					
3. How satisfied are you with the overall experience of our product/service with in the bank for future continuity					
Referrals					
1. How likely are you to recommend our product/service to a friend or colleague?					
2. Have your referrals resulted in positive experiences for those you referred?					
3. I have recommended this bank product and service to others in the past years and am likely to continue recommending them in the future					