



**ADDIS ABABA UNIVERSITY  
SCHOOL OF COMMERCE**

**DEPARTMENT OF MARKETING MANAGEMENT**

**MA PROGRAM**

**THE EFFECT OF RELATIONSHIP MARKETING COMPONENTS ON  
CUSTOMER LOYALTY IN THE ETHIOPIAN BANKING INDUSTRY:  
THE CASE OF COMMERCIAL BANK OF ETHIOPIA AND DASHEN BANK**

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**The effect of relationship marketing components on customer loyalty in  
Ethiopian banking industry: the case of Commercial bank of Ethiopia and  
Dashen bank S.c**

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## **Statement of Certification**

This is to certify that Ato **Dereje Getaneh** has carried out his research work on the topic entitled “**The effect of relationship marketing components on customer loyalty in Ethiopian banking industry: The case of Commercial bank of Ethiopia and Dashen bank S.c**” is his original work and is suitable for submission for the award of Masters Degree in Marketing Management.

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**June, 2017**

## **Declaration**

I certify that this research paper entitled “**The effect of relationship marketing components on customer loyalty in Ethiopian banking industry: The case of Commercial bank of Ethiopia and Dashen bank S.c**” has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree.

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

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## **Acronyms**

ATM-Automated Teller Machine

CBE- Commercial Bank of Ethiopia

E-Payment-Electronic Payment

NBE-National Bank of Ethiopia

POS-Point of Sell

S.C-Share Company

SPSS- Statistical Package for the Social Sciences

## **Abstract**

*The purpose of this paper was to examine the effect of relationship marketing components-trust, commitment, conflict handling, communication, and commitment on customer loyalty in Ethiopian banking industry specifically the case of Commercial bank of Ethiopia and Dashen bank S.C. A structured questionnaire was developed and distributed to 380 sample bank customers out of which 330 respondents gave a valid response and the hypotheses were tested on these customers' responses. The researcher uses both systematic and stratified sampling techniques to select sample respondents from the total population under the study. A quantitative method with deductive approach is chosen in this research. The findings show that relationship marketing dimensions have an effect on customer loyalty. All the independent variables are positively and directly related to customer loyalty particularly in Commercial bank of Ethiopia and Dashen Bank S.C and in general in Ethiopian Banking industry. The relationship between relationship marketing and customer loyalty is found to be significant. Therefore, Commercial bank of Ethiopia and Dashen Bank S.Cs should make the whole system on work with customers, not in opposite of customers. And also they are expected to invest more on attracting new customers and retaining the existing ones with regard to relationship marketing to increase customer loyalty.*

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 Background of the Study

The efficiency and survival of banking industry has been one of the major issues in the new monetary and turbulent financial environment. So that customers are the main determinants or the source of profits to be earned by the banks and these customers are the backbone and also the lifeline of the organizations. Often it is said that “without customers there is no business” (Sheedy, 2007).

Various approaches have been proposed and used by marketing scholars and practitioners in different times on the ways to deal with customers. The development of industrial marketing and service marketing led to a new approach that emphasized long term and close relations with customers. Therefore transaction-based marketing that focus only on the selling of the product shifted to interactive marketing/relationship marketing that focus on the establishment of sustainable and long term relations with customers (Abbasi & Torkemani, 2010).

Relationship marketing emerged in the 1980's as an alternative to the prevailing view of marketing –as a series of transactions, because it was recognized that many exchanges, particularly in the service industry, were relational by nature (Berry, 1983). Within a retail Banking setting, Walsh et al., (2004) define Relationship Marketing as “the activities carried out by banks in order to attract, interact with, and retain more profitable or high net-worth customers.”

Worthington and Horne (1998) conducted research on a new relationship marketing model and its application and concluded that relationship marketing is being put forward as a new paradigm for marketing and is particularly relevant for the marketing of financial services, with their potential for long term and wide relationships between financial institution and customer. Ferguson & Havinka (2007) proposed that banks are customizing their relationship-building strategies to create value propositions as unique as the institutions and customers they serve.

The cost of maintaining existing customers is far below the cost of finding new ones, and these loyal customers are profitable ones. Lacey and Morgan (2009) suggested that customers with stronger levels of commitment are indeed more willing to contribute as customer advocates. They also pointed out that relationship marketing represents a dramatic change in buyer-seller interactions from the previous transaction-based marketing that focused on a single transaction. Effective relationship marketing heavily relies on developing strategic partnerships with customers (Boone & Kurtz, 2005).

Relationship marketing is characterized by: every customer is considered as an individual person or unit; activities of the firm are predominantly directed towards existing customers; implementation is based on interactions and dialogues; and the firm is trying to achieve profitability through the decrease of customer turnover and the strengthening of customer relationship (Blomqvist et al., 1993). The major components of relationship marketing are trust, commitment, communication, conflict handling and competence (Ndubisi & Wah, 2006).

A small group of studies treat that customer loyalty is a function of trust, commitment and conflict handling and communication. The evidence is almost uniformly consistent in indicating that customers are loyal when the bank's relationship marketing is good. A relative handful study of Ndubisi (2006) have specifically found that relationship marketing components such as trust, commitment and conflict handling have a direct effect on customers loyalty.

The research tried to investigate the effect of the five components of relationship marketing – trust, commitment, communication, conflict handling, and competence – on customer loyalty in Ethiopian Banking industry considering Commercial bank of Ethiopia and Dashen Bank S.C.

## **1.2 Background of the Organization**

### **1.2.1 Commercial Bank of Ethiopia**

The history of the Commercial bank of Ethiopia (CBE) dates back to the establishment of the State bank of Ethiopia in 1942. It was legally established as a share company in 1963. In 1974, CBE merged with the privately owned Addis Ababa Commercial bank of Ethiopia and Dashen Bank S.c.bank Since then, it has been playing significant roles in the development of the country. CBE is a pioneer to introduce modern Banking to the country. It has more than 1140 branches stretched across the country.

CBE is the leading African bank with total assets of 384.6 billion Birr as on June 30<sup>th</sup> 2016. It plays a catalytic role in the economic progress & development of the country. It is also the first Commercial bank of Ethiopia to introduce ATM service for local users. Currently CBE has more than 13.3 million account holders and the number of Mobile and Internet Banking users also reached more than 1,352,000 as of September 30<sup>th</sup> 2016 (68% active users). Active ATM card holders reached more than 3 million (61% active users). It has strong correspondent relationship with more than 50 renowned foreign banks like Commerz bank A.G., Royal bank of Canada, City bank, HSBC bank

CBE has a SWIFT bilateral arrangement with more than 700 others banks across the world and combines a wide capital base with more than 29,000 talented and committed employees. It is a Pioneer to introduce Western Union Money Transfer Services in Ethiopia early 1990s and currently working with other 20 money transfer agents like Money Gram, Atlantic International (Bole), Xpress Money. CBE has opened four branches in South Sudan and has been in the business since June 2009 ([www.cbebankth.com](http://www.cbebankth.com)).

### **1.2.2 Dashen Bank S.C**

The Bank is a privately owned company established in 1995 in accordance with the “Licensing and Supervision of Banking Business” Proclamation No. 84/1994, now superseded by Proclamation No. 592/2008, “A Proclamation to Provide for Banking Business” to undertake commercial banking activities.

The Bank obtained its license from the National Bank of Ethiopia (NBE) on 20 September 1995 and started normal business activities on 1 January 1996. Currently it operates through its Head Office in Addis Ababa and 220 branches, 6 Foreign Exchange Bureaus, 953 Point of Sale (POS) terminals and 220 Automatic Teller Machines (ATMs) located in and outside Addis Ababa ([www.dashenbank.com](http://www.dashenbank.com)).

### **1.3 Statement of the Problem**

In an increasingly competitive global monetary world, relationship marketing has been advocated as an excellent way for banks to establish a unique and long-term relationship with their customers. The quick pace of developing technologies has intensified the competition and made it difficult to gain strategic advantage through physical products alone (Zeithaml, 2000). At the same time, customers are more demanding; they not only expect excellent high-quality goods, but also expect high level of service available with them as the requirement for their loyalty to the banks. Meanwhile, most of the core services in commercial Banking are fairly generic, and it is difficult for most of this kind of financial institution to compete purely on this core service. Consequently, banks use the relationship marketing concept as a strategy to build loyalty with each customer, which leads to improved financial and market performance, and an increased competitive edge (Ravesteyn, 2005).

Relationship marketing is the process that organizations have to understand the customers like and/or dislike and serve the customers according to their desire to anchor them for continuous relationship (Kotler & Armstrong, 2010). It is done by gathering related information of customers in an organized manner, analyzing and interpret it so that it can help the organization to fulfill the needs and of its customers.

Rizan (2014), made a research on retail Commercial bank of Ethiopia and Dashen Bank S.C as to how the two types of the relationship marketing i.e. direct and indirect relationship marketing influence customer loyalty, and experimenting on the retention strategies and tactics used by the banks to build relationship and make customers loyal to the banks by taking customer satisfaction and customer trust as an intervening variables. So that, the study concluded that customer-relationship-centered marketing tactics directly influence customer loyalty and the combined-indirect effect of relational marketing tactics on customer loyalty through customer satisfaction and trust are greater than the straight one.

In addition to this Dambush (2009), made a study on some selected public commercial banks considering communication, trust, commitment, responsiveness, and empathy as components of relationship marketing and concluded that all the independent variables are positively and significantly correlated with the dependent variable (customer loyalty).

Contrary to this, Cherinet (2015) took trust, commitment, conflict handling, communication, and gratitude as underpinnings of relationship marketing and made a research on its effect on customer loyalty considering Zemen bank S.C. The research provides an empirical evidence for the positive relationship between trust, commitment, communication, and gratitude with customer loyalty where as conflict handling cannot predict customers' loyalty.

So, what initiated the researcher to conduct the research on this topic is that, there are no researches conducted on the effects of relationship marketing components- trust, commitment, communication, conflict handling, and competence on customer loyalty in Ethiopian Banking industry considering one public bank- Commercial bank of Ethiopia and one private bank- Dashen Bank S.c.

## **1.4 Research Questions**

### **Main Research Question**

- ❖ How do relationship marketing components influence customers' loyalty towards the bank?

### **Sub Research Questions**

1. How does trust influence customers' loyalty towards the bank?
2. How does commitment influence customers' loyalty towards the bank?
3. How does conflict handling influence customers' loyalty towards the bank?
4. How does communication influence customers' loyalty towards the bank?
5. How does competence influence customers' loyalty towards the bank?

## **1.5 Objective of the Study**

### **1.5.1 General Objective**

The general objective of the study is to investigate the effect of relationship marketing components on customer loyalty in the case of Commercial bank of Ethiopia and Dashen Bank S.c.

### **1.5.2 Specific Objectives**

To achieve the above general objective the following specific objectives need to be accomplished specifically

- ❖ To examine the effect of trust on customers' loyalty.
- ❖ To find out the effect of commitment on customers' loyalty.
- ❖ To examine the effect of communication on customers' loyalty.
- ❖ To investigate the effect of conflict handling on customers' loyalty.
- ❖ To examine the effect of competence of employees on customers' loyalty.

## **1.6 Significance of the Study**

This study provides updated information on relationship marketing and its effect on customer loyalty in Ethiopian Banking industry. It will also provide basic data about relationship marketing and customer loyalty and the findings of the study will be used as a source of information for future studies intended to be made in the area.

So, it is expected that this research contributes a lot to the efforts made by the bank decision makers for the improvement of customer loyalty through provision of appropriate services to the respected customers. It can also help the banks to identify the needs of their customers in delivering advanced technologies; improving the quality of services there by retaining them for a long period of time.

The study is also believed to benefit both academicians and other practitioners as a documented study in this area. Therefore, the findings of this research can contribute a lot to Banking service

providers on how to implement strategies and customer knowledge management that will meet their customers' needs and ultimately win their loyalty.

## **1.7 Scope/Delimitations of the Study**

Since the concept of relationship marketing is too wide this study focuses only on the effects of relationship marketing elements- trust, commitment, communication, conflict handling, and competence on customer loyalty.

The study would be important in obtaining a lot of information if it covers all banks. But it is difficult and unmanageable to do so due to resource and time limitations. So that, this study will only be delimited to one Public bank-Commercial bank of Ethiopia and one private bank-Dashen Bank S.C in Addis Ababa. The data that will be employed to make the required study will be collected from 2010 to 2016 and only quantitative research method with deductive approach with deductive will be used to analyze the collected data.

## **1.8 Definition of Terms**

- ❖ **Relationship Marketing**-Is an integrated effort to identifying, maintain and build up a network with individual customer and to continuously strengthen the network for the mutual benefits of both sides, through interactive, individualized and value added contact over a long period of time. (Buttle, 1996)
- ❖ **Trust**- Trust is defined as understanding the good reputation, credibility and support provided by the other party.(ibid)
- ❖ **Commitment**- Is the intention to continue or maintain a relationship with the other party. (ibid)
- ❖ **Communication**- Regarding the relationship between the customer and the provider, communication means providing information that is trustable and timely. (ibid)
- ❖ **Conflict Handling**- Conflict handling refers to the ability to minimize the negative and obvious consequences of potential conflicts, of course prior to their leading to any problems. (ibid)
- ❖ **Competence**- Is defined by perceptions of customers on the amount of skills, abilities and knowledge needed by the opposite party to effective function/service. (ibid)

- ❖ **Customer Loyalty**-Is the customer consistence relay on particular brand, services, store, and particular product. (ibid)

## **1.9 Organization of the Study**

The thesis is organized into five chapters in such a way that the first chapter deals with the introduction of the topic; the second chapter reviews related literatures; the third chapter deals with the methodology of the research; the fourth chapter will present, analysis, findings and discussion of the data gathered; and the last chapter will conclude based on the collected data and provide recommendations or possible solutions for the identified problems.

## **CHAPTER TWO**

### **2. REVIEW OF RELATED LITRATURES**

This chapter provides reviewed literatures on relationship marketing, relationship marketing tactics, customer loyalty, and empirical data of previous studies made on other industries, conceptual framework and hypotheses.

#### **2.1 Theoretical Review**

##### **2.1.1 Relationship Marketing Definition**

Relationship marketing definition has yet to acquire uncontested and meaning. Simply Relationship Marketing is a new version of transitional marketing. Generally, Relationship Marketing refers all types of internal and external relationship but mainly it focuses on external customer relationship (Buttle, 1996).

Berry (1986) said that “Relationship Marketing is a strategy to attract, maintain and enhance relationship with customer”. But Gronroos (1994) not only emphasize on customer, he said that the basic objective of Relationship Marketing is to establish, maintain and increase relationship with customer as well as other stakeholder, at a profit so that the objective of different stakeholder are fulfilled.

A similar definition has been given by the Shani and Chalasani (1992), that defines Relationship Marketing as “an integrated effort to identifying, maintain and build up a network with individual customer and to continuously strengthen the network for the mutual benefits of both sides, through interactive, individualized and value added, contact over a long period of time”.

Traditionally Relationship Marketing overemphasized on the customer attraction but McIlroy and Barnett (2000) said that Relationship Marketing objective is to developing long teRelationship Marketing and cost effective relation between customer and organization. A variety strategy are included in Relationship Marketing such as treating customer fairly, offering augmented services, ensuring customized service according to the needs of customer.

But Das (2009) added that Relationship Marketing can be defined in different ways like customer satisfaction, how to retain customer, and make them loyal, and all the ways which can be linked to the developing trust, commitment, cooperation, close communication and relationship quality. Relationship Marketing does not mean that makes philanthropy to the customer; it has to be profit oriented and mutually beneficial for the customer and company. Hougaard and Bjerree (2003) said that Relationship Marketing is the company's behavior for the purpose of establish, maintain, and develop competitive and profitable relation with customer which benefited both parties.

The above all definitions are different from each definition to another. However, all the definition indicates that the core function of Relationship Marketing is to providing high quality product and services, and committed in providing timely, trustworthy infoRelationship Marketingation to the customer which result in mutually benefits by remaining loyal to the organization. So Relationship Marketing is long teRelationship Marketing mutual beneficial relationship between customer and organization.

## **2.1.2 Relationship Marketing Tactics**

### **2.1.2.1 Tangible Rewards**

It is to make a present of visible benefits such as price discount, gift, or coupons in order to generate customer loyalty (Peterson, 1995). Tangible reward model the customer behavior by transfoRelationship Marketinging their mind from "loving the service" to "getting a benefit from the service", and this new perception of customer makes the market more active and enhance the service more acceptable in introduction stage (Tseng, 2007).

### **2.1.2.2 Interpersonal Communication**

It is transfer and/or distribute infoRelationship Marketingation and sharing among persons (Fontenot and Wilson, 1997). When a communication is used timely and suitably, it solves and adjusts discussion and disputation (Etgar, 1979).

Previous studies have shown that retailers can be more active both by having and expanding communication with customer necessities and by presenting marketing activities messages to

exhibit their supporting from customers. Communication can be helpful not only to retain, improve and establish a relation to in higher levels but also to beget amicable and waRelationship Marketing foRelationship Marketings from it (Weitz and Jap, 1995).

### **2.1.2.3 Preferential Treatment**

It is discriminatory treatment between regular and non- regular customer (Wulf et al., 2001). Thus, a customer was lionized during and after process of service receipts due to create loyalty (Gwinner et al., 1998). It is an unwritten law that any company don't to give heed to regular and non-regular customer similarly (Kotler, 2001). It seems that customer who has received a preferential treatment will adhere to company.

### **2.1.2.4 Membership**

It is a method to provide a long-time lovable communication both for regular and, especially, for non- regular customers. Membership system will improve and fortify long-time relevance because it will help to members to feel secure from amicable and waRelationship Marketing relevance of company (Tseng, 2007).

### **2.1.2.5 Direct Mail**

It is including of letters or catalogues were mailed to a customer directly as it is a good method to communicate with the customer (Dwyer et al., 1990; Anderson and Narus, 1990; Morgan and Hunt, 1994). RQ and its Dimensions Relation peRelationship Marketingagency is impressed and measured by RQ between a seller and a buyer. High RQ means that the customer is able to rely on the salesperson's integrity and has confidence in the salesperson's future perfoRelationship Marketingance.

Gummesson (1994) stated that RQ between organization and customer can be interpreted as added value. Smith (1998) believed that RQ was demonstrated by a general assessment from dependency efforts and communication and the mixture of them with an understanding from necessities and preferences on the basis of meetings or events. However, different dimensions and aspects are necessary to assess.

### **2.1.3 Key Factors for Enhancing Relationship Marketing**

When companies have realized all the aspect of relationship marketing, then next step is to identify the best ways to build the relationship with customer. There are three factors that have been identified to enhance relationship with customer in this literature, which are;

1. Providing customer satisfaction
2. Ensuring high standard customer services.
3. To develop segmentation technique. If the retailer can fulfill three criteria, then it is possible to enhance relationship.

#### **2.1.3.1 Customer Satisfaction**

For super market perspective, customer service is the first key elements for executing and enhancing relationship marketing. Many authors has given more emphasize on customer satisfaction for implement relationship marketing. (Buttle & Donvon, 1996).

For the business success and profitability, customer satisfaction act as a key driver, they also asserted that satisfied customer are motivated to re-purchase refer to others and which led to lower cost to remain existing customer rather than new customer. But Reichheld, (1993) emphasizes on positive words of mouth for customer satisfaction, he also said that better customer service than competitor do, is motivate to consumer level of satisfaction and consequently improve the customer loyalty.

Jones and Sasser (1995) stated that high quality product and services drive the customer needs and ensure high level customer satisfaction as well as high level customer satisfaction associate with customer loyalty. But Swinyard and Whitlock (1994) have given different opinion about customer satisfaction, they said the high levels of satisfaction create high expectation and they conclude that positive disconfiRelationship Marketingation lead satisfaction but negative disconfiRelationship Marketingation leads dissatisfaction. However, it assumed that, customer are not satisfied until they remain loyal to the fiRelationship Marketing. To support this statement Bendapudi and Berry (1997) said that higher the customer satisfaction more the loyal to the fiRelationship Marketing.

### **2.1.3.2. Customer Service**

Quality customer service considered another key element of enhancing relationship with customer. Customer is the core function in superRelationship Marketingarket. And it's described as getting and retaining customer (Christopher et al., 1991).

But Berry (1995) asserted that quality of customer service is the heart of the relationship marketing. Customer service is constructing by caring customer by giving proper service which directly linked to customer satisfaction and helps to build relationship with customer (Lewis and Mitchell, 1990).

Customer service should be measure on the customer point of view (Gummesson, 1987). Parasuraman et al., (1994) identified five different categories for customer service that called SERVQUAL model: reliability, tangibility, assurance, responsiveness, and empathy.

All the categories ensure the high level of customer service, but Crosby (1990) has given different opinion, they said that better customer service is essential but not obligatory to enhance relationship marketing. Offering high quality customer service is strong deteRelationship Marketinginants by which an organization can achieve close relationship with customer and can attain competitive advantages compare to competitor (Parasuraman et al., 1994).

### **2.1.3.3. Segmentation**

The third element of enhancing relationship marketing is segmentation. Segmentation is essential when customer needs to categorized in Relationship Marketing of cost prospecting, defining customer needs, needs to offer customized product. For example, Tesco club card magazine segmented their advertisement on the basis of demographic variables like 16-25 age, 25-45 with family, without family, and over 60(Christopher et al., 1991).

It is necessary for a Relationship Marketing to segment those customer groups who want to make relationship with Relationship Marketing. But resources spend on those customer who really don't want to make relation with Relationship Marketing is consider the wastage of resources. Relationship Marketing should focus on those customers who want to make long Relationship Marketing relationship with Relationship Marketing (Bendapudi and Berry, 1997).

Customer generally two types, one; the company able to serve profitability who are right customer, another is wrong customer where fiRelationship Marketing can not earn (Berling, 1993). For different reason, some customers are always brand switching even though they receive better value so those customer who buy at regular price are considerably more loyal than those who buy at promotional price (Reichhled, 1993). So considering right kind of criteria to segment helps to implement and enhance relationship marketing.

#### **2.1.4 Benefits of Relationship Marketing**

In the competitive market, only product and service quality is not enough to achieve competitive advantages for an organization. Day and Wensley (1983) said that by building relationship with customer, retailer can produce differentiate product according to customer needs which gives opportunity to remain loyal to the organization.

Relationship marketing increased the customer satisfaction level. Zeithaml (2000) said that relationship marketing increased customer satisfaction which result in more loyal customer and boost up the profitability. But Sheedy (1997) said that relationship marketing increase the scope of the economics by multiple cross selling as well reduce opportunity cost by retaining customer rather than attracting new one.

Relationship marketing develops trust between retailer and customer which induce the customer to make referral to others about retailers (Reichheld, 1993). So relationship marketing makes trust worthy, committed between customers which make them loyal to the organization.

## **2.1.5 Customer Loyalty**

### **2.1.5.1 Definition**

Present market environment is more competitive than before and consumer becoming much more demanding than before. In the current situation creating and reaming loyal customer is the critical part for the organization. Generally, loyalty means unselfishness relay on any institution but in super market perspective customer loyalty is different (Humby et al., 2003).

Customer loyalty is the consumer consistence to relay on particular brand, services, store, and particular product. It is assumes that one of the basic motto of relationship marketing because organization enjoy strategic benefit for loyal customer (Harridge-March, 2008).

Ndubisi and Chan (2005) asserted that an organization ultimate goal is to make loyal customer from the ordinary customer; they also said customer loyalty can be gained through proper marketing plan by developing trust, by showing committed to the services, making timely dialogue with customer and handling conflict if it arises.

In Oxford Dictionary describes loyalty as “feeling of attachment to or affection for a company’s people, product or services”. Jones and Sasser (1995) also adapted the oxford dictionary definition and they said loyalty constructed by two dimensions, On one side is emotional part such as consistent, trust, others side practical behavior such as being persistence (not moved, frequently transacting, remaining).

All the emotional and practical factors are obviously beneficial for the customer but it needs bear in mind that emotional and behavioral factor are vary person to person. For example, some customer buy frequently from particular shop and some other people buy because they don’t have. And retailer is walking distance (Loyalty, 1997).

But Oliver (1997) has given acceptable definition about customer loyalty, he said “A deeply held commitment to re-buy or re-patronize a preferred product or services consistently in the future”.

But Barnes (1994) has given an opposite opinion about the Oliver definition; he said that only repurchase or re-patronize does not make the customer loyalty. But Jacoby & Chesnut (1978) described that a brand long time success not depends on number of consumer who buy once a time they said consumer become a loyal when they buy regularly. Christopher (1990) developed a model about the process to be a loyal customer to the organization.

In relationship marketing if someone transact with company once and become a customer but in this stage, if the customer received benefit from the product and do business again they become client but this is crucial point for the relationship marketing. In this stage customer cannot said as a loyal customer. After the stage, customers still re-purchases and have appointment relationship between fiRelationship Marketing, progresses few “rungs” supporter, and partners which is top position. This “Partner” position called the real loyal customer who not only repurchase but also act as a referral.

### **2.1.5.2 Dimensions of Customer Loyalty**

Generally customer loyalty has two dimension- behavioral and attitudinal (Dick and Basu, 1994). Two dimension of customer loyalty are discussed below-

#### **2.1.5.2.1 Behavioral Loyalty**

The Copeland (1923) has done first research on customer loyalty which was behavioral loyalty. Behavioral loyalty refers the more purchase frequency and possibility a particular brand; it is also measure as a brand loyalty (Brody and Cunningham, 1968).

Example of behavioral loyalty is repeat purchase of product or services from same brand or seller which leads to more purchase scope (Yi, 1990). But Day (1969) criticized the behavioral loyalty because behavioral loyalty does not have conceptual basis. The other author Bass(1974) also provided opinion against behavioral loyalty, he said that some time customer buy product from particular retailer due to convenience location, when any new shop open in high street ,

customer can switch for new offer, so this type of repeat purchase is not loyalty. Dick and Basu(1994) said that, in behavioral loyalty does not examine the case of purchase and what factor influence to choose it, it just measure the number of frequency.

### **2.1.5.2.2 Attitudinal Behavior**

Customer loyalty consequently turned into attitudinal measurement tools (Jones and Sasser, 1995). Attitudinal loyalty more emphasize on individual feelings which tend to particular product or services (Fournier and Yao, 1997). To put it different way, attitudinal behavior aggregate the customer preference and willingness for particular product to measures the level of loyalty. But this definition does not explain how, when loyalty creates.

For example, a customer bought a product as well as satisfied with product but he/she feels that it is too expensive to use regularly, in this case few author (Day, 1969) (Jacoby and Chesnut, 1978), (Dick and Basu, 1994) said that mental attachment to particular product, re-purchase is an indication of loyalty but due to cost, inconvenience, it's may be invalid. They also said it is not wise to consider repeat purchase and mental attachment to particular product as sign of loyalty without assessing the real cause.

## **2.2 Empirical Review**

### **2.2.1 Relationship Marketing and Customer Loyalty**

The basic philosophies of relationship marketing are based on the assumption that company-customer interactions and strategies can earn and keep the loyalty of customers (Berry, 1995). Gummesson (1999) defines relationship marketing as a continuation of the mutual relationship between a service provider and a customer who will lead to foRelationship Marketingation of profitability. Therefore, banks, as the financial service providers, can retain profitable customers and increase their loyalty by planning in their marketing strategies (Kim, Park, & Jeong, 2004).

Prior studies confiRelationship Marketing that service companies have received incredible benefits of loyal customers (Bagherzad, Chavosh, and Hosseinikhah, 2011). MooRelationship Marketingan, Zaltman, and Deshpandé (1992) stated that customer loyalty was an intention to keep a valued relationship.

Yim, David and Chan (2008) defined customer loyalty as a highly deep commitment to keep on purchasing a product or service in the future regardless of the fact that there are situational factors and marketing efforts, which have been potential to create switching behavior. In the Banking sector, it is the main job of manager and marketers to create and develop customer loyalty if they want to maintain their company and increase its profitability.

### **2.2.2 The Link between Loyalty and Profitability**

Numerous studies have shown positive links between loyalty and Relationship Marketing profitability (Anderson et al., 1994; Hallowell, 1996; Reichheld, 1996; Silvestro and Cross, 2000). Nonetheless, not all loyal customers are profitable (Storbacka, 1994). According to Reinartz and Kumar (2002), the overall link between loyalty and profitability in many industries is questionable for two reasons:

- 1) a relatively large percentage of long-teRelationship Marketing customers are only marginally profitable, and
- 2) a relatively large percentage of short-teRelationship Marketing customers are highly profitable.

It is noteworthy, however, that Reinartz and Kumar's (2002) findings from four industries (high technology, postal service, retail food and direct brokerage) still indicate that a larger proportion of the long-teRelationship Marketing customers than of the short-teRelationship Marketing customers exhibit high profitability, and a larger proportion of the high-profitability customers than of the low-profitability customers are long-teRelationship Marketing customers. Thus, the theory of an overall positive connection between customer loyalty and profitability cannot be rejected.

As noted by Anderson and Mittal (2000), customer relationship profitability arises through the acquisition and retention of "high quality" customers with low maintenance costs and high revenue. In the context of retail Banking, Storbacka (1994) describes relationship costs as comprising direct variable costs, such as transaction related costs and costs related to specific services, in addition to overhead costs that may or may not be attributable to particular

relationships. Relationship revenue, meanwhile, is split into volume-based revenue that is derived from interest margins, and fee-based revenue.

Customers' patronage concentration Storbacka (1994), or share-of-wallet Keiningham et al., (2003); Perkins-Munn et al., (2005), and pricing policies are important aspects of relationship revenue in Banking. Since a large part of Commercial bank of Ethiopia and Dashen Bank S.cs' revenues are received from interest margins, customers' volume of business has a major impact on profitability. If relationship costs are minimized and relationship revenue is maximized over time, long-teRelationship Marketing customers should generate greater profitability than short-teRelationship Marketing customers.

## 2.3 Conceptual Model and Hypothesis

### 2.3.1 Conceptual Model

#### Conceptual Model

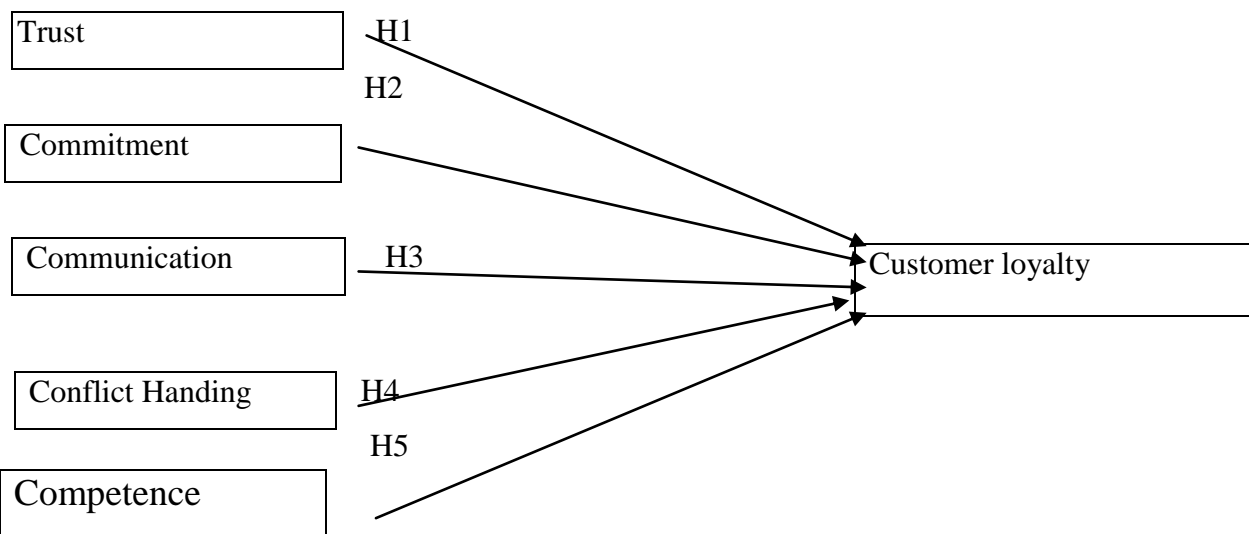


Figure 1- Conceptual Model

Source-Researcher's own model, 2017

## **2.3.2 Hypothesis**

### **Relationship Marketing**

Relationship Marketing is an integrated effort to identify, maintain and build up a network with individual customer and to continuously strengthen the network for the mutual benefits of both sides, through interactive, individualized and value added, contact over a long period of time.

In this study Relationship marketing is measured by its components i.e. trust, commitment, conflict handling, communication and competence.

**Main Hypothesis-There is a relationship between Relationship marketing and customer loyalty.**

### **Trust**

Trust has been defined as one of the aspects of a business relationship which is the level at which each party feels that he/she can trust the promises of the other. High level of customer trust in the service provider leads to long term and more constant relationships (Wong & Shoal, 2002).

In this study trust variable is measured by factors such as bank security in transactions, bank's service quality, reliability promises of the bank, bank staffs behavior towards clients, and the bank's commitment to its customers.

**H1. There is significantly positive relationship between trust and customer loyalty.**

### **Commitment**

Commitment is the intention to continue or maintain a relationship with the other party (Rashid, 2003). In this study commitment is measured by compatibility and consistent of bank services with customer needs and bank's flexibility towards the customer and change services.

**H2. There is significantly positive relationship between commitment and customer loyalty.**

## **Communication**

Communication is all foRelationship Marketingal and infoRelationship Marketingal exchanges that make meaningful and timely infoRelationship Marketingation exchange between buyer and seller (Ranjbarian & Barari, 2009).

In this study Communication is measured with factors such as timely and reliable infoRelationship Marketingation, providing infoRelationship Marketingation on new services and promises and accuracy in infoRelationship Marketingation.

**H3. There is significantly positive relationship between Communication and customer loyalty.**

## **Conflict Handling**

Conflict handling is defined as cooperative supplier in minimizing negative results from significant potential involvement (Ndobisi & Wah, 2005).

In this study conflict handling is measured with factors such as to avoid conflict, trying to solve problems before they occur, the ability to solve problems in time problem.

**H4. There is significantly positive relationship between conflict handling and customer loyalty.**

## **Competence**

Competence has defined by perceptions of each of the party relationship, such as skills, abilities and knowledge needed by the opposite party or effective function (Smith and Barclay, 1996).

In this study competence is measured with factors such as necessary knowledge about bank service, market trends, consulting and planning about the investment to customers and effective advertising.

**H5. There is significantly positive relationship between competence and customer loyalty.**

## CHAPTER THREE

### 3. RESEARCH METHODOLOGY

#### 3.1 Introduction

This chapter outlines the methodology used to collect data to test the hypotheses developed in chapter two and satisfy the objectives of the study presented in chapter one. The research plan includes research approach, research design, target population & sample design, data collection method, sources of data, data analysis method, reliability, and validity.

#### 3.2 Research Approach

Research approaches refers to the techniques researchers use in performing research operations (Kothari, 1990). There are three types of research approaches namely **quantitative, qualitative, and mixed approach**-a combination of both. Scientific studies can be conducted as either quantitative or qualitative studies. Most people regard the difference between qualitative and quantitative approach as one between numbers and words, with quantitative researchers focusing on numbers and qualitative researchers on words. This distinction is not accurate, as many qualitative researchers use numbers in their analyses. Rather, the distinction should be made according to when the information is quantified (Mooi & Sarstedt 2011).

Qualitative researchers use words and meanings in smaller samples to build theories (Sobh & Perry 2006). Qualitative studies are seeking descriptive data through a holistic viewpoint and examine several variables, but only in a small population. On the other hand, Quantitative studies deal with amounts of something, the occurrence or frequency and answer *what* questions. The studies deal with a few variables which are measured by figures or translated into figures and analyzed statistically after the data collection has been made.

The researcher employed a quantitative research method which was used to employ quantifiable schemes to obtain more assurance than a reasonable guess would do (Jick, 1979: 138-139), with deductive approach which goes from general or known theories to specific phenomenon about the research constructs. This approach is selected because it is fully compatible and suits the

research problem which has been identified and provides a comprehensive conclusion from the previous theories.

### **3.3 Research Design**

Research design represents the major methodology driving the study, which are distinctive and specific research approaches that are best suited to answer the research questions (Comack, 1996). The purpose of the research design, as stated by Burns and Grove (2001) is to achieve greater control of the study in examining the research problem.

Research design can be classified as descriptive, explanatory and exploratory depending on the specific purpose that the research tries to address. **Descriptive research design** sets out to describe and to interpret what is. It looks at individuals, groups, institutions, methods and materials in order to describe, compare, contrast, classify, analyze and interpret the entities and the events that constitute the various fields of inquiry. It aims to describe the state of affairs as it exists. On the other hand, **explanatory research design**, aims at establishing the cause and effect relationship between variables. The researcher uses the facts or information already available to analyze and make a critical evaluation of the data/information. **Exploratory research design** is less formal, sometimes even unstructured and focuses on gaining background information and helps to better understand and clarify a problem. It can be used to develop hypotheses and to develop questions to be answered (Abiy et al., 2009).

In this thesis explanatory research design is employed to make the required study. This design is selected because; it helps to explain the relationship between the research variables by providing answers for the research questions presented before.

### **3.4 Target population and sampling design**

The total number of banks operating in Addis Ababa is seventeen excluding those banks currently under formation. Among these banks, one from public-Commercial bank of Ethiopia and one from private bank namely Dashen bank are selected to make the investigation.

Commercial bank of Ethiopia has more than 1,100 branches all over the country out of which around 220 branches are found in Addis Ababa. Since it is difficult to consider all branches to make an investigation the researcher randomly selects six branches namely, Kera branch, Sarbet branch, Dil Gebeya branch, Bole Gorgorios branch, Ayer Amba Michael and Bole Michael branches to make the study and their customers (26,476) are considered as the target population for the study.

With regard to Dashen bank S.C, it has almost 260 branches all over the country, out of which around 120 branches are found in Addis Ababa. Here the researcher also randomly selects six branches namely Saris Abo area branch, Legehar branch, Ayer Tena branch, Bole branch, Olompiya branch and Africa Union area branch, to make an investigation, and their customers (17,395) are found to be the target population for the study. Finally, the total population of the study was found to be 43,871.

To obtain the representative samples, stratified sampling technique was used. It was selected because it helps for a population from which sample will be drawn does not constitute homogeneous group. Under this sampling technique the questionnaire respondents-Commercial bank of Ethiopia and Dashen Bank S.c customers were first divided in to two major groups namely-Current Account holders and Saving Account holders, and these groups or customers would then be divided into various sub groups based on their ownership, namely government accounts, private accounts, cooperatives and associations and public accounts.

Finally, those sample respondents were selected from each stratum with the help of convenience sampling excluding, inactive customer accounts which are locked by the system for making no transactions within 6 months; accounts that are blocked through court order; and accounts which have debit, credit, or other posting restrictions.

So that

$$S = \frac{X^2 NP(1-P)}{D^2(N-1) + X^2 P(1-P)}$$

Where

S=Sample size

$X^2$  =Table value of Chi Square for one degree of freedom desired confidence level (3.841 for 95% confidence interval)

P =Population proportion (assumed to be 0.5 since this should provide the maximum sample size)

N = Total Population and D = Degree of accuracy set as 0.05.

The researcher designed a sample of size S desired to be more representative in relation with population of the study size N and the total population is represented as

$$N = N_1 + N_2$$

$N_1$  = Commercial Bank of Ethiopia customers

$N_2$  = Dashen Bank S.C customers

So that using the above formula it was found that 380 customers were selected to represent the whole population using the combination of stratified and convenience sampling techniques.

The final findings, conclusions and the proposed possible solutions for the identified problems targets Commercial bank of Ethiopia, Dashen bank S.c and their respective customers.

### **3.5 Methods of Data Collection**

Based on the research objective, close ended questionnaire was prepared to elicit customers and distributed to the sample respondents which have working experience of one year and above. After distributing 380 questionnaires for both bank customers, a total of 330 answered questionnaires were retrieved, which is 86.84% of the total distributed questionnaires.

### **3.6 Sources of Data**

The researcher uses both primary and secondary sources of data. Primary data were collected from the close ended questionnaires where as secondary data will be collected by reviewing books, previous research works, articles, journals, and data found from internet.

### **3.7 Methods of Data analysis**

Once the data was collected from the pre-mentioned sources of data, the researcher analyzed the data with the aid of SPSS (Statistical Package for Social Science), which consists of descriptive statistics in terms of frequencies, mean, correlation and percentage.

Descriptive analysis was also employed for the demographic factors such as gender, age, education, occupation, monthly income and for the frequencies that customers are using the Commercial bank of Ethiopia and Dashen Bank S.c's services. In addition to this, multiple regression analysis was employed to explain the significant effects of the independent variables on the dependent variables as shown below.

### **3.8 Reliability and Validity**

Reliability refers to the inquiry of research procedure and operation can be rehash by other researchers which then get similar result or findings (Reige, 2003). In this study, all the primary and secondary data ensured that the sources of data, analysis of data, and interpretation gave consistent result according to literatures to increase the thread of reliability. In addition to this, SPSS software was used to analyze the data and special emphasis was given during data encoding. Chronbach's alpha test was used to test the reliability of the measures. Those dimensions with Chronbach's alpha value of 0.7 and above were taken as reliable. (Reige, 2003).

Having a look at data presented in annex 1 the reliability test shows that all independent and dependent variables have a Chronbach alpha value of 0.731 which shows that all variables were internally consistent.

Validity represents how well a variable measures what it is supposed to measure. Validity is concerned with whether the findings are really about what they appear to be about. Kazi (2010) defined the validity as “the degree to which a measure accurately represents what it is supposed to”. Validity is concerned with how well the concept is defined by the measure(s). He also mentioned about three types of validity: Content validity, Predictive validity, and Construct validity. Kazi (2010) defined the content validity as the assessment of the correspondence between the individual items and concept. In this study all variables (items) were inspected by the researcher to ensure that they were an adequate and a thorough representation of the construct under investigation. To test the questionnaire for clarity and to provide a coherent research questionnaire, a macro review was accurately performed. The research questions and questionnaires as well as the overall relationship marketing framework were also developed after a thorough review of related literatures.

### **3.9 Ethical Considerations**

All information that was collected is treated with confidentiality without disclosure of the respondents' identity. Moreover, no information was modified or changed, hence the information was presented as collected and all the literatures collected for the purpose of this study was acknowledged in the reference list.

In order to keep the confidentiality of the information given by respondents, it was not required to write their name and assured that their responses were treated in strict confidentiality. The purpose of the study was disclosed in the introductory part of the questionnaire. Furthermore, the researcher tried to avoid misleading or deceptive statements in the questionnaire. Lastly, the questionnaires were distributed only to voluntary participants.

## **CHAPTER FOUR**

### **4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION**

This section presents data, analyze, and finally give an interpretation based on the result obtained from statistical tools used in the research. Among the total 380 questionnaires prepared for the sample respondents 190 were distributed to six CBE branch customers (Kera branch, Sarbet branch, Dil Gebeya branch, Bole Gorgorios branch, Ayer Amba Michael and Bole Michael branches) and also 190 questionnaires were distributed to six Dashen Bank S.c customers(Saris Abo area branch, Legehar branch, Ayer Tena branch, Bole branch, Olompiya branch and Africa Union area branch) that are working in Addis, out of which 360 i.e. 182(95.7%) and 178(93.6%) were filled and returned where as the remaining 8(4.3%) and 12(6.4%) questionnaires were not returned at all from CBE and Dashen Bank S.C respectively. Finally, 330 respondents were found to give full answers for all questions.

The scale items were developed in five scales ranging from five to one; where 5 represents Strongly Agree, 4 Agree, 3 No opinion, 2 Disagree, and 1 Strongly Disagree from previous suggested and validated measures in many researches and carefully restated to reflect the characteristics of relationship marketing components in Ethiopian Banking industry with customer loyalty.

The analysis was done in line with the research questions and objectives that have been stated before and it was presented in the form of tables, to give better explanations. All the tables in the analysis part were generated from survey data through the MS-Excel 2010 and SPSS v16 (Statistical Package for Social Studies) after the data being coded in an appropriate manner.

Permission was sought from the Commercial bank of Ethiopia and Dashen Bank S.C's management for the questionnaires to be left with some staffs of the bank who would distribute them to the appropriate respondents. For the purpose of this study, only customers who have been banking with the banks for more than a year were given the questionnaires to fill.

When questionnaires were filled, they were kept by the bank staffs and later picked up by the researcher. The researcher used this mode of data collection due to the fact that, it was easy for the staffs of bank to approach, convince and encourage the bank customers in competition the questionnaires.

The unit of analysis for the study was the individual customer i.e. the client being the direct recipient of services delivered by the banks. The present study agreed with the literature that relationship marketing is best viewed from the viewpoint of the clients and that, it is usually the clients of services that are able to tell as to whether or not the relationship with service providers is positive or not. Therefore, using customers as the unit of analysis is considered appropriate, since their expectations and perceptions of relationship marketing and services rendered by the banks could be captured.

#### **4.1 Data Screening and Data Cleaning**

Once the researcher has collected those questionnaires which were filled by bank customers the next task was data screening- identifying missing or inappropriate response. Out of the total 360 collected questionnaires from the sample respondents, 330 customers gave full answers for all questions provided in the questionnaire and all these questionnaires were ready for the next process i.e. encoding of data.

The researcher also made maximum efforts to clean all the data encoded of the data to the SPSS. So that, the scale which was encoded to the system has been checked and shows minimum value of 1 and maximum value of 5 and found no missing value in the SPSS.

#### **4.2 Demographic Analysis of Respondents**

This section provides descriptive analysis for demographic characteristics of sample respondents with respect to gender, age, educational qualification, occupation, monthly income, and banking experience of the sample respondents.

**Table 4.1 Demographic characteristics of respondents**

<b>Gender of Respondents</b>	<b>Gender</b>	<b>Frequency</b>	<b>Percent</b>
	Male	215	65.15
	Female	115	34.85
	<b>Total</b>	<b>330</b>	<b>100</b>
<b>Age distribution of respondents</b>	<b>Age</b>	<b>Frequency</b>	<b>Percent</b>
	Below 20 years	32	9.7
	20-39 years	181	54.85
	40-59 years	96	29.09
	Above 60	21	6.36
	<b>Total</b>	<b>330</b>	<b>100</b>
<b>Educational Qualification</b>	<b>Qualification</b>	<b>Frequency</b>	<b>Percent</b>
	Primary school	41	12.42
	Secondary school	58	17.58
	Diploma	117	35.45
	Degree	111	33.64
	Post graduate	3	0.91
	<b>Total</b>	<b>330</b>	<b>100</b>
<b>Occupation</b>	<b>Occupation</b>	<b>Frequency</b>	<b>Percent</b>
	Gov't sector	154	46.67
	Private sector	49	14.85
	Own business	90	27.27
	Student	37	11.21
	<b>Total</b>	<b>330</b>	<b>100</b>
<b>Monthly Income</b>	<b>Income</b>	<b>Frequency</b>	<b>Percent</b>
	Below 1,000	54	16.36
	1,000- 2,999	78	23.64
	3,000-4,999	112	33.94
	Above 5,000	86	26.06
	<b>Total</b>	<b>330</b>	<b>100</b>
<b>Banking Experience</b>	<b>Years of Experience</b>	<b>Frequency</b>	<b>Percent</b>
	1-3 years	123	37.27
	3-5 years	94	28.48
	5-7 years	62	18.79
	above 7 years	51	15.45
	<b>Total</b>	<b>330</b>	<b>100</b>

(Source: Survey data, 2017)

The basic socio-demographic characteristics of sample respondents are presented in Table 4.1. Accordingly males cover 215(65.15%) where as females account 115(34.85%) out of the total 330 respondents, which leads to conclude that majority of the bank customers are males.

With respect to the age of respondents, 32(9.7%) customers age lies below 20, 181(54.85%) of them were between 20-39 years, 96(26.09%) were found between 40-59 years and the remaining 21(6.36%) respondents are above the age of 60 which shows majority most of the bank customers are between the age of 20 and 39 years old i.e. the banks have more productive and energetic customers.

The education qualifications of respondents are also shown in the above table. As it is indicated, 33.45% hold a first degree. In the other way, 35.45% were diploma holders, while 17.58% of the respondents achieved secondary education. 0.91% holds a postgraduate degree and 12.42% achieved primary education. This shows that majority of the bank customers are diploma and first degree holders.

The results of respondents with regard to their occupation are demonstrates that 154(46.67%) of the respondents are working in private sector, 27.27% have their own business, 46.67% are working in various government sectors and the remaining 11.21% of the respondents are students.

The table also shows that 33.94% of the respondents income lies between birr 3,000-4,999, 26.06% of the respondents had income of 5,000 birr and above, and 23.64% had income of between birr 1,000-2,999 monthly. On the other hand, and the remaining respondents 16.36% had income of below 1,000 birr. So that it can be concluded that majority of the bank customers' monthly income lies between 3,000 and 4,999.

As it is shown in the table, 37.27% of the respondents have used banking services for 1-3 years, 28.48% have used for 3-5 years, 18.79% have used the bank services for 5-7 years and the remaining 15.45% of the respondents used the services above 7 years.

### 4.3 Descriptive Analyses of Variables

The mean scores and standard deviations have been computed for all the five relationship marketing dimensions that are trust, commitment, conflict handling, communication, and competence. Respondents were asked to rate their perception on the five-point Likert type scale ranging from 1 being strongly disagree/ very unsatisfactory to 5 strongly agree / excellent for perceived dimensions of relationship marketing.

**Table 4.2 Descriptive statistics of relationship marketing components**

	<b>Trust</b>	<b>Commitment</b>	<b>Conflict Handling</b>	<b>Communication</b>	<b>Competence</b>
<b>Mean</b>	4.08	4.21	4.21	4.00	3.84
<b>Std. Dev</b>	0.40	0.45	0.41	0.46	0.59
<b>Total</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>	<b>330</b>

(Source: Survey data, 2017)

The result of table 4.2 shows that all independent variables have mean values ranging from 3.84 to 4.21 which shows that all variables have mean values above the average. With regard to the variables with high mean values, commitment and conflict handling have relatively high values i.e. 4.21 with standard deviations of 0.45 and 0.41 respectively. Whereas competence dimension has got the least mean score of 3.84 with standard deviation value of 0.59 which shows that the individual responses on average deviates or were a little over 0.59 away from the mean.

#### 4.3.1 Customers' Perception on Trust Dimensions Analysis

The mean scores and standard deviations have been computed for all the eight trust dimensions that are, bank's security on transaction, reliability of bank promises, service quality of the bank, employees respect to customers, bank's obligation, bank's trustworthiness to customers, bank's honesty, and bank's ability to meet promises by equally weighting the mean scores of all the items under each dimensions.

**Table 4.3 Descriptive statistics of trust dimensions**

Trust Dimensions	N		Mean	St Dev
	Valid	Missing		
<b>Bank's security on customers transaction</b>	330	0	4.14	1.02
<b>Bank's reliability on its promises</b>	330	0	4.29	0.97
<b>Bank's service quality</b>	330	0	4.22	1.07
<b>Bank employees' respect to customers</b>	330	0	3.66	1.02
<b>Bank's obligation</b>	330	0	3.95	1.11
<b>Bank's trustworthiness to customers</b>	330	0	4.22	0.98
<b>Bank's honesty,</b>	330	0	4.13	1.02
<b>Bank's ability to meet promises</b>	330	0	4.02	1.04

(Source: Survey data, 2017)

As it can be seen from Table 4.3, customer's perception on the reliability of the bank to keep its promises was the highest rated dimension relative to others with a mean(4.29) and least standard deviation (0.97) which shows that the individual responses on average deviates 0.97 away from the mean. Bank employees' respect to customers was perceived as the lowest by respondents with a mean score of 3.66 and sd. = 1.02. The overall mean value for trust is 4.08, which is above the average and standard deviation value of 0.40 showing that the individual responses on average deviates 0.4 away from the mean.

**Table 4.4 Customers' perception on the security of banking transactions**

<b>The bank is very concerned with security for my transactions</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.14	1.02
<b>Strongly Disagree</b>	12	3.64		
<b>Disagree</b>	17	5.15		
<b>Neutral</b>	29	8.79		
<b>Agree</b>	126	38.18		
<b>Strongly Agree</b>	146	44.24		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

As it can be seen from table 4.4, out of the total 330 sample respondents 146(44.24%) strongly agree that the bank is very concerned with security for their banking transactions followed by 126(38.18%) respondents agree, 29(8.79%) are neutral, 17(5.15%) disagree, and the remaining 12(3.64%) respondents responded that they strongly disagree with the idea. So that, it can be concluded that majority of the bank customers strongly agree that the bank is very concerned with the security of their banking transactions. The mean value of the bank's security on customers transaction attribute is 4.14 with a standard deviation value of 1.02 which shows that the individual responses on average deviates or were a little over 1.02 away from the mean.

**Table 4.5 Customers' perception on the reliability of bank's promises**

<b>The bank's promises are reliable</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.29	0.97
<b>Strongly Disagree</b>	11	3.33		
<b>Disagree</b>	12	3.64		
<b>Neutral</b>	20	6.06		
<b>Agree</b>	115	34.85		
<b>Strongly Agree</b>	172	52.12		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

Table 4.5 shows that 172(52.12%) respondents strongly agree that the bank promises are reliable followed by 115(34.85%) respondents agree, 20(6.06%) are neutral, 12(3.64%) disagree and the remaining 11(3.33%) respondents said that, they strongly disagree with the idea. So, it can be concluded that majority of the bank customers strongly agree that the bank promises are reliable. The mean value of the reliability of bank promise attribute is 4.29 with a standard deviation value of 0.97 which shows that the individual responses on average deviates or were a little over 0.97 away from the mean.

**Table 4.6 Customers' perception on the service quality of the bank**

The bank provides quality service to its customers			Mean	St dev
Customers' Perception	Frequency	Percent	4.22	1.07
Strongly Disagree	10	3.03		
Disagree	28	8.48		
Neutral	15	4.55		
Agree	105	31.82		
Strongly Agree	172	52.12		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

The above table shows that, 172(52.12%) respondents strongly agree that the bank provide quality services for its customers, followed by 105(31.82%) respondents agree, 28(8.48%) disagree, 15(4.55%) are neutral and the remaining 10(3.33%) respondents said that, they strongly disagree with the idea. So, it can be concluded that the banks provide quality services for its customers. The mean value about the provision of quality service attribute is 4.22 with a standard deviation value of 1.07 which shows that the individual responses on average deviates or were a little over 1.07 away from the mean.

**Table 4.7 customers' perception on the employee respect to customers**

<b>Employees of the bank show respect to customers</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	3.65	1.02
<b>Strongly Disagree</b>	7	2.12		
<b>Disagree</b>	46	13.94		
<b>Neutral</b>	69	20.91		
<b>Agree</b>	140	42.42		
<b>Strongly Agree</b>	68	20.61		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

As can be seen from the above table, 140(42.42%) respondents agree that the bank employees show respect for the bank customers, followed by 69(20.91%) respondents are neutral, 68(20.61%) strongly agree, 46(13.94%) respondents disagree and the remaining 7(2.12) respondents argued that, they strongly disagree with the idea. So it can be concluded that, majority of the bank customers agree that the bank employees show respect to customers. The mean value about employee's respect towards bank customers attribute is 3.62 with a standard deviation value of 1.02 which shows that the individual responses on average deviates or were a little over 1.02 away from the mean.

**Table 4.8 Customers' perception on the bank to fulfill its obligation to customers.**

<b>The bank fulfils its obligation to customers</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	3.95	1.11
<b>Strongly Disagree</b>	9	2.73		
<b>Disagree</b>	41	12.42		
<b>Neutral</b>	33	10.00		
<b>Agree</b>	122	36.97		
<b>Strongly Agree</b>	125	37.88		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

The above table shows that 125(37.88%) respondents strongly agree with the idea that the bank fulfills its obligation to customers, followed by 122(36.97%) respondents agree, 41(12.42%) disagree and 33(10%) respondents are neutral, and the remaining 9(2.73) respondents argued that, they strongly disagree with the idea. Finally it can be concluded that, majority of the bank customers strongly agree that the bank fulfills its obligation to customers. The mean value about the fulfillment of bank's promises attribute is 3.95 with a standard deviation value of 1.02 which shows that the individual responses on average deviates or were a little over 1.11 away from the mean.

**Table 4.9 Customers' perception on the bank's trust**

<b>The bank can be trusted completely</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.22	0.92
<b>Strongly Disagree</b>	10	3.03		
<b>Disagree</b>	12	3.64		
<b>Neutral</b>	15	4.55		
<b>Agree</b>	152	46.06		
<b>Strongly Agree</b>	141	42.73		
<b>Total</b>	<b>330</b>	<b>100</b>		

(Source: Survey data, 2017)

Looking for the above table it can be seen that 152(46.06%) respondents agree with the idea that the bank can be trusted completely, followed by 141(42.73%) strongly agree, 15(4.55%) are neutral, 12(3.64%) disagree and the remaining 10(3.03) respondents argued that, they strongly disagree that the bank can be trusted completely. So that the majority of the bank customers agree that the bank can be trust completely. The mean value about the trustworthiness of the bank attribute is 4.22 with a standard deviation value of 0.92 which shows that the individual responses on average deviates or were a little over 0.92 away from the mean.

**Table 4.10 Customer’s perception on the honesty of the bank**

<b>The bank is always honest to me</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.13	1.02
<b>Strongly Disagree</b>	17	5.15		
<b>Disagree</b>	11	3.33		
<b>Neutral</b>	16	4.85		
<b>Agree</b>	154	46.67		
<b>Strongly Agree</b>	132	40.00		
<b>Total</b>	<b>330</b>	<b>100</b>		

(Source: Survey data, 2017)

Table 4.10 shows that, 154(46.67%) respondents agree with the idea that the bank is honest for them, followed by 132(40%) respondents strongly agree, 17(5.15%) strongly disagree, 16(4.85%) are neutral and the remaining 11(3.33) respondents argued that, they disagree with the idea. So that it can be concluded that, majority of the bank customers agrees that the bank is honest for its customers. The mean value about the honesty of the bank attribute is 4.13 with a standard deviation value of 1.02 which shows that the individual responses on average deviates or were a little over 1.02 away from the mean.

### 4.3.2 Customers' Perception on Commitment Dimensions Analysis

The mean scores and standard deviations have been computed for all the five commitment dimensions that are, bank's adjustments to suit customer needs, bank's provision of personalized services, the bank's flexibility towards service changes, bank's flexibility in serving customers needs customers' relationship with the bank by equally weighting the mean scores of all the items under each attributes.

**Table 4.11 Descriptive analysis of commitment dimensions**

Commitment Dimensions	N		Mean	St Dev
	Valid	Missing		
Bank's adjustments to suit needs	330	0	4.09	1.02
Bank's personalized services	330	0	4.33	1.01
Bank's flexibility for service changes	330	0	4.22	0.99
Bank's is flexibility in serving needs	330	0	3.93	1.13
Relationship with the bank	330	0	4.48	0.81

(Source: Survey data, 2017)

As it can be seen from Table 4.11, customer's perception on their relationship with the bank to continuing it was the highest rated commitment dimension relative to other attributes with a mean value of 4.48 and standard deviation (0.81) which shows that the individual responses on average deviates 0.81 away from the mean. The bank's flexibility to its customers in serving their needs was perceived as the lowest by respondents with a mean score of 3.93 and sd. = 1.13. The overall mean value for commitment is 4.21, which is above the average and standard deviation value of 0.45 showing that the individual responses on average deviates 0.45 away from the mean.

**Table 4.12 Customers' perception on the bank's ability to meet its promises**

<b>My bank has the ability to meet its promises</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.02	1.04
<b>Strongly Disagree</b>	10	3.03		
<b>Disagree</b>	29	8.79		
<b>Neutral</b>	26	7.88		
<b>Agree</b>	144	43.64		
<b>Strongly Agree</b>	121	36.67		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

Table 4.12 shows that 144(43.64%) respondents agree with the idea that the bank has the ability to meet its promises, followed by 121(36.67%) respondents strongly agree, 29(8.79%) disagree, 26(7.88%) are neutral and the remaining 10(3.03) respondents argued that, they strongly disagree with the idea. So it can be concluded that most of the bank customers agree that the bank has the ability to meet its promises. The mean value about the ability of the bank in meeting its promises is 4.02 with a standard deviation value of 1.04 which shows that the individual responses on average deviates or were a little over 1.04 away from the mean.

**Table 4.13 Customers' perception on the bank's adjustments to meet suit needs**

<b>The bank makes adjustment to suit my needs</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.09	1.02
<b>Strongly Disagree</b>	11	3.33		
<b>Disagree</b>	19	5.76		
<b>Neutral</b>	35	10.61		
<b>Agree</b>	130	39.39		
<b>Strongly Agree</b>	135	40.91		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

Table 4.13 shows that 135(40.91%) respondents strongly agree with the idea that the bank makes various adjustments to suit their needs , followed by 130(39.39%) respondents agree, 35(10.61%) are neutral, 19(5.76%) disagree, and the remaining 11(3.33) respondents argued that, they strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that the banks make various adjustments to suit their needs. The mean value about the adjustments made by the banks to suit customer’s needs is 4.09 with a standard deviation value of 1.02 which shows that the individual responses on average deviates or were a little over 1.02 away from the mean.

**Table 4.14 Customers’ perception on the bank’s personalized services to meet their needs**

<b>The bank offers personalized services to meet customers’ need</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.33	1.01
<b>Strongly Disagree</b>	12	3.64		
<b>Disagree</b>	17	5.15		
<b>Neutral</b>	8	2.42		
<b>Agree</b>	107	32.42		
<b>strongly Agree</b>	186	56.36		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

Table 4.14 shows that out of the total 330 sample respondents 186(56.36%) strongly agree with the idea that the bank offers personalized services to meet their needs, followed by 107(32.42%) respondents agree, 17(5.15%) disagree, 12(3.64%) strongly disagree, and the remaining 8(2.42) respondents are neutral. So it can be concluded that most of the bank customers strongly agree that the bank offers personalized services to meet their needs. The mean value about the bank’s personalized services to meet customers need is 4.33 with a standard deviation value of 1.01 which shows that the individual responses on average deviates or were a little over 1.01 away from the mean.

**Table 4.15 Customers' perception on the bank's flexibility during service changes**

<b>The bank is flexible when its services are changed</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>		
<b>Strongly Disagree</b>	3	0.91	4.22	0.99
<b>Disagree</b>	32	9.70		
<b>Neutral</b>	18	5.45		
<b>Agree</b>	113	34.24		
<b>strongly Agree</b>	164	49.70		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

The above table shows that 164(49.70%) respondents strongly agree with the idea that the bank is flexible when it makes changes to its services, followed by 113(34.24%) respondents agree, 32(9.7%) disagree, 18(5.45%) are neutral, and the remaining 3(0.91) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that the bank is flexible when it makes some changes to its services. The mean value about the bank's flexibility in time of service changes is 4.22 with a standard deviation value of 0.99 which shows that the individual responses on average deviates or were a little over 0.99 away from the mean.

**Table 4.16 Customers' perception on the bank's flexibility in serving their needs**

The bank is flexible in serving my needs			Mean	St dev
Customers' Perception	Frequency	Percent	3.93	1.13
Strongly Disagree	12	3.64		
Disagree	39	11.82		
Neutral	31	9.39		
Agree	125	37.88		
Strongly Agree	123	37.27		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

Table 4.16 shows that out of the total 330 respondents 125(37.88%) agree with the idea that the banks are flexible in serving customers' needs, followed by 123(37.27%) respondents strongly agree, 39(11.82%) disagree, 31(9.39%) are neutral, and the remaining 12(3.64) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers agree that the banks are flexible in serving their needs. The mean value about the bank's flexibility in serving customer's needs is 3.93 with a standard deviation value of 1.13 which shows that the individual responses on average deviates or were a little over 1.13 away from the mean.

**Table 4.17 Customers' perception on the relationship with the bank**

<b>My relationship with bank is one that I am very committed to continuing it</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.48	0.81
<b>Strongly Disagree</b>	6	1.82		
<b>Disagree</b>	7	2.12		
<b>Neutral</b>	9	2.73		
<b>Agree</b>	109	33.03		
<b>Strongly Agree</b>	199	60.30		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

The above table shows that 199(60.3%) respondents strongly agree with the idea that their relationship with their bank is the one they are very committed to continuing it, followed by 109(33.03%) agree, 9(2.73%) are neutral, 7(2.12%) disagree, and the remaining 6(1.82) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that their relationship with the bank is the one they are very committed to continuing it. The mean value of customer's relationship with their bank is the one they are very committed to continuing it is 4.48 with a standard deviation value of 0.81 which shows that the individual responses on average deviates or were a little over 0.81 away from the mean.

### **4.3.3 Customers' Perception on Conflict Handling Dimensions Analysis**

The mean scores and standard deviations have been computed for all the six conflict handling dimensions that are, avoidance of potential conflicts before their occurrence, bank's discussions on the solutions when problems arise, bank's interest in solving customers problems, bank's interest to listen customers' problems, bank's prompt response for customer complaints, and bank's interest to ask customers feelings by equally weighting the mean scores of all the items under each attributes.

**Table 4.18 Descriptive analysis of conflict handling dimensions**

<b>Conflict Handling Dimensions</b>	<b>N</b>		<b>Mean</b>	<b>St Dev</b>
	<b>Valid</b>	<b>Missing</b>		
<b>Avoidance of potential conflicts before their occurrence</b>	330	0	4.30	0.96
<b>Bank's discussions on the solutions when problems arise</b>	330	0	4.05	1.03
<b>Bank's interest in solving customers problems</b>	330	0	4.15	0.98
<b>Bank's interest to listen customers' problems</b>	330	0	4.27	0.99
<b>Bank's prompt response for customer complaints</b>	330	0	4.34	0.80
<b>Bank's interest to ask customers feelings</b>	330	0	4.30	0.96

(Source: Survey data, 2017)

As it can be seen from Table 4.18, customer's perception on the banks prompt response for customer complaints was the highest rated conflict handling dimension relative to other attributes with a mean value of 4.34 and standard deviation (0.80) which shows that the individual responses on average deviates 0.80 away from the mean. The bank's readiness to discuss on the problems when problems arise was perceived as the lowest by respondents with a mean score of 4.05 and sd. = 1.03. The overall mean value for conflict handling is 4.21, which is above the average and standard deviation value of 0.41 showing that the individual responses on average deviates 0.41 away from the mean.

**Table 4.19 Customers' perception on the bank's conflict avoidance mechanisms**

The bank tries to avoid potential conflicts before their occurrence			Mean	St dev
Customers' Perception	Frequency	Percent	4.30	0.96
Strongly Disagree	12	3.64		
Disagree	12	3.64		
Neutral	9	2.73		
Agree	131	39.70		
Strongly Agree	166	50.30		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

The above table shows that 166(50.3%) respondents strongly agree with the idea that the bank tries to avoid potential conflicts before their occurrences, followed by 131(39.7%) respondents agree, 12(3.64%) disagree & strongly disagree, and the remaining 9(2.73) respondents are neutral on the idea. So it can be concluded that most of the bank customers strongly agree that the banks try to avoid potential conflicts before their occurrences. The mean value of the bank's conflict avoidance mechanisms is 4.30 with a standard deviation value of 0.96 which shows that the individual responses on average deviates or were a little over 0.96 away from the mean.

**Table 4.20 Customers' perception about discussions with customers on the solutions when problems arise**

<b>The bank openly discusses on the solutions when problems arise.</b>			Mean	St dev
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.05	1.03
<b>Strongly Disagree</b>	10	3.03		
<b>Disagree</b>	28	8.48		
<b>Neutral</b>	23	6.97		
<b>Agree</b>	142	43.03		
<b>Strongly Agree</b>	127	38.48		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

The above table shows that 142(43.03%) respondents agree with the idea that the bank openly discusses on the solutions when problems arise, followed by 127(38.48%) respondents strongly agree, 28(8.48%) disagree, 23(6.97%) are neutral, and the remaining 10(3.03) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers agree openly discusses on the solutions when problems arise. The mean value of the bank's discussions with customers on the solutions when problems arise is 4.05 with a standard deviation value of 1.03 which shows that the individual responses on average deviates or were a little over 1.03 away from the mean.

**Table 4.21 Customers' perception on the bank's interest in solving customers' problems**

<b>The bank shows a sincere interest in solving customers problem</b>			Mean	St dev
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.15	0.98
<b>Strongly Disagree</b>	7	2.12		
<b>Disagree</b>	26	7.88		
<b>Neutral</b>	18	5.45		
<b>Agree</b>	139	42.12		
<b>strongly Agree</b>	140	42.42		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

The above table shows that 140(42.42%) respondents strongly agree with the idea that, banks shows a sincere interest in solving customers problem, followed by 139(42.12%) respondents agree, 26(7.88%) disagree, 18(5.45%) are neutral, and the remaining 7(2.12) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that the bank shows a sincere interest in solving customers' problem. The mean value of the bank's interest in solving customers' problems is 4.15 with a standard deviation value of 0.98 which shows that the individual responses on average deviates or were a little over 0.98 away from the mean.

**Table 4.23 Customers' perception on the bank's interest to listen customers' problems**

<b>The bank shows interest to listens customers problem</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	<b>4.27</b>	<b>0.99</b>
<b>Strongly Disagree</b>	8	2.42		
<b>Disagree</b>	24	7.27		
<b>Neutral</b>	11	3.33		
<b>Agree</b>	116	35.15		
<b>Strongly Agree</b>	171	51.82		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

Table 4.23 shows that 171(51.82%) respondents strongly agree with the idea that the bank shows an interest to listen customers' problems, followed by 116(35.15%) respondents agree, 24(7.27%) disagree, 11(3.33%) are neutral, and the remaining 8(2.42) respondents strongly disagree with the idea. So it can be concluded that most of the customers strongly agree that the bank shows an interest to listen customers' problems. The mean value of the bank's interest in solving customers' problems is 4.27 with a standard deviation value of 0.99 which shows that the individual responses on average deviates or were a little over 0.99 away from the mean.

**Table 4.24 Customers’ perception on the bank’s responses for customer complaints**

The bank gives you prompt response for your complaints			Mean	St dev
Customers' Perception	Frequency	Percent	4.34	0.80
Strongly Disagree	5	1.52		
Disagree	5	1.52		
Neutral	25	7.58		
Agree	135	40.91		
Strongly Agree	160	48.48		
Total	330	100.00		

(Source: Survey data, 2017)

The above table shows that 160(48.48%) respondents strongly agree with the idea that, banks give prompt response for customers complaints, followed by 135(40.91%) respondents agree, 25(7.58) disagree, and the remaining 5(1.52%) respondents disagree & strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that, the banks give prompt response for their customer’s complaints. The mean value of the bank in giving prompt response to customers complaints is 4.34 with a standard deviation value of 0.80 which shows that the individual responses on average deviates or were a little over 0.80 away from the mean.

**Table 4.25 Customer’s perception on the bank’s interest to ask their feelings.**

The bank asks you about your feeling towards their responses			Mean	St dev
Customers' Perception	Frequency	Percent	4.17	0.97
Strongly Disagree	7	2.12		
Disagree	18	5.45		
Neutral	34	10.30		
Agree	123	37.27		
Strongly Agree	148	44.85		
Total	330	100.00		

(Source: Survey data, 2017)

Table shows that 148(44.85%) respondents strongly agree with the idea that the bank ask its customers about their feeling towards the bank responses, followed by 123(37.27%) respondents agree, 34(10.3%) are neutral, 18(5.45%) disagree, and the remaining 7(2.12%) respondents strongly disagree with the idea. So it can be concluded that, most of the bank customers strongly agree that, the banks ask its customers about their feeling towards the bank responses. The mean value of the bank in giving prompt response to customers complaints is 4.17 with a standard deviation value of 0.97 which shows that the individual responses on average deviates or were a little over 0.97 away from the mean.

### 4.3.4 Customers' Perception on Communication Dimensions Analysis

The mean scores and standard deviations have been computed for all the six trust dimensions that are, timely communication of service changes, channels to communicate customers, channels to enable two way communication, communication to customers about bank's policy, customers' rights and responsibilities, 7/24 services, and information about the new branches opened nearby by equally weighting the mean scores of all the items under each dimensions.

**Table 4.26 Descriptive analysis of communication dimensions**

Communication Dimensions	N		Mean	St Dev
	Valid	Missing		
<b>Bank's timely communication for service changes</b>	330	0	4.32	0.92
<b>Bank's channels to communicate its customers</b>	330	0	3.83	0.99
<b>Bank's channels to enable two way communication</b>	330	0	4.12	1.10
<b>Bank's communication its customers about its policy, customers' rights and responsibilities</b>	330	0	3.91	1.19
<b>Bank's 7/24 services</b>	330	0	4.09	1.03
<b>Information to the customers for the new branches opened nearby</b>	330	0	3.70	1.06

(Source: Survey data, 2017)

As it can be seen from table 4.26, customer's perception on the banks timely communication of service changes was the highest rated communication dimension relative to other attributes with a mean value of 4.32 and standard deviation (0.92) which shows that the individual responses on average deviates 0.92 away from the mean. The bank's information to the customers about the new branches opened nearby was perceived as the lowest by respondents with a mean score of 3.70 and sd. = 1.06. The overall mean value for commitment is 4.00, which is above the average and standard deviation value of 0.46 showing that the individual responses on average deviates 0.46 away from the mean.

**Table 4.27 Customers' perception on the bank timely communication for service and promise changes**

<b>The bank communicates you timely when there is a change on its services and promises</b>			<b>Mean</b>	<b>St dev</b>
Customers' Perception	Frequency	Percent	4.17	0.97
Strongly Disagree	11	3.33		
Disagree	9	2.73		
Neutral	14	4.24		
Agree	135	40.91		
Strongly Agree	161	48.79		
Total	330	100.00		

(Source: Survey data, 2017)

Table 4.27 shows that 161(48.79%) respondents strongly agree with the idea that, the bank communicates its customers timely when there is a change on its services and promises, followed by 135(40.91%) respondents agree, 14(4.24%) are neutral, 11(5.45%) strongly disagree, and the remaining 9(2.73) respondents disagree with the idea. So it can be concluded that most of the bank customers strongly agree that the bank communicates its customers timely when there is a change on its services and promises. The mean value of the bank in communicating customers timely is 4.17 with a standard deviation value of 0.97 which shows that the individual responses on average deviates or were a little over 0.97 away from the mean.

**Table 4.28 Customers' perception on the channels used to access customers**

<b>The bank communicates its customers through various channels to access most of its customers</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	3.83	0.99
<b>Strongly Disagree</b>	3	0.91		
<b>Disagree</b>	42	12.73		
<b>Neutral</b>	57	17.27		
<b>Agree</b>	135	40.91		
<b>Strongly Agree</b>	93	28.18		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

The above table shows that 135(40.91%) respondents agree with the idea that, the bank communicates its customers through various channels to access most of its customers, followed by 93(28.18%) respondents agree, 57(17.27%) are neutral, 42(12.73%) disagree, and the remaining 3(0.91) respondents strongly disagree with the idea. So, it can be concluded that most of the bank customers strongly agree that the bank communicates its customers through various channels to access most of their customers. The mean value of the bank in using various channels to communicate most of its customers is 3.83 with a standard deviation value of 0.99 which shows that the individual responses on average deviates or were a little over 0.99 away from the mean.

**Table 4.29 Customers' perception on the bank's two way communication mechanisms**

<b>The bank provides various channels to enable two way communication</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.12	1.10
Strongly Disagree	10	3.03		
Disagree	33	10.00		
Neutral	21	6.36		
Agree	111	33.64		
Strongly Agree	155	46.97		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

Table 4.29 shows that 155(46.97%) respondents strongly agree with the idea that the Commercial banks provide various channels to enable two way communication, followed by 111(33.64%) respondents agree, 33(10%) disagree, 21(6.36%) are neutral, and the remaining 10(3.03%) respondents strongly disagree with the idea. So it can be concluded, that most of the bank customers strongly agree that, the banks provide various channels to enable two way communications. The mean value of the bank in using channels to enable two way communication is 4.12 with a standard deviation value of 1.10 which shows that the individual responses on average deviates or were a little over 1.10 away from the mean.

**Table 4.30 Customers' perception on the bank's policy, customer rights and responsibilities**

<b>The bank clearly communicates its customers about its policy, customers right and responsibility</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	3.91	1.19
<b>Strongly Disagree</b>	26	7.88		
<b>Disagree</b>	22	6.67		
<b>Neutral</b>	31	9.39		
<b>Agree</b>	136	41.21		
<b>Strongly Agree</b>	115	34.85		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

The above table shows that 136(41.21%) respondents agree with the idea that, the bank clearly communicates its customers about the its policy, customers right and responsibility, followed by 115(34.85%) respondents strongly agree, 32(9.7%) disagree, 18(5.45%) are neutral, and the remaining 3(0.91) respondents strongly disagree with the idea. So it can be concluded that most of the customers agree that the banks clearly communicate its customers about the policy, customer’s right and responsibility. The mean value of the bank to communicate customers about its policy, customers right and responsibility is 3.91 with a standard deviation value of 1.19 which shows that the individual responses on average deviates or were a little over 1.19 away from the mean.

**Table 4.31 Customers’ perception on the bank’s e-payment services**

<b>The bank provides you 7/24 (seven days a week and 24 Hrs) services to check your balance/make transactions</b>			<b>Mean</b>	<b>St dev</b>
Customers' Perception	Frequency	Percent	4.09	1.03
Strongly Disagree	6	1.82		
Disagree	36	10.91		
Neutral	23	6.97		
Agree	121	36.67		
strongly Agree	144	43.64		
Total	330	100.00		

(Source: Survey data, 2017)

Table 4.31 shows that 144(43.64%) respondents strongly agree with the idea that, the bank provides 7/24 (seven days a week and 24 Hrs) services to help customers check their balance/make transactions , followed by 121(36.67%) respondents agree, 36(10.91%) disagree, 18(5.45%) are neutral, and the remaining 3(0.91) respondents strongly disagree with the idea. So it can be concluded that most bank customers agree that their bank provides 7/24 (seven days a week and 24 Hrs) services to help customers check their balance/make transactions. The mean value of the bank service provision of 7/24 is 4.09 with a standard deviation value of 1.03 which shows that the individual responses on average deviates or were a little over 1.03 away from the mean.

**Table 4.32 Customers' perception on the information regarding new branches**

<b>There is an information to the customer for the new branch nearby</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>		
<b>Strongly Disagree</b>	6	1.82	3.70	1.06
<b>Disagree</b>	36	10.91		
<b>Neutral</b>	23	6.97		
<b>Agree</b>	121	36.67		
<b>Strongly Agree</b>	144	43.64		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

Table 4.32 shows that 144(43.64%) respondents strongly agree with the idea that there is an information to the customer for the new branch nearby, followed by 121(36.67%) respondents agree, 36(10.91%) disagree, 23(6.97%) are neutral, and the remaining 6(1.82%) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that there is information to the customer for the new branch nearby. The mean value of an information about the nearby branches is 3.70 with a standard deviation value of 1.06 which shows that the individual responses on average deviates or were a little over 1.06 away from the mean.

#### **4.3.5 Customers' Perception on Competence Dimensions Analysis**

The mean scores and standard deviations have been computed for all the four trust dimensions that are, courteousness of frontline bank staffs, bank staffs knowledge about the services, bank staffs advertisement, bank staffs visit to customer by equally weighting the mean scores of all the items under each dimensions.

**Table 4.33 Descriptive analysis of competence dimensions**

Competence Dimensions	N		Mean	St Dev
	Valid	Missing		
Courteousness of frontline bank staffs	330	0	3.64	1.08
Bank staffs' have knowledge about the services	330	0	3.96	1.04
Bank staffs advertisement about the offerings	330	0	3.94	1.02
Bank staffs visit to customer	330	0	3.84	1.11

(Source: Survey data, 2017)

As it can be seen from table 4.33, customer's perception on the banks staffs knowledge about the banking services was the highest rated communication dimension relative to other attributes with a mean value of 3.96 and standard deviation (1.04) which shows that the individual responses on average deviates 1.04 away from the mean. The bank staffs visit to customers was perceived as the lowest by respondents with a mean score of 3.84 and sd. = 1.11. The mean value of an information about the nearby branches is 3.70 with a standard deviation value of 1.06 which shows that the individual responses on average deviates or were a little over 1.06 away from the mean.

**Table 4.34 Customers' perception on the courteousness of bank staffs**

The courteousness of frontline staffs is good to satisfy the bank customers			Mean	St dev
Customers' Perception	Frequency	Percent	3.64	1.08
Strongly Disagree	7	2.12		
Disagree	52	15.76		
Neutral	76	23.03		
Agree	114	34.55		
Strongly Agree	81	24.55		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

Table 4.34 shows that 114(34.55%) respondents agree with the idea that, the courteousness of frontline staffs is good to satisfy bank customers, followed by 81(24.55%) respondents agree, 76(23.03%) are neutral, 52(15.56%) disagree, and the remaining 7(2.12) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers agree that the courteousness of frontline staffs is good to satisfy customers. The mean value of the courteousness of front line staffs is 3.64 with a standard deviation value of 1.08 which shows that the individual responses on average deviates or were a little over 1.08 away from the mean.

**Table 4.35 Customers' perception on staff knowledge's about banking services**

<b>The bank staffs have sufficient knowledge about the services</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>		
Strongly Disagree	10	3.03	3.96	1.08
Disagree	28	8.48		
Neutral	40	12.12		
Agree	140	42.42		
Strongly Agree	112	33.94		
Total	330	100.00		

(Source: Survey data, 2017)

Table 4.35 shows that 140(42.42%) respondents agree with the idea that the bank staffs have sufficient knowledge about the bank services, followed by 112(33.94%) respondents strongly agree, 40(12.12%) are neutral, 18(5.45%) are neutral, and the remaining 3(0.91) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that the bank staffs have sufficient knowledge about the bank services. The mean value of the bank staffs knowledge about banking services is 3.69 with a standard deviation value of 1.08 which shows that the individual responses on average deviates or were a little over 1.08 away from the mean.

**Table 4.34 Customers' perception on the advertisements made by staffs on the bank's offerings**

The staffs advertize the bank's offerings effectively			Mean	St dev
Customers' Perception	Frequency	Percent		
Strongly Disagree	6	1.82	3.94	1.02
Disagree	38	11.52		
Neutral	32	9.70		
Agree	149	45.15		
strongly Agree	105	31.82		
Total	330	100.00		

(Source: Survey data, 2017)

The above table shows that 149(45.15%) respondents agree with the idea that the bank staffs advertize its offerings effectively, followed by 105(31.82%) respondents strongly agree, 38(11.52%) disagree, 32(9.7%) are neutral, and the remaining 6(1.82) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers agree that the staffs advertize the bank's offerings effectively. The mean value of the bank staffs advertisement about banking offerings is 3.94 with a standard deviation value of 1.02 which shows that the individual responses on average deviates or were a little over 1.02 away from the mean.

**Table 4.35 Customers' perception on the bank staffs visits**

The bank staffs visit the customers on a regular basis and give consulting services to its customers			Mean	St dev
Customers' Perception	Frequency	Percent		
Strongly Disagree	10	3.03	3.84	1.11
Disagree	44	13.33		
Neutral	40	12.12		
Agree	131	39.70		
Strongly Agree	105	31.82		
Total	330	100.00		

(Source: Survey data, 2017)

The above table shows that 131(39.70%) respondents agree with the idea that the bank staffs visit customers on a regular basis and give consulting services to its customers, followed by 105(31.82%) respondents strongly agree, 44(13.33%) disagree, 40(42.12%) are neutral, and the remaining 10(3.03) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that the bank staffs visit customers on a regular basis and give consulting services to its customers. The mean value of the bank staffs regular visit to customers and giving consulting services is 3.84 with a standard deviation value of 1.11 which shows that the individual responses on average deviates or were a little over 1.11 away from the mean.

### 4.3.6 Customers' perception on customer loyalty dimensions analysis

The mean scores and standard deviations have been computed for all the nine dimensions that are, loyalty of customers to the bank, customers' first choice of the bank, choose to use the banking services, change of choices to another bank, recommendation of the bank to others, difficulty to change beliefs about the bank, frequencies of using the bank services, and suitability of the bank to fill all needs by equally weighting the mean scores of all the items under each dimensions.

**Table 4.36 Descriptive analysis of customers' loyalty dimensions**

Customers' Loyalty Dimensions	N		Mean	St Dev
	Valid	Missing		
Loyalty of customers to the bank	330	0	4.45	0.76
Customers' first choice on bank	330	0	4.36	0.88
Choose again to use the banking services	330	0	4.27	0.97
Change of choices to another bank	330	0	4.21	0.93
Recommendation of the bank for others	330	0	4.51	0.76
Difficulty to change beliefs about the bank	330	0	3.92	1.01
Frequencies of using this bank's services	330	0	4.30	0.95
Preference for the bank not to be changed	330	0	4.13	0.98
Suitability of the bank to fill all needs	330	0	4.08	1.02

(Source: Survey data, 2017)

As it can be seen from table 4.36, customer's perception on the recommendation of the bank to others was the highest rated customer loyalty dimension relative to other attributes with a mean value of 4.51 and standard deviation (0.76) which shows that the individual responses on average deviates 1.04 away from the mean. The customers change of their belief about the bank was perceived as the lowest by respondents with a mean score of 3.92 and sd. = 1.01.

**Table 4.37 Customers' perception on their loyalty level to the bank**

<b>I am a loyal customer to the loyal</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>		
<b>Strongly Disagree</b>	4	1.21	4.45	0.76
<b>Disagree</b>	7	2.12		
<b>Neutral</b>	7	2.12		
<b>Agree</b>	127	38.48		
<b>Strongly Agree</b>	185	56.06		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

Table 4.37 shows that 185(56.06%) respondents strongly agree with the idea that they are loyal customers to the bank, followed by 127(38.48%) respondents agree, 7(2.12%) disagree, 12(2.12) (5.45%) are neutral, and the remaining 4(1.21) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that they are loyal customers to the bank. The mean value of the customers' loyalty level to the bank is 4.45 with a standard deviation value of 0.76 which shows that the individual responses on average deviates or were a little over 0.76 away from the mean.

**Table 4.39 Customers' perception on their first banking choice**

<b>I consider the bank as my first choice among other bank in the area and my first choice that comes to my mind when making purchase decisions on bank services</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.36	0.88
<b>Strongly Disagree</b>	6	1.82		
<b>Disagree</b>	16	4.85		
<b>Neutral</b>	6	1.82		
<b>Agree</b>	128	38.79		
<b>Strongly Agree</b>	174	52.73		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

Table 4.39 shows that 174(52.73%) respondents strongly agree with the idea that customers consider the bank as their first choice among other banks in the area and their first choice that comes to my mind when making purchase decisions on bank services, followed by 128(38.79%) respondents agree, 16(4.85%) disagree, and the remaining 6(1.82%) are neutral strongly disagree with the idea. So it can be concluded that majority of the bank customers strongly agree that customers consider the banks as their first choice among other banks in the area and their first choice that comes to their mind when making purchase decisions on bank services.

**Table 4.40 Customers' perception on the use of banking services**

<b>If I had to do it over again, I would still choose to use the bank</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.27	0.97
<b>Strongly Disagree</b>	7	2.12		
<b>Disagree</b>	20	6.06		
<b>Neutral</b>	19	5.76		
<b>Agree</b>	114	34.55		
<b>Strongly Agree</b>	170	51.52		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

Table 4.40 shows that 170(51.52%) respondents strongly agree with the idea that customers choose to use the bank services, followed by 114(34.55%) respondents agree, 20(6.06%) disagree, 19(5.76%) are neutral, and the remaining 7(2.12) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that the customers choose to use the bank's services. The mean value is 4.27 with a standard deviation value of 0.97 which shows that the individual responses on average deviates or were a little over 0.97 away from the mean.

**Table 4.41 Customers' perception about the value of the bank**

<b>I do not want to change my choice to another bank because I value the first.</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.21	0.93
<b>Strongly Disagree</b>	14	4.24		
<b>Disagree</b>	5	1.52		
<b>Neutral</b>	17	5.15		
<b>Agree</b>	155	46.97		
<b>Strongly Agree</b>	139	42.12		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

The above table shows that 155(46.97%) respondents agree with the idea that customers don't want to change their choices to another banks because they value their bank first, followed by 139(42.12%) respondents strongly agree, 17(5.15%) are neutral, 14(4.24%) strongly disagree, and the remaining 5(0.91) respondents disagree with the idea. So it can be concluded that most of the bank customers agree that customers don't want to change their choices to another bank. The mean value of customers' value to the bank is 4.21 with a standard deviation value of 0.93 which shows that the individual responses on average deviates or were a little over 0.93 away from the mean.

**Table 4.42 Customers' perception on the recommendation of the bank to others**

<b>I would always recommend the bank to everyone who seeks my advise</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.51	0.76
<b>Strongly Disagree</b>	3	0.91		
<b>Disagree</b>	7	2.12		
<b>Neutral</b>	16	4.85		
<b>Agree</b>	96	29.09		
<b>Strongly Agree</b>	208	63.03		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

Table 4.43 shows that 208(63.03%) respondents strongly agree with the idea that the bank customers always recommend the bank to others who seeks their advise, followed by 96(29.09%) respondents agree, 16(29.09%) are neutral, 7(2.12%) disagree, and the remaining 3(0.91) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that the bank customers always recommend to others who seeks their advice. The mean value of customers' recommendation of the bank to others is 4.51 with a standard deviation value of 0.76 which shows that the individual responses on average deviates or were a little over 0.76 away from the mean.

**Table 4.44 Customers' perception on the change in belief about the bank**

<b>It would be difficult to change my beliefs about the bank</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	3.92	1.01
<b>Strongly Disagree</b>	8	2.42		
<b>Disagree</b>	31	9.39		
<b>Neutral</b>	39	11.82		
<b>Agree</b>	152	46.06		
<b>Strongly Agree</b>	100	30.30		
<b>Total</b>	<b>330</b>	<b>100.00</b>		

(Source: Survey data, 2017)

Table 4.44 shows that 152(46.06%) respondents agree with the idea that it would be difficult to change my beliefs about the bank, followed by 100(30.3%) respondents strongly agree, 39(11.82%) are neutral, 31(9.39%) disagree, and the remaining 8(2.42%) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers agree that it would be difficult to change their beliefs about their banks. The mean value of customers' change in their belief about the bank is 3.92 with a standard deviation value of 1.01 which shows that the individual responses on average deviates or were a little over 1.01 away from the mean.

**Table 4.45 Customers' perception on the frequencies of using the bank services**

<b>I would always use this bank services</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.30	0.95
<b>Strongly Disagree</b>	9	2.73		
<b>Disagree</b>	16	4.85		
<b>Neutral</b>	9	2.73		
<b>Agree</b>	128	38.79		
<b>Strongly Agree</b>	168	50.91		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

The above table shows that 168(50.91%) respondents strongly agree with the idea that they would always use this bank services, followed by 128(38.79%) respondents agree, 16(4.85%) disagree, and the remaining 3(0.91) respondents strongly disagree and are neutral with the idea. So it can be concluded that most of the bank customers strongly agree that they would always use these bank services. The mean value is 4.30 with a standard deviation value of 0.95 which shows that the individual responses on average deviates or were a little over 0.95 away from the mean.

**Table 4.46 Customers' perception on the bank preference**

<b>Even if my close friends recommend me to use another bank, my preference for this bank would not be changed</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.13	0.98
<b>Strongly Disagree</b>	6	1.82		
<b>Disagree</b>	27	8.18		
<b>Neutral</b>	23	6.97		
<b>Agree</b>	137	40.51		
<b>Strongly Agree</b>	139	41.53		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

It can be seen from the above table that, 139(41.53%) respondents strongly agree with the idea that even if their close friends recommend them to use another banks, their preference to the bank would not be changed, followed by 137(40.51%) respondents agree, 27(8.18%) disagree, 23(6.97%) are neutral, and the remaining 6(1.82) respondents strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that even if their close friends recommend them to use another banks their preference for the bank would not be changed. The mean value is 4.13 with a standard deviation value of 0.98 which shows that the individual responses on average deviates or were a little over 0.98 away from the mean.

**Table 4.47 Customers' perception on the fulfillment of all customers' needs**

<b>I do not like to change to another bank because this bank suits all my needs</b>			<b>Mean</b>	<b>St dev</b>
<b>Customers' Perception</b>	<b>Frequency</b>	<b>Percent</b>	4.02	0.96
<b>Strongly Disagree</b>	5	1.52		
<b>Disagree</b>	34	10.30		
<b>Neutral</b>	27	8.18		
<b>Agree</b>	128	38.79		
<b>Strongly Agree</b>	136	41.21		
<b>Total</b>	330	100.00		

(Source: Survey data, 2017)

Table 4.47 shows that 136(41.21%) respondents strongly agree with the idea that they do not like to change to another bank because the bank suits all their needs, followed by 128(38.79%) respondents agree, 34(10.3%) disagree, 27(8.18%) are neutral, and the remaining 5(1.52) strongly disagree with the idea. So it can be concluded that most of the bank customers strongly agree that they do not like to change to another banks because the banks suit all their needs. The mean value is 4.02 with a standard deviation value of 0.96 which shows that the individual responses on average deviates or were a little over 0.96 away from the mean.

#### 4.4 Normality Test

Skewness is the measure symmetry, or more precisely the lack of symmetry. A distribution, or data set, is symmetric if it looks same to the left and right of the center point. Kurtosis is a measure of whether the data are heavy-tailed or light-tailed relative to normal distribution (Balanda, 1988). According to Hair (1996), data which have Skewness and Kurtosis values ranging between -2 and +2 are acceptable and

**Table 4.48 Normality test**

STATISTICS						
	Trust	Commitment	Conflict Handling	Communication	Competence	Customer Loyalty
<b>Valid</b>	330	330	330	330	330	330
<b>Skewness</b>	-0.422	-0.427	-0.482	-0.278	-0.640	-0.593
<b>Kurtosis</b>	-0.014	-0.379	0.120	-0.390	0.272	0.622

(Source: Survey data, 2017)

The researcher has tested the distribution of the data with the two well known testing methods namely Skewness and Kurtosis and the result finally showed that all the independent variables i.e. trust, commitment, conflict handling, communication & competence and the dependent variable-customer loyalty are moderately skewed and passed their test.

#### 4.5 Correlation Analysis

Pearson correlation test was made to test the degree of relationship between the independent variables-relationship marketing components namely trust, commitment, conflict handling, communication and competence and the dependent variable- customer loyalty. According to Hair (1996) the value of Pearson correlation coefficient ranges between -1 and +1, where -1 show there is a strong negative relationship, +1 show there is a strong positive relationship and 0 shows no relationship exists among the study variables.

Based on the questionnaire which was filled by the sample respondents of bank customers, the following correlation analysis was made and the results were shown in the following table.

**Table 4.49 Correlation analysis of the variables**

<b>Independent Variable</b>	<b>Dependent Variables</b>	<b>Pearson Correlation</b>	<b>Sig .(2 tailed)</b>	<b>N</b>
<b>Customer Loyalty</b>	<b>Relationship Marketing</b>	0.267	0.001	330
	<b>Trust</b>	0.147	0.007	330
	<b>Commitment</b>	0.183	0.001	330
	<b>Conflict Handling</b>	0.017	0.017	330
	<b>Communication</b>	0.202	0.001	330
	<b>Competence</b>	0.143	0.009	330

(Source: Survey data, 2017)

As it is indicated in the table, there is a positive relationship between relationship marketing and customers' loyalty. In other words relationship marketing and customers' loyalty have correlated positively but their degree of relationship is weak ( $r=0.267$ ).

Pearson correlation test was also conducted to know the degree of relationship between the independent variable- trust and the dependent variable- customers' loyalty. As it is indicated in the above table, there is a positive correlation between trust and customers loyalty. In other words trust dimensions and customers loyalty are correlated in a positive but relatively weak relationship exists( $r=0.147$ ).

The result also shows that, there is a positive correlation between commitment dimensions and customers loyalty, meaning commitment dimensions and customers loyalty have positive but low relationship ( $r=0.183$ ).

As it is clearly indicated in the table, there is also a positive correlation between conflict handling and customers' loyalty. In other words conflict handling dimension and customers loyalty have a positive but weak relationship or correlation ( $r=0.131$ ).

For those communication and competence variables the same test was conducted and the results show that there is a positive correlation between the two variables and customers' loyalty. Specifically, communication & competence dimensions with customers' loyalty have a positive and a weak relationship with r value of 0.202 and 0.143 respectively.

## 4.6 Multiple Regression Analysis

Hill et al., (2003) explain that economic variables may move together in systematic ways when the data are the result of an uncontrolled experiment. Such variables are believed to have problems with collinearity or multi-collinearity when several variables are involved (Hill et al., 2003). Generally, as multi-collinearity rises, it will complicate the interpretation of the variables because it is more difficult to confirm the effect of any single variable, owing to their interrelationship (Hair et al., 1996). The researcher checked out that the correlation between each of independent variable are perfectly co-related or not and found that no two variables exist which can be explained by one another as can be seen in the multi-colliniarity results attached in the annex.

This multiple regression analysis was conducted to know by how much the independent variable-relationship marketing explains the dependent variable that is customers' loyalty. It is also used to understand how much each independent variable (trust, commitment, commitment, conflict handling, competence and communication) explains the dependent variable that is customers' loyalty.

**Table 4.50 Coefficients' of relationship marketing components**

Dependent variables	Standardized Coefficients	Sig.
	Beta	
<b>Trust</b>	0.040	0.007
<b>Commitment</b>	0.143	0.001
<b>Conflict Handling</b>	0.071	0.017
<b>Communication</b>	0.167	0.001
<b>Competence</b>	0.060	0.009

(Source: Survey data, 2017)

Table 4.50 titled as coefficients of relationship marketing dimensions, helps us to understand which variable among the five independent variables is the most important in explaining the variance in customers loyalty. As it is indicated in the table, high beta value shows that it is significant in explaining. If we can see the Beta column under standardized coefficients above, we can understand that the highest value of beta is 0.167 for communication dimension and the second one is commitment with beta value of 0.143. Therefore, communication and commitment are the major determinant of customers' loyalty. It can be seen also from the table that all the five independent variables were significant in explaining customers' loyalty as their p value is less than 0.05.

The results of regression analysis against customers' loyalty can be seen in table 4.51. The result shows that relationship marketing could explain customer loyalty. In this case the result of R Square (0.071) is taken into consideration. The regression analysis model summary indicates that relationship marketing which is entered into the regression model on SPSS has relationship with customers' loyalty with correlation coefficient of 0.267.

The R Square (0.071) is the explained variance and it is actually the square of the multiple R (0.267). Therefore, it is pointed out that 7.1 percent of relationship marketing can explain the dependent variable that is customers' loyalty. As it is indicated in table 4.51, total relationship marketing was considered as predictors of customers' loyalty and reported high level of significance  $p < 0.05$ . And also the R square value of 0.071 confirming that, 7.1% of the variation in customer loyalty is explained by relationship marketing. Relationship marketing as used for prediction was found to be significantly related to customers' loyalty as the p-value is less than 0.05.

**Table 4.51 Regression analysis between relationship marketing and customer loyalty**

<b>Independent Variable</b>	<b>Dependent Variable</b>	<b>R Square</b>	<b>R</b>	<b>Sig</b>
<b>Relationship Marketing</b>	<b>Customer Loyalty</b>	0.071	0.267	0.001
<b>Trust</b>	<b>Customer Loyalty</b>	0.022	0.147	0.007
<b>Commitment</b>	<b>Customer Loyalty</b>	0.033	0.183	0.001
<b>Conflict Handling</b>	<b>Customer Loyalty</b>	0.170	0.131	0.017
<b>Communication</b>	<b>Customer Loyalty</b>	0.041	0.202	0.001
<b>Competence</b>	<b>Customer Loyalty</b>	0.143	0.020	0.001

(Source: Survey data, 2017)

As it is indicated in the model summary of table 4.51, trust explains customers' loyalty. In this case, the result of R Square (0.022) is taken into consideration. This R square is the explained variance and it is actually the square of the multiple R (0.147) which is 0.022. Therefore, it is pointed out that 2.2% of customers loyalty is explained by trust. As it is shown, trust was considered as predictors of customers loyalty and reported to have a significance as  $p < 0.05$ . And also the R-square value of 0.022 confirming that, 2.2% of the variation in customer loyalty is explained by trust. Trust as used for prediction was found to be significantly related to customers' loyalty as the p-value is less than 0.05.

Table 4.51 also shows the results of regression analysis for commitment and customers' loyalty. Therefore, as R square value shows 0.033 it is possible to state that 3.30% of customers' loyalty is explained by commitment and it is indicated that, commitment was considered as predictor of customers loyalty and reported high level of significance  $p < 0.05$ . Commitment as used for prediction was found to be significantly related to customers' loyalty as p-value is less than 0.05.

The result of regression analysis of conflict handling and customers' loyalty indicates, conflict handling can explain customers' loyalty in some extent. In this case again, the result of R square is taken into consideration. The R square is the explained variance and it is actually the square of the multiple R (0.131) which is 0.017. Therefore, it is possible to conclude that 1.70% of customers' loyalty is explained by conflict handling. As it is indicated in the above table, conflict handling was considered as predictors of customers loyalty and reported high level of significance as  $p < 0.05$ .

As the result of regression analysis of communication and customers' loyalty indicates, communication can also explain customers' loyalty. The R square is the explained variance and it is actually the square of the multiple R (0.041) which is 0.202. Therefore, it is possible to conclude that 2.02% of customers' loyalty is explained by communication. As it is indicated in table 4.51, communication was considered as the major predictors of customers loyalty as compared with the other independent variables and reported high level of significance  $p < 0.05$ .

The last regression analysis between competence and customers' loyalty indicates, competence can explain customers' loyalty in some extent. The R square is the explained variance and it is actually the square of the multiple R (0.143) which is 0.020. Therefore, it is possible to conclude that 2.0% of customers' loyalty is explained by employee's competence. As it is indicated in table, competence was also considered as the predictor of customers loyalty as it has a significance of  $p < 0.05$ .

So that, the model can be stated as

$$Y = 2.974 + 0.04X_1 + 0.143X_2 + 0.071X_3 + 0.167X_4 + 0.06X_5$$

Where Y=customer loyalty

2.974=Constant

X<sub>1</sub>=Trust

X<sub>2</sub>=Commitment

X<sub>3</sub>=Conflict handling

X<sub>4</sub>=Communication

X<sub>5</sub>= Competence

## 4.7 Hypothesis Result Summary

According to the method, the Pearson Correlation Coefficient is used to test the hypothesis. The results of the correlation analysis have summarized in the following table.

Table 4.61 Result of Pearson Correlation Test

Hypotheses	Pearson C.C	Sig	Result
<b>Main H. There is relationship between Customer Relationship Marketing and Customer Loyalty</b>	0.267	0.001	Supported
<b>H1. There is a relationship between trust and customer loyalty.</b>	0.147	0.007	Supported
<b>H2. There is a relationship between commitment and customer loyalty.</b>	0.183	0.001	Supported
<b>H3. There is a relationship between Communication and customer loyalty.</b>	0.202	0.001	Supported
<b>H4. There is a relationship between conflict handling and customer loyalty.</b>	0.131	0.017	Supported
<b>H5. There is a relationship between competence and customer loyalty.</b>	0.143	0.009	Supported

(Source: Survey data, 2017)

Main Hypothesis: results of Pearson correlation test show that the  $\text{sig}=0.001 < 0.05$ . Therefore this hypothesis is supported or accepted and there is a relationship between RM and customer loyalty. Other results of hypothesis tests are as follows

H1-According to the results of the Pearson correlation test is observed that the  $\text{Sig}=0.007 < 0.05$ . Thus research hypothesis is supported or accepted and there are relationships between trust and customer loyalty.

H2-According to the results of the Pearson correlation test is observed that the  $\text{Sig}=0.001 < 0.05$ . Thus research hypothesis is supported or accepted and there are relationships between commitment and customer loyalty.

H3-According to the results of the Pearson correlation test is observed that the  $\text{Sig}=0.000<0.05$ . Thus research hypothesis is supported or accepted and there are relationships between communication and customer loyalty

H4-According to the results of the Pearson correlation test is observed that the  $\text{Sig}=0.017<0.05$ . Thus research hypothesis is supported or accepted and there are relationships between conflict handling and customer loyalty.

H5-According to the results of the Pearson correlation test is observed that the  $\text{Sig}=0.009<0.05$ . Thus research hypothesis is supported or accepted and there are relationships between competence and customer loyalty.

## **CHAPTER FIVE**

### **5. CONCLUSION AND RECOMMENDATION**

#### **5.1 Introduction**

In this chapter, an attempt has been made to present the conclusion, summary and, recommendation. At the end of the chapter limitations and suggestions to the future researches are presented.

#### **5.2 Summary**

The main purpose of the study was to examine the effect of relationship marketing on customers' loyalty in banking industry, particularly in Commercial Bank of Ethiopia and Dashen Bank S.C. The relationship marketing components that were included in this research are trust, commitment, conflict handling, communication, and competence. Based on the previous theories and previous studies, this research confirms that, clear links exist between relationship marketing components and customer loyalty. The findings also support the view points that relationship marketing components can enhance the quality of a buyer-seller relationship and in turn has an effect on customer loyalty.

#### **5.3 Conclusion**

The overall findings of the research reveals that, the five major relationship marketing components namely trust, commitment, conflict handling, communication, and competence are positively related to customer loyalty in Ethiopian banking industry specifically in Commercial bank of Ethiopia and Dashen Bank S.C. Although all relationship marketing components have the potential for developing customer loyalty, dimensions like commitment and communication are found to be more sensitive than others in explaining the changes in customers' loyalty.

## 5.4 Recommendations

In light of the analysis made in this research, the following possible recommendations are suggested as being valuable to the banks for improving relationship marketing activities to assure customer loyalty.

- ✓ Banks should develop customer relationship marketing that will help them build and support positive customer relationships.
- ✓ The banks should give greater attention to both getting new customers and retaining the existing ones in the advertisement and other promotional activities by using relationship marketing as strategy.
- ✓ When hiring employees, the banks should look at the ability and interest of an employee to establish and maintain strong relationship with the customers and other employees of the organization.
- ✓ Marketers should put their efforts into implementing relationship marketing in an effective way, in order to enhance customer perceived trust, commitment, conflict handling and competence.
  
- ✓ In general, Commercial bank of Ethiopia and Dashen bank s.c should make the whole system on work with customers, not in opposite of customers because, customers are the reason for the survival of the bank. So, the bank is expected to invest more in attracting new customers and retaining the existing ones.

## **5.5 Limitations and Directions for future researches**

The following limitations are identified by the researcher as hindrances for the straight move of the study. In Ethiopia there is little access to get sufficient researches which makes it difficult to obtain adequate data from published articles and journals. Time and resource limitations were the other limitations of the study.

In addition to this during filling out questionnaires there were hesitations from the respondents, customers-considering keeping the secret of their organization which makes it difficult to move forward in a straight line?

Since the researcher employs a combination of stratified and convenience sampling system to select the sample respondents, the final result of the study may not generalize the total population as it doesn't give equal opportunity for the whole population to be selected as a sample.

This study directly focuses on the relationship marketing dimensions and its effect on customer loyalty in Ethiopian banking sector, particularly Commercial bank of Ethiopia and Dashen bank S.C. This research can be further explored by adding more relationship marketing dimensions like value, cooperation, empathy and others which could have an effect on customer loyalty. The research reported here has not look into the possible effects of socio-demographic factors on the relationship between relationship marketing dimensions and customer loyalty. Future research studies might fruitfully investigate such moderating influences. Future researches also can survey by applying longitudinal design and increasing the sample size.

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*Addis Ababa University*  
*School of Commerce*  
**Marketing Management MA program**

**Dear participants:**

The questionnaire is prepared by Marketing Management MA program graduate student for the purpose of writing thesis on the **Effect of Relationship Marketing Components on Customers' Loyalty**.

Your honest response is very much important input to my thesis. I want to assure you that your privacy for responding to this questionnaire is completely kept in secret. I know that your time is valuable, and I hope that you will take the time (an estimated 10-20 minutes) to complete the questionnaire. Please attempt to answer all the questions and mark one appropriate box that best suits your perspective for each statement. Thank you very much for your time and assistance.

Sincerely yours,  
Dereje Getaneh  
Addis Ababa University  
School of Commerce  
Master of Marketing Management

***Questionnaire***

***Part I: Demographic or General information***

*Choose the suitable answer and tick (✓) in the box given for each question.*

1. Sex  Male  Female

2. Age  Below 20 years  20-39 years  
 40-59 years  60 years and above

3. Education qualification  Primary  Secondary  Diploma  
 Degree  Postgraduate  Others

4. Occupation  Government sector  Private sector  
 Own Business  Student  Others

5. Monthly income  Below Birr 1,000  Birr 1,000-2,999  
 Birr 3,000-4999  Birr 5,000 and above

6. For how many years you have worked your business with the Commercial bank of Ethiopia and Dashen Bank S.c?

1-3 years  3- 5 years  
 5-7 years  Above 7 years

## **Part II**

*Please, indicate your opinion by marking to the appropriate box on the five point scale where:*

*1=Strongly Disagree 2= Disagree 3=No Opinion*

*4=Agree 5=Strongly Agree*

### **Trust**

1. The bank is very concerned with security for my transactions	1	2	3	4	5
2. The bank's promises are reliable	1	2	3	4	5
3. The bank provides quality service to its customers	1	2	3	4	5
4. Employee of the bank show respect to customers	1	2	3	4	5
5. The bank fulfils its obligation to customers	1	2	3	4	5
6. The bank can be trusted completely	1	2	3	4	5
7. The bank is always honest to me	1	2	3	4	5
8. My bank has the ability to meet its promises	1	2	3	4	5

### **Commitment**

9. The bank makes adjustment to suit my needs	1	2	3	4	5
10. The bank offers personalized services to meet customers' need	1	2	3	4	5
11. The bank is flexible when its services are changed	1	2	3	4	5
12. The bank is flexible in serving my needs	1	2	3	4	5
13. My relationship with the bank is one that I am very committed to continuing it	1	2	3	4	5

### **Conflict Handling**

14. The bank tries to avoid potential conflicts before their occurrence	1	2	3	4	5
15. The bank openly discusses on the solutions when problems arise.	1	2	3	4	5
16. The bank shows a sincere interest in solving customers' problem	1	2	3	4	5
17. The bank listens customers' problem	1	2	3	4	5
18. The bank gives you prompt response for your complaints	1	2	3	4	5
19. The bank asks you about your feeling toward their responses for your complaints	1	2	3	4	5

### **Communication**

20. The bank communicates you timely when there is a change on its services and promises	1	2	3	4	5
21. The bank communicates its customers through various channels to access most of the its customers	1	2	3	4	5
22. The bank provides channels to enable two way communication	1	2	3	4	5
23. The bank clearly communicates its customers about the bank policy, customers' right and responsibility	1	2	3	4	5
24. The bank provides you 7/24 (seven days a week and 24 Hrs) services to check your balance/make transactions	1	2	3	4	5
25. There is an information to the customer for the new branch nearby	1	2	3	4	5

**Competence**

- |   |   |   |   |   |   |
|---|---|---|---|---|---|
| 26. The courteousness of frontline staffs is good to satisfy the customers  | 1 | 2 | 3 | 4 | 5 |
| 27. The bank staffs have sufficient knowledge about the bank's services, market trends and skills required to do their jobs | 1 | 2 | 3 | 4 | 5 |
| 28. The bank and staffs advertize the bank's offerings effectively  | 1 | 2 | 3 | 4 | 5 |
| 29. The bank staffs visit the customers on a regular basis and give consulting services to its customers                    | 1 | 2 | 3 | 4 | 5 |

**Customer Loyalty**

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| 30. I am a loyal customer to the bank  | 1 | 2 | 3 | 4 | 5 |
| 31. I consider the bank as my first choice among other bank in the area and first choice that comes to my mind when making purchase decisions on bank services | 1 | 2 | 3 | 4 | 5 |
| 32. If I had to do it over again, I would still choose to use the bank   | 1 | 2 | 3 | 4 | 5 |
| 33. I do not want to change my choice to another bank because I value the bank first.  | 1 | 2 | 3 | 4 | 5 |
| 34. I would always recommend the bank to everyone who seeks my advise  | 1 | 2 | 3 | 4 | 5 |
| 35. It would be difficult to change my beliefs about the bank  | 1 | 2 | 3 | 4 | 5 |
| 36. I would always use this bank's services  | 1 | 2 | 3 | 4 | 5 |
| 37. Even if my close friends recommend me to use another bank my preference for this bank would not be changed   | 1 | 2 | 3 | 4 | 5 |
| 38. I do not like to change to another bank because this bank suits all my needs.  | 1 | 2 | 3 | 4 | 5 |

*Thanks for your assistance*

**ANNEXES**

**Annex 1**

**Reliability Statistics**

Construct	Cronbach's Alpha	N
TRUST	.726	8
COMMITMENT	.746	5
CONFLICT HANDLING	.710	6
COMMUNICATION	.710	6
COMPETENCE	.725	4
CUSTOMER LOYALTY	.704	9
OVERALL RELIABILITY	.731	38

**Annex-2**

**Correlations**

		RELATIONSHIP MARKETING	CUSTOMER LOYALTY
RELATIONSHIP MARKETING	Pearson Correlation	1	.267**
	Sig. (2-tailed)		.000
	N	330	330
CUSTOMER LOYALTY	Pearson Correlation	.267**	1
	Sig. (2-tailed)	.000	
	N	330	330

Correlation between relationship marketing and customer loyalty

**Annex-3**

Correlations

		TRUST	CUSTOMER LOYALTY
TRUST	Pearson Correlation	1	0.147
	Sig. (2-tailed)		.007
	N	330	330
CUSTOMER LOYALTY	Pearson Correlation	0.147	1
	Sig. (2-tailed)	.007	
	N	330	330

Correlation between trust and customer loyalty

**Annex-4**

Correlations

		COMMITMENT	CUSTOMER LOYALTY
COMMITMENT	Pearson Correlation	1	.183
	Sig. (2-tailed)		.001
	N	330	330
CUSTOMER LOYALTY	Pearson Correlation	.183**	1
	Sig. (2-tailed)	.001	
	N	330	330

Correlation between commitment and loyalty

**Annex-5**

**Correlations**

		<b>CONFLICT HANDLING</b>	<b>CUSTOMER LOYALTY</b>
<b>CONFLICT HANDLING</b>	Pearson Correlation	1	.131
	Sig. (2-tailed)		.017
	N	330	330
<b>CUSTOMER LOYALTY</b>	Pearson Correlation	.131	1
	Sig. (2-tailed)	.017	
	N	330	330

Correlation between conflict handling and customer loyalty

**Annex-6**

**Correlations**

		<b>COMMUNICATIO N</b>	<b>CUSTOME RLOYALTY</b>
<b>COMMUNICATION</b>	Pearson Correlation	1	.202
	Sig. (2-tailed)		.000
	N	330	330
<b>CUSTOMER LOYALTY</b>	Pearson Correlation	.202	1
	Sig. (2-tailed)	.000	
	N	330	330

Correlation between communication and loyalty

### Annex-7

#### Correlations

		COMPETENCE	CUSTOMER LOYALTY
COMPETENCE	Pearson Correlation	1	.143**
	Sig. (2-tailed)		.009
	N	330	330
CUSTOMER LOYALTY	Pearson Correlation	.143**	1
	Sig. (2-tailed)	.009	
	N	330	330

Correlation between competence and customer loyalty

### Annex-8

#### Coefficients

Model		Collinearity Statistics	
		Tolerance	VIF
1	TRUST	.811	1.233
	COMMITMENT	.907	1.102
	CONFHANDLING	.919	1.088
	COMMUNICATION	.939	1.065
	COMPETENCE	.840	1.191

Multi collinearity statistics

**Annex-9**

Model		Standardized Coefficients	Sig.
		Beta	
1	TRUST	.004	0.007.
	COMMITMENT	.143	0.001.
	CONFHANDLING	.071	0.017.
	COMMUNICATION	.167	0.001.
	COMPETENCE	.060	0.009.

**Coefficients of variables**

**Annex-10**

**Model Summary**

Model	R	R Square	Sig
1	0.267	0.071	0.000

**Model summary**