



**ADDIS ABABA UNIVERSITY SCHOOL OF COMMERCE
MARKETING MANAGEMENT POSTGRADUATE PROGRAM
THE EFFECT OF CUSTOMER RELATIONSHIP MANAGEMENT ON
CUSTOMER RETENTION: THE CASE OF ZEMEN BANK SELECTED
ADDIS ABABA CITY BRANCHES**

By: - Tewodros Demeke

**A Thesis Submitted to Partially Fulfill the Requirements for A
Master of Art in Marketing Management**

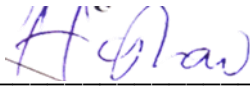


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June, 2023

ADDIS ABABA, ETHIOPIA.

Approval by Board of Examiners

This is to certify this thesis prepared by Tewodros Demeke entitled “The effect of Customer Relationship Management on Customer Retention; The Case of Zemen Bank Selected Addis Ababa City Branches” the requirement of award of degree of master in marketing management from School of Commerce, Addis Ababa University, and it conform to the regulation and accepted standard of the university.

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Declaration

I, the undersigned, declare that this study entitled “The effect of Customer Relationship Management on Customer Retention; The Case of Zemen Bank Selected Addis Ababa City Branches”. I did this paper for my Master's Degree in Marketing Management at Addis Ababa University. It is my own work and has not been used to get another degree. The paper is being used in this study all information is properly credited to where it came from. If you want to get a degree from a different school, you need to make sure you say where you found information for your study.

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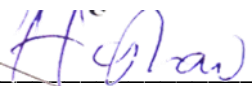
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Certification

This is to certify that this study, “The effect of Customer Relationship Management on Customer Retention; The Case of Zemen Bank Selected Addis Ababa City Branches”, undertaken by Tewodros Demeke for the partial fulfillment of masters of art degree in Marketing Management at Addis Ababa University School of Commerce, it is an original work and not submitted earlier for any degree either at this University or any other Universities.

Research Advisor: Hailemariam Kebede (PhD),

Signature 

Date _____

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Abstract

The purpose of this study was examine the effect of customer relationship management on customers' retention in Zemen bank chosen Addis Ababa city branches so as to know that how the customer relationship management helps to retaining customers. Dimension of CRM describes; Trust, Satisfaction, Commitment, Relationship benefit and Communication and also the dependent variable is Customer Retention. A researcher was following an explanatory research design and quantitative approach employed also to gather data questionnaires used. Questionnaire is received and revised from a previous study and primary data was collect by utilizing questionnaires and it distributing for 283 customers to the research participants. Primary data were gathered by utilizing questionnaire and the researcher used descriptive (mean, frequency, percentage) plus inferential (Pearson correlation and Multiple linear regression) used statistics to investigation purpose. Findings from the study shown that for customers of the Banks service in their environment. The instruments used for this study purpose were valid, reliable and ethical. Based on the study's findings, there is a strong alienation among CRM & CR. Such a kind of study helps to managers and Banks to understand about the effect of customer relationship management on customer retention in Zemen and also help for future researchers as a spring board by considering its limitations.

Key words: Customer Retention, Trust, Satisfaction, Commitment, Relationship Benefit and Communication.

ABBREVIATION

ANOVA- Analysis of Variance

Cot- Commitment

Com- Communication

CR- Customer Retention

CRM- Customer Relationship Management

KID- Knowledge and Innovation Department

MAMM- Masters of Marketing Management

Rb- Relationship benefit

Sat- Satisfaction

SPSS-Statistic package for Social Science

Tr- Trust

A.A- Addis Ababa

ZB- Zemen Bank

CHAPTER ONE

1. INTRODUCTION

This study expected to determine the effect of customer relationship management on customers' retention the case of Zemen bank Selected A.A city branches. So as to reply the questions of the research & accomplish all goals of the research, the association among the independent and dependent variables was investigated. As a result, this chapter mainly discussed regarding the background of the research, a statement of the problem, research objective & question, scope besides limitation of the study, the importance of the study, the organization of the thesis then operational definitions are stated concisely.

1.1 Background of the Study

Today, businesses like banks operate in a customer-focused atmosphere where the consumer is the `rue king of the market. They are being forced by this pressing issue to view their customers as resources that is essential to be managed. (2012) Ghalandari. From this point, businesses are seeing the value of becoming customer-centric and are using Customer Relationship Management (CRM) as a key component of their company policies in today's competitive market (Wu, J. 2008). Customer relationship management (CRM) is a basic commercial tactic that Buttle (2009) describes as the integration of inner procedures & functions also outward networks to generate plus provide worth to specific customers profitably.

A computerized system called CRM helps businesses find, target, attract, and keep the right mix of consumers. Simply put, building enduring connections with consumers requires knowing their requirements and customer profiles. And according to Heinonen (2014), consumers are they are now more sophisticated, able to perform tasks previously available only to banks, are more educated, more sophisticated, understand their options, are more independent, and have a wider range of service providers. You can now better negotiate with According to Lymperopoulos et al. (2013) and Heinonen (2014),

Today's financial services sector is undergoing major changes in the form of new legislation, changing customer behavior, increased use of ICT, and intense competition. Banks need to invest heavily to create value. One way he does this is by fostering long-term customer relationships that provide benefits beyond those of the banking product itself, driving growth. Nowadays, it is challenging to provide any additional value since rivals' actions, which are sometimes extremely identical, reduce the additional worth of any

organization (Zineldin, 2005). Banks invest a meaningful portion of their financial, technological and human resources in customer relationship management so that adapt to changing customer behavior and requirements and to become and remain competitive in the market (Jugovic et al. al., 2015). Relationships must be designed so that both customers and financial service providers can benefit over the long term (Dimitriadis, 2011). Over the past 20 years, the banking industry has undergone major changes across a wide range of business areas. For example, distribution has changed (the use of ATMs, PCs, Internet and mobile banking has increased), transaction costs have decreased, service times have increased significantly, and supplier-customer relationship management remains an industry staple. is one of the most important challenges (Ndubisi et al., 2007).

Boyce (2015) asserts that retention is the factor that contributes most to development. This is because if a company loses every single customer it gains and keeps substituting them with new ones, there will be no improvement, no growing, & at the finale of the year, the number of customers can go on constant if the company can manage to substitute each single missing customer, which is typically hard because some investigations display that it is costlier to find new customers than it is to retain existing ones, which means that losing customers will slow down business growth. According to Nwankwo and Ajemunigbohun (2013), keeping lasting relationships with customers is a goal and customer retention is crucial for firms to remain competitive.

Since Customer retention is directly tied to customer happiness and loyalty, and it is clear that these factors affect a business's capacity to remain profitable. This indicates that it is crucial to take these ideas into account for a firm to develop and prosper in comparison to its rivals. According to Reidenbach (2010), maintaining a customer base is crucial for increasing market share since devoted consumers tend to be more lucrative. In order to evaluate the effectiveness of CRM & strengthen his weak areas, study regarding topic has been conducted in service industries including banking, insurance, transportation, and communications, according to Zuliana and Izah (2011). The bank industry is a customer-centric service where the customer is the major emphasis, and Amir et al. (2014) stressed that the fundamental purpose of customer relationship management is simply a better knowledge of customer behavior and increase retention. To develop a lasting connection with banks, research is thus required in this area to learn more about consumer needs and satisfaction. Customer satisfaction has become a growing area of research in the banking industry, one of the service sectors with significant customer contact and specifically tailored service solutions. (2007) Molina et al. CRM adoption in the financial services sector is both more common (Peppard, 2000) & further complicated (Ryals and Payne, 2001) than other sectors.

It is clear that customer contentment, loyalty, and retention are all necessary for a firm to be profitable since they are all directly tied to consumer satisfaction and loyalty.

This indicates that it is crucial to take these ideas into account for a firm to develop and prosper in comparison to its rivals. According to Reidenbach (2010), maintaining customers is crucial for increasing market share since devoted consumers tend to be profitable. Customer retention affects a company's ability to expand. Boyce (2015) asserts that retention is the factor that contributes most to development. This is because if a company loses every single customer it gains and keeps replacing them with new ones, there will be no improvement, if there is no growth and the company can replace all the customers it loses, the number of customers will remain constant at the end of the year, but it can be costlier to acquire new customers than to retain existing ones. This is usually difficult as studies have shown. In other words, losing customers slows business growth. Through a literature review, we found that different types of customer relationship management influence a bank's ability to retain customers. After reviewing various studies, I have determined her five dimensions of customer relationship management. Communication, commitment, relationship values, trust and satisfaction. These aspects are examined for impact on customer retention.

Hence, the goal of this study is to talk about customer relationship management, its importance, and how it affects customer retention. This report also discusses several other factors that aid in customer retention. In today's tough industry, the article aims to clarify the increased emphasis on customer relationship management and client retention. And made an effort to respond to the following queries among Zemen bank selected branches in Addis Ababa City: Does a relation exist between CRM and customer retention? How much of an impact does CRM have on customer retention? And which aspect of CRM has higher or more effect on customer retention?

1.2 Statement of the Problem

According to Doherty (2012), CRM in the banking sector is unlike from CRM in other industries since banking is purely concentrated on financial services, which requires building public trust and leads to customer retention. The possibility to engage individuals in activities that foster enduring and fruitful connections is enormous in this sector. Keeping a long-term, sustainable link with customers is a key component of achieving a competitive advantage in the commercial banking sector as the banking industry becomes more and more competitive globally (Rahemi 2012). According to other Zakaria

(2014), it is crucial to maintain direct touch with consumers in order to forge strong bonds and achieve customer satisfaction in the banking business's very competitive circumstances.

Therefore, important on behalf of financial institutions to understand the basic elements of CRM that can be used to achieve customer satisfaction, loyalty and retention. Especially given the fierce competition between such institutions. Not surprisingly, while Ethiopian banks invest a lot of their resources in acquiring potential customers, they do not address the question of how to retain existing customers. Despite impressive growth in new account openings, the biggest challenge facing both state-owned and private banks in Ethiopia is customer switching.

This means that little attention has been paid to relationship marketing practices in commercial banks operating in Ethiopia. A study by Moyi (2010) concluded that most organizations have little knowledge of the subject and recommends further research on this concept. Wanjau (2011) focused on how customer relationship management affects customer retention in commercial banks. And Yatish and Ehtesham (2013) argue that as intense competition threatens bank earnings and squeezes operating and profit margins, retail banks will boost growth and use CRM as a key competitive tool. They claim that the pressure is increasing. Claimed to be confronted A related study by Ndubisi (2006) also specifically investigated how CRM resembles trust. Engagement and conflict resolution have a direct effect on customer loyalty. There is almost universal evidence that when banks manage their relationships well, they have loyal customers. In his current study, he extensively explored the impact of CRM on relationship benefits across his five dimensions of CRM.

Trust, Commitment, Satisfaction, Communication and Customer Loyalty. Limited research has been conducted in Ethiopia to examine the effect of CRM on attachment. Therefore, in this study, we filled a knowledge gap by examining the impact of CRM on customer retention in this regard. Researchers have observed that there is limited research in Ethiopia showing the relationship between CRM aspects and commercial banks. The aim of this study is therefore to provide a value-based model that describes the theoretical relationship between CRM aspects and customer loyalty in the banking sector. It is therefore important to empirically examine the impact of customer relationship management on customer retention in the context of the Ethiopian banking system. Given the details of the practices being deployed, this study explores whether there is a link between greater adoption of CRM practices and improved customer retention, thereby helping the loyal customers who need them. We aim to attract customers. You can provide valuable information and a knowledge base to banks that want to entertain you. Their long-term

success. This study will therefore fill and minimize research gaps on the impact of customer relationship management on customer retention and its relative contribution to customer retention, a current issue in the commercial banking sector. Because here in Ethiopia, the researchers didn't care. As far as researchers know, it concerns the impact of customer relationship management on customer loyalty in individual cases.

1.3 Research Objectives

The research objectives mainly divided in to general and specific objectives.

1.3.1 General Objective

The overall objective of the research was examining the effect of customer relationship management on customers' retention in Zemen bank Selected Addis Ababa City branches.

1.3.2 Specific Objectives

The study was directed through the subsequent definite purposes and detects in order to show the key intentions of the study in briefly:

1. To inspect the effect of Trust on customer retention in Zemen Bank selected branches.
2. To investigate the effect of Satisfaction on customer retention in Zemen Bank selected branches.
3. To study the effect of Commitment on customer retention in Zemen Bank selected branches.
4. To assess the impact of Relationship benefit on customer retention in Zemen Bank selected branches.
5. To measure Communication effect on customer retention in Zemen Bank selected branches.

1.4 Research Questions

1.4.1 Main research question

What is the effect of customer relationship management on customers' retention in case of Zemen bank Selected A.A City branches?

1.4.2 Sub Research Question

1. What is the effect of trust on customer retention in Zemen bank selected branches?
2. Does satisfaction significantly affect customer retention in Zemen bank selected branches?
3. In what degree of commitment impact on customer retention in Zemen bank selected branches?

4. What is the influence of relationship benefit on customer retention in Zemen bank selected branches?
5. How does communication affect customer retention in Zemen bank selected branches?

1.5 Scope of the Study

The study is conducting Zemen bank in A.A City Selected branches. It mainly emphasizes on effect of customer relationship management on customer retention. It is useful for entire Zemen bank branches wholly. However, in this study the independent variable customer relationship management and the dependent variable is customer retention, which is explain through the following variables; Trust, Satisfaction, Commitment, Relationship benefit and Communication. The targets of this study are focus on Zemen bank in Addis Ababa City Selected branches.

1.6 Significance of the Study

The significance of this thesis is examining effect of CRM on CR. This finding can be necessary for private and governmental Banks and its managers when attempting to understand the effect of customer relationship management on customer retention. It may help for policy makers of by giving general clue about the effect of customer relationship management on customer retention. It may help to future researchers as a spring board to undergo further researches.

1.7 Organization of the Paper

This thesis has five consequential chapters. The primary section consists background of the study, a statement of the problem, objective (both general & specific) of the research, research questions, hypothesis, significance of the study, and delimitation of the study and organization of the study. The second chapter consists of reviewed related literature's introduction, theoretical review, Empirical Literature, conceptual framework. The third Chapter consists of research approach; it covers research approach, research design, target population, sampling procedure, and methods of data collection, validity and reliability, operational definition of variables, methods of data analysis. The fourth chapter covers budget and time schedule. And finally, list of reference.

CHAPTER TWO

2 REVIEW OF RELATED LITRATURE

2.1 INTRODUCTION

The goal of the study is examining the effect of customer relationship management on customer retention and to determine the relationship between elements of customer relationship management and those of customer retention. This chapter also describes the theoretical underpinnings and experimental questions underlying the studied phenomenon to give it more meaning. Notably, it was also divided into several major sub-themes. It includes conceptual descriptions, theoretical reviews, and relationships between variables, customer retention, empirical reviews, and a conceptual framework in the final section of the chapter.

2.2 Customer Relationship Management Concept

Customer relationship management is a mixture of practices, policies, and technologies that organizations practice to lead & evaluate customer relations and data through the customer lifecycle. The objective is to recover customer service relationships, care customer retention, and initiative increased income. A CRM system gathers customer data over various networks or touch points amongst the customer and the company, for instance the enterprise's website, phone calls, live chat, direct mail, marketing materials, and social media. CRM systems can also afford frontline staffs with full information about a customer's individual information, buying history, acquisition preferences and concerns. (UK Essays. November 2018).

Chen and Popovich (2015) refer to customer relationship management as a grouping of individuals, practices, and expertise aimed at sympathetic a company's customers. It's an integrated approach to relationship management that focuses on customer retention and relationship building. CRM is a business based on solely ideology which is customer is king. Customers are the backbone of any business (Boris, 2012). Exercise to gain long-standing customer loyalty is known as relationship advertising and customer relationship management. This means improving customer relationships by understanding customers and their needs, providing quality products, attracting new customers with good offers, increasing profits and reducing customer maintenance costs. Done to maintain a relationship with Comprehensive research and a formally constructive approach to customer relationship management lead to market competition wins (Rajesh & Manivannan, 2013).

Customer relationship management is the collection, processing, analysis, storage and management of data about corporate customers based on business policies, strategies and rules. As already mentioned, the topic of customer relationship management does not have a commonly known meaning. In its place, there stand numerous diverse definitions, very different points of view, and very different authors' points of view. The definition of CRM takes stood described in several techniques, including process, strategy and technical solutions (Dimitriadis & Stevens, 2008). Definition developed by Kincaid (2003) refers to customer relationship management as other than just interactions. It is the planned usage of evidence, processes, skill & individuals to control the correlation between the organization and its customers throughout the customer lifecycle (Kincaid, 2003). Page 41). According to Johansson & Storm (2002), CRM is the integration of all parts of customer-focused operations and organizational structures in marketing, sales, logistics and accounting. To detect, be eligible, attract, nurture and hold progressively trusty & lucrative customers by offering the right products and services, through the right channels, to the right customers at the right time. It is an activity that a company conducts in suitable cost. And CRM is what each marketing department has learned and is the basis for achieving long-term profit for the organization. To attract, satisfy and keep customers connected, businesses use new implements, new approaches and systems, progressions & methods based on technology. In addition, employees must be particularly well-informed, polite, attentive and service-oriented (Long et al., 2013; Mohsen et al., 2011).

2.3 Theoretical Review

Relationship marketing theory is grounded on markets & networks (Moller and Halinen, 2000). Customer relationship management, on the other hand, is based on capital theory and describes customer engagement as these factors affect satisfaction, loyalty and trust (Wetsch). 2005). Based on these theories, we develop a framework adopted from previous empirical studies.

2.3.1 Relationship Marketing Theory

The relationship marketing classified in to three parts. Database marketing, Interaction marketing and network marketing. Database marketing as internal marketing is the use of IT to improve customer retention, profits and customer satisfaction. For example, interaction marketing serves as an external marketing tool in place of building and promoting employee associations. Agreeing to Moller and Halinen (2000), basic theories in relationship marketing (RM) has market-based and network-based, & his fourth bases of link marketing have been recognized.

Marketing channel. Corporate Marketing (Interaction and Network). Service marketing. Database marketing and direct marketing. RM theory is based on the properties of the exchange and the context of the exchange.

2.3.2 Customer Relationship Management Theory

According to Westch (2005), customer relationship management (CRM) theory combines relationship marketing and customer-centricity, and justice theory is applied to customer relationship management theory. Justice theory includes elements such as trust, satisfaction, loyalty, and attachment, and these elements must be present in the relationship between the customer and the organization. In his theories of justice, he has three types: distributive justice, dialogue justice and procedural justice. Distributive justice is an individual's perception of fairness of outcome. The second type of his theory of justice is dialogue justice, which recognizes interpersonal fairness in the decision-making process, and the third type is procedural justice, or procedural justice.

2.4 Dimensions of Customer Relationship Management

Although many aspects in customer relationship management are empirically supported, marketing (Liang et al., 2009) mentions ongoing debates about certain aspects of customer relationship architecture. Moreover, there is uncertainty about the complete set of dimensions to represent relational management, and in particular he has awesome care for the significance of the four scopes. The relationship benefits, trust, commitment, satisfaction, and communication relationships are well documented.

2.4.1 Trust

Trust is defined as one feature of a commercial association. This is the level at which each revelry feels they know how to belief the other party's undertakings. High customer trust in service providers leads to long-term and more durable relationships (Moorman et al., 1992). Firms began to realize that they had to be trusted collaborators to compete in the market (Morgan and Hunt 1994). There is vast care in the marketing works for including trust as a significant aspect of marketing relationships, and several authors consider trust to be a central component of fruitful service relations (Morgan and Hunt, 1994; Liang et al. 2009).

H₁: Trust has a positive and significant effect on customer retention

2.4.2 Commitment

According to Morgan and Hunt (1994), relational engagement means "the belief that an interchange mate believe a permanent connection with the other so vital that it requires the utmost effort to maintain it. Defined as That is, enthusiastic parties believe that the relationship is worth striving for indefinitely. Commitment to a relationship occurs lonely if the bond is measured main and a dedicated companion desires the affiliation to last indeterminately & is eager to done hard to maintain. And engagement is a part of key variables for understanding marketing strength, as well as a valuable tool for assessing customer reliability and retention, and forecasting upcoming buying, Vasudeva et al. (2006).

H₃: Commitment has a positive and significant effect on customer retention.

2.4.3 Communication

According to Sin et al. (2002) communication, particularly appropriate communication, means supporting in conflict resolution & coordinating beliefs besides expectations so as to increase joint trust in the affiliation. And Ndubisi (2007) implies the following regarding the customer-provider relationship: Communication is about providing reliable information.

H₅: Communication has a positive and significant effect on customer retention.

2.4.4 Satisfaction

Kotler and Armstrong (2012) state that customer satisfaction is the amount to which the professed act of a merchandise encounters the purchaser's prospects. According to relationship marketing theory, high customer retention increases profitability. It is widely accepted that customer retention in a viable marketplace is a product of customer satisfaction (Buttle, 1997). Customer satisfaction is one of the supreme central structure blocks for building and handling customer relationships. Pleased customers are more probably to become trustworthy clients and show more interest in your company's business. (Kotler and Armstrong, 2012). I have also discovered that it is the key to building beneficial relationships with lifetime value. According to Kotler and Armstrong (2012), to build profitable customer relationships and gain competitive advantage, you must offer your target customers more value and satisfaction than your competitors.

H₂: Satisfaction has a positive and significant effect on customer retention.

2.4.5 Relationship Benefits

According to Palma tier (2008), relationship benefits are defined as benefits arising from the customer-seller relationship, such as time savings, convenience, camaraderie, and improved decision-making. The motivation for the growth of relationship management was a rising consciousness of the longstanding economic welfares of relationship management. According to Buttle (1996), relationship marketing is not a philanthropy but a means to an end, which is according on his two economic arguments. Acquiring new customers is costlier than retaining existing ones, and the longer a business has a customer relationship, the more profitable that relationship is for the business & the firms.

H4: Relationship benefit has a positive and significant effect on customer retention.

2.5 Customer Retention

Customer retention is the ability of a business to retain existing customers. It is a measure of a company's ability to create enough value for its customers with its products and services to keep them coming back (Leverin and Liljander, 2006). According to Dwyer and Tanner (2002), customer retention and relationship building are critical success factors in today's business marketing environment. However, to strengthen relationships, the entire organization must focus on solving and meeting the needs of each business partner. Relationship building strategies therefore require careful internal integration and coordination. And Kotler (2003): Firms should think of customers as financial assets that need to be managed and maximized like any other asset.

According to Buttle (2009), a proactive customer retention strategy is one that retains customers by rewarding them for maintaining relationships. Additionally, organizing her CRM operations by customer groups allows the company to assign direct responsibilities, respond to changing customer expectations for different segments, and provide early warning to customers who are about to retire. . With this CRM knowledge network, you can take timely corrective action to address the specific issues and expectations of dis satisfied customers, thus improving customer retention.

2.6 The Relationship between CRM and Customer Retention

Customer relationship management is a core business strategy that integrates internal processes and functions as well as external networks to target and profitably serve customers. It is based on high quality

customer data and enabled by information technology (Buttle, 2004). Customer retention is increasingly seen as a key business challenge, especially in a market saturated and new customer growth slowing. It is also recognized as an important goal of relationship marketing, mainly due to its potential to improve the economics of the relationship. Economy. Work. It costs less to retain new customers than it does to acquire new customers. (Gabami, 2006). Therefore, building a relationship even if the transaction cost is high is considered to be a great merit. Transaction costs can be significantly higher in the long run if customers switch providers frequently. Relationship marketing therefore offers clients the key advantage of controlling, reducing, and even eliminating transaction costs. Building long-term, profitable customer relationships is critical for banking services.

Service providers who practice customer relationship management effectively can gain a competitive advantage over their competitors and retain customers (Uppal, 2008; Speier & Venkatesh, 2002; Bhattacharya, 2011; Sharma et al., 2011). Further research has revealed that customer retention is a very important business asset for companies, and this asset cannot be imitated by competitors. Therefore, customer-centric strategies (acquisition, retention, and add-on) must be strongly integrated into customer relationship management strategies (Kotler et al., 2011; Winder, 2001; Blattberg et al., 2001; Thomas, 2001). Reinartz et al., 2004; Collier & Bienstock, 2006).

Additionally, a study by McKim & Hughes (2001) classified customer acquisition and retention as the primary goals of his CRM. The findings of West (2001) and Kincaid (2003) suggest that customer relationship management provides a comprehensive strategy for managing customer relationships in the context of the entire marketing, sales, service, and support process within an organization displayed. Bradshaw et al., 2001; Massey et al. In 2001, he defined Customer Relationship Management as a management approach focused on identifying, acquiring, building and maintaining successful customer relationships in order to increase profitable customer loyalty. Did. under. Literature shows that many companies invest heavily in customer relationship management (CRM) strategies to build and maintain long-term, profitable customer relationships.

2.7 Empirical Studies

The customer retention is important to most businesses because the cost of acquiring new customers is far greater than the cost of maintaining relationships with existing customers (Roking, 2005). Based on literature surveys, various scholars list some of the most important virtues of relationship marketing. The virtues mentioned are: Trust (Macintosh and Lockshin, 1997; Sirdeshmukh et al., 2002; Veloutsou et al.,

2002; Knemeyer et al., 2003; Beetles and Harris, 2010), Commitment (Morgan and Hunt, 1994; Beetles and Harris, 2010), Competence (Smith and Barclay Metawa and Almossawi, 1998; Hunt et al., 2006), justice (Kavali et al., 1999), (Ndubisi and Wah, 2005), empathy (Ndubisi, 2004), conflict management (Ndubisi and Madu, 2009; Gilaninia et al., 2011) and (Morgan and Hunt, 1994; Ndubisi and Wah, 2005; Knemeyer and Murphy, 2005; Tian et al., 2008). Using his five virtues above (Trust, Commitment, Communication, Conflict Management and Competence), we have seen the impact of customer relationship management on customer retention.

These five virtues were chosen for this study because they have proven to be highly applicable to any service industry and are repeatedly mentioned in most studies on relationships, loyalty, customer retention and related topics. Because Chacha Magasi (2016) explores customer relationship management for customer retention using the example of Tanzania's commercial banking industry. Wei et al. (2013) found CRM to be an approach that: Through the use of advanced information technology, we welcome new customers and encourage them to develop healthy and lasting relationships.

Focus on improving customer relationships to improve customer loyalty, customer care, or customer productivity. Much research has been done on the subject of customer relationship management. Makena (2012) examines the role of customer relationship management in improving competitiveness among mobile operators in Kenya. Wanjau (2013) examines the impact of customer relationship management on customer loyalty in commercial banking. The purpose of this study was to review the customer relationship management approach used by Kenya Commercial Bank to retain and satisfy new customers. Azzam (2014) examines the impact of customer relationship management on customer satisfaction in Jordanian banks.

The study found no statistical association between customer relationship management factors and customer satisfaction as the dependent variable. Statistical studies show that between customers satisfaction in the banking sector (a component of CRM characterized by relationships in the customer database, service quality, employee behavior, customer problem solving, physical atmosphere, or social system) has been shown to have a significant relationship. It became clear that there was a relationship. Sanaullah Nagar (2014) examines the impact of customer relationship management on customer satisfaction in the hotel industry. They randomly sampled his 130 applicants from various hotels in Islamabad.

The results show that there is a high positive correlation between customer relationship management and customer satisfaction, and companies that do not focus on customer relationship management cannot succeed. Dr. B. Angamuthu (2015) explores the impact of customer relationship management on the role of customer satisfaction in relation to customer loyalty and retention in the Indian hotel sector. Additionally, Mburu, PerisNjoki (2012) examine customer satisfaction and customer loyalty in the Kenyan banking sector. Because customer retention directly impacts the value and benefits of longevity, customer increase profitability provides opportunities (Gee et al., 2008). And to support this argument, Lombard (2009) points out that if the customer retention rate is low, the firm will be pressured by the market to retain customers. Customer retention is becoming the most important part of business confidence as customer loyalty dwindles and sales weaken business confidence. In such a scenario, a change in key customers would have a significant impact on the competitor's profitability and growth. CRM is a very important concept in relationship marketing because it can be used to build long-term customer relationships. Building effective customer relationships through excellent service should be considered a top management priority.

Survey results show that customer relationship management has a significant impact on customer retention, contributing over 68% to customer retention. Businesses should focus on customer relationship management while developing an organizational strategy for successful customer relationship management. Customer relationship management focuses on customer retention and consumer loyalty with the goal of capturing significant market share. The core of customer relationship management is building strong customer relationships through the provision of value-added services that meet customer needs. We obtained data from Pakistani telecommunications user Saima Tawny et al. (Year 2014).

2.8 Conceptual Framework of the study

A conceptual framework is a theoretical structure of assumptions, principles, and rules that holds together the ideas comprising a broad concept (Cohen, et al., 2007). So from the above literatures and Morgan and Hunt (1994) the conceptual model of customer relationship management constitutes five components mainly Trust, Satisfaction, Commitment, Relationship benefit and Communication and the dependent variable, which is customer retention.

INDEPENDENT VARIABLES

DEPENDENT VARIABLES

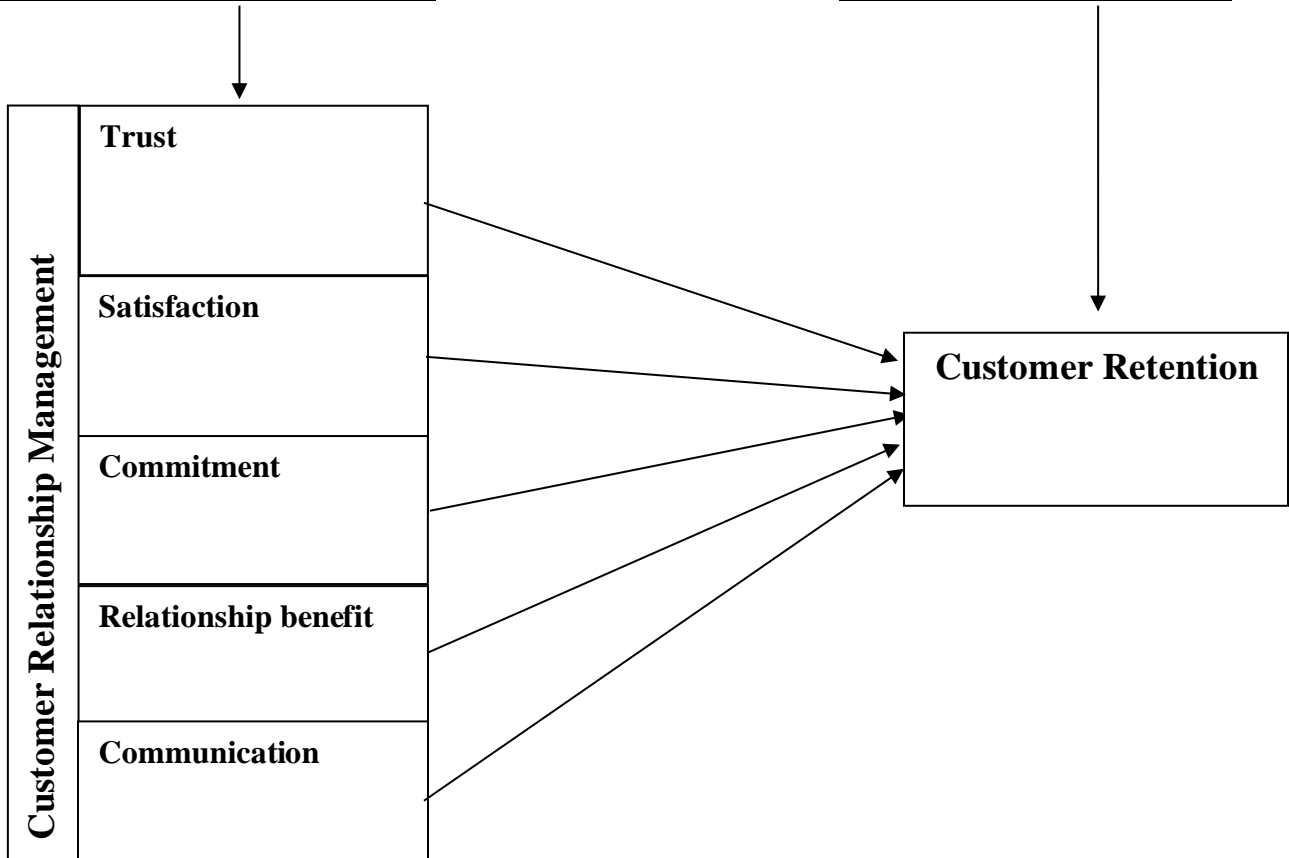


Figure 2.1 Conceptual Framework

Source: Conceptual Framework Morgan and Hunt (1994).

CHAPTER THREE

3 RESEARCH METHODOLOGY

3.1 Introduction

This chapter describes the methods used in this study. These include research design, research approach and population of the study, sampling & data collection techniques, validity and reliability of research tools, data processing and analysis techniques, & ethical considerations that were taken into implemented when conducting this study Contains a description of the matter.

3.2 Research Design

This study was directed to an explanatory cross-sectional scheme. Agreeing to Saunders, Lewins, and Thornhill (2012), explanatory research is the study of situations or problems so as to clarify the relationships between variables. An endeavor is hence made to clarify how & why there is an association amongst two or more features of a condition or occurrence. An explanatory study establishes a causal relationship between dependent and independent variables and this paper is also having deductive character.

3.3 Research Approach

A deductive research approach is employed in this particular study, as researchers used a quantitative approach with empirical evaluation to achieve the study objectives. These are numerical measurement and analysis approaches. For this reason, the researchers attempted to use this approach as the objective of their study was to determine the effect of customer relationship management on customer retention their chosen area of study.

3.4 Target Population

According to (Mugenda & Mugenda, 1999), the target population is the total group under study. target population of this survey is professionals from various categories, and the survey participants are selected Zemen Bank customers from these three branches of Participants in Zemen Bank's customer sample were selected from branches in Addis Ababa due to similarities in customer banking services and data management issues.

Target populations in this research comprised customers that are users of the services with Zemen bank in consideration of the easy access to data, cost effectiveness and to the manageability of the study.

3.5 Sample Techniques & Sample Size

According to Kothari (2004), sample size decisions are based on the type of population I am working with (heterogeneous or homogeneous), the type of study, and the availability of money and other necessary resources. Therefore, a representative and sufficient sample size is used to perform a meaningful analysis. Researchers selected sample respondents using a simple random sampling technique to give customers an equal chance.

Researcher may therefore use the following simplified formula developed by Yamane (1967: 886) it's simplified formula to calculate the sample size for calculating the sample size of a finite population. This formula for determining sample size assumes a 95% confidence level, or $e = 0.05$. The sample size (n) is calculated using the sample size formula with a 95% confidence level and 5% marginal error.

$$n = \frac{N}{1+N(e)^2} \text{ (Yamane (1967:886) formula).}$$

Where; - n = sample size, N = population size, e = significance level /tolerance/ sampling error (0.05) (5%) at confidence level 0.95 (95%).

$$n = \frac{974}{1+974(0.05)^2} \quad , \quad n = \frac{974}{1+974(0.0025)}$$

$$\underline{\underline{n = 283}}$$

The sample size for this study is hence derived from a list of his three selected branches and 974 Active and regular customers of Zemen Bank who have an equal chance to participate in the study. Area also data collected by zemen bank are selected branches in the city of A.A Table 3.1 Number of questionnaires distributed to each branch.

No.	Branches Name	No. Of Questionnaires Distributed For each Branches
1,	Bethel branch	85
2,	Head office main branch	102

3,	Abenet branch	96
	Total	283

3.6 Data Source

To generate appropriate data for this study, the researcher used primary data sources from the study area to investigate the effect of customer relationship management on customer retention. Surveys are used as a data collection tool to consolidate questions & get answers without actually talking to each respondent. Questionnaires are very flexible tools that offer the benefits of a structured format (Burns and Bush, 2014). At the same time, questionnaire are simple and suitable for respondents. It can also be applied inexpensively & quickly to large numbers of cases cover large geographic areas. Data were then collected directly by the researcher from the respondents' key information using standard questionnaires for the selected research areas. Primary data is then collected from customers to provide information that answers research questions. Here, all data collection activities are performed exclusively by researcher. A statement is therefore included under each construct of the questioner, and the respondents are asked to indicate their level of agreement or disagreement based on 5-point Likert scale.

3.7 Measurement of Instruments

The independent variable in this study is customer relationship management and the dependent variable is customer retention. Independent variables are measured by (trust, satisfaction, commitment, relationship benefit, and communication), adopted from Morgan and Hunt (1994) and used on a 5-point Likert scale. Therefore, researchers prefer to use a 5-point, 27-item Likert scale for the independent variables. The measure of the dependent variable is a 5-point Likert scale, as is the case for his 5-item dependent variable of customer retention. Already used.

3.8 Validity of Data and Reliability of Instruments

Reliability and Validity analysis techniques were used in this study to ensure the excellence of the study design.

3.8.1 Validity of data

Validity refers to the measurement of correctness (Burn and Bush, 2014). This is an assessment of the accuracy of the measurement compared to what really happens. A valid measure is truth. A draft

questionnaire was given to selected individuals with research expertise to determine which items were suitable for information retrieval according to the research objectives of the study. This process helped to eliminate potential problems with research equipment and provided the basis for design or structural modifications.

3.8.2 Reliability Instrument

Instrument reliability relates to how well a particular instrument produces similar outcomes in excess of a series of frequent test. A research instrument is considered reliable if the reliability factor is about 0.7 or higher (Mugenda & Mugenda, 2003). This study uses the Cronbach Alpha internal consistency technique to measure the reliability of data collection tools. Although there is no consensus among researcher on the satisfactory level of reliability, this study used the widely accepted value of 0.70 as the cutoff point for Cronbach's alpha coefficient (Cohen et al., 2007). The values vary between 0 and 1, but a satisfactory value should be greater than 0.7 for the scale to be reliable/acceptable.

Table 3.2 Reliability Analysis of Variance

Variables	Cronbach's Alpha Coefficient	Items
Trust	.867	8
Satisfaction	.845	5
Commitment	.802	6
Relationship Benefit	.853	4
Communication	.780	4
Customer Retention	.747	5

Source; own Survey data (2023)

3.9 Data Analysis

Data obtained from various techniques are analyzed with SPSS version 23. Therefore, we perform first-scale descriptive statistics, which measure central tendency, to show where the majority of responses are concentrated. Approach the scale of the representative middle value of the responses found. The relationship and impact of independent variables (dimensions in customer relationship management) and

dependent variables are then analyzed to test research hypotheses and determine relationships between variables treated using inferential statistics such as correlation and multiple regression analysis was applied. Customer loyalty and survey hypotheses were tested using multiple regression models.

$$\text{CRM} = a + b_1 \text{Tr} + b_2 \text{Sat} + b_3 \text{Cot} + b_4 \text{Rb} + b_n \text{Con}$$

Where: - CRM= dependent variable, a= constant, and b_1, b_2, b_3, b_4 & b_n regression coefficients of each variable and

Trust = **Tr**, Satisfaction = **Sat**, Commitment = **Cot**, Relationship benefit=**Rb** and Communication=**Con** are independent variables. The data were collected from the study area is to be analyzing in line with the literature. Finally, the data was summarized by drawing conclusions and recommendations.

3.10 Ethical Considerations

For the purposes of this study, strict ethical principles were adhered to throughout data collection and analysis. Researcher fully informed and explained voluntary participation in the study to the respondent there is no harm to not participate or no benefit to participate in the study. To go with ethical principles, during data collection, the researcher tried to keep rights of respondents. The participants were not obligatory to involve themselves in the study. The data collected for analysis was kept secret and not disclosed to other purpose. The names of any respondent are not identified through and after data gathering. This assured complete secrecy and privacy of the data. In conclusion, participants are informed that the information gathered in this study is aimed to use only for academic purpose and the researcher shows the organizations approval letter to the respondents to make it more clear and open. The researcher quoted all the materials used from secondary source data for the sake of study.

CHAPTER FOUR

4 RESULT & DISCUSSION

4.1 Introduction

A detailed analysis of the collected data is presented in this chapter. Background data of interviewees were presented in study and analysis of data obtained by multiple linear regression analysis and correlation analysis frequency and percentage table's descriptive statistics. Mean, standard deviation tables, the inferential statistics were used to throughout results were also presented and discussed in detail. In addition, study reliability analysis, assumption test results and hypothesis testing results are existed and discussed in a clear and complete manner. The overall results and findings were discussed associated with the literature reviewed in the study.

4.2 Questionnaires response rate

Researcher distributed 283 questionnaires by hand throughout the sample area. 283 questionnaires were issued and 270 were returned, representing to his 95.4% response rate. Studies using the above questionnaire response rates are therefore relevant as they are well representative of the sample.

4.3 Demographic Profile of Respondents

This unit reviews the respondent's demographics, including their age, gender, and level of education. The purpose of the demographic analysis for this survey is to define the characteristics of respondents such as: Percentage of men and women, age group, and level of education. The personal and demographic characteristics of the respondents are presented in the below table.

Table 4.1 Demographic profile of respondents

Valid		Frequency	Percentage	Valid percentage	Cumulative percentage
GENDER	= Male	176	65.2	65.2	65.2
	= Female	94	34.8	34.8	100.00

	Total	270	100.00	100.00	
AGE	= Under 25	20	7.4	7.4	7.4
	= 26 - 35	157	58.1	58.1	65.5
	= 36- 45	59	21.9	21.9	87.4
	= 46 - 55	28	10.4	10.4	97.8
	= 56 – 65	6	2.2	2.2	100
	Total	270	100.00	100.00	
Education Level	=Twelve & Below	3	1.1	1.1	1.1
	=Certificate	10	3.7	3.7	4.8
	=Diploma	59	21.9	21.9	26.7
	=Bachelor's Degree	165	61.1	61.1	87.8
	=Master's Degree	28	10.4	10.4	98.2
	=Above Masters	5	1.9	1.9	100
	Total	270	100.00	100.00	

Source: Own survey data, 2023.

4.3.1 Gender of Respondent

Respondents of this research project were asked about their sex among other things. Absolute number and percentage of male and female respondent from the entire number of respondent is given in the above table 4.1. As can be realized from the table, 176 (65.2%) of the respondents were male and the remaining 94 (34.8%) were female.

This means that the number of male customers of Zemen Bank is much higher than the number of female customers.

4.3.2 Age of Respondent

The researcher sought to identify the ages of the respondents. This allow researcher to determine age differences between various customers and the age of most of the organization's customers. Table 4.1 shows that 58.1% of the respondents are 26-35 years old, 21.9% are 36-45 years old, 10.4% are 46-55 years old, 7.4% are under 25 years old and 2.2% are elderly. Between the ages of 56 and 65, we can see the majority of respondents are between 26 & 35 years. These customers are working age or are sufficiently energetic and have been with the bank for a long time

4.3.3 Education level of respondent

Researcher wanted to find out what qualifications they had by asking respondents their level of professional qualifications and education level of the respondents was one of the demographic evidences that were included in the study. Percentages and number of respondents for the different educational levels is clearly depicted. The study finding from table 4.1 the majority of respondents had a bachelor's degree at 61.1%, followed by diploma holders at 21.9%, master's degree holders at 10.4%, certificate holders at 3.7% and above master's degree holders at 1.9%. From this one can learn that the majority of customers in the bank under consideration have a good level of academic achievement since majority of them are first degree holders.

4.4 Descriptive statistics

4.4.1 Descriptive statistics of Trust (Tr)

Table 4.2 Summary of the valid N, frequency, mean, and standard deviation of trust.

No.	Item	Valid	F r e q u e n c y						Mean	St.deviation
			S A	A g	N e t	D A	S D A			
1	T r 1	2 7 0	4 0	1 6 0	1 6	2 8	2 6	3.59	1 . 1 5 2	
2	T r 2	2 7 0	4 6	1 7 0	1 0	3 8	6	3.79	0 . 9 6 3	
3	T r 3	2 7 0	4 6	1 0 0	1 1	1 0 2	1 1	3.25	1 . 2 3 9	

4	Tr4	270	47	114	8	94	7	3.37	1.199
5	Tr5	270	54	144	15	28	29	3.51	1.222
6	Tr6	270	37	115	18	91	9	3.30	1.167
7	Tr7	270	29	149	22	41	29	3.40	1.187
8	Tr8	270	41	108	68	37	16	3.45	1.089
T o t a l			340	1060	168	459	133	3.47	0.832
			1400(65%) agree	168(7%)neutral	592(28%)Disagree				
T h e g r a n d m e a n									

Source: Own survey data, 2023.

Note: That is the result of “strongly agree” and “agree” = “agree” and “disagree” and “strongly disagree = disagree but neutral”. Based on the above table 4.2 findings obtained show that the mean value of each item and also aggregate mean of the trust variable show a value of grand mean 3.47 with a standard deviation value of 0.832 which is above the cutoff (3) mean or that 65% of respondents say agree, and 28% of the respondents say disagree, whereas 7% of the respondents neither of the two that is neutral. Therefore, this indicates that the respondents’ trust that there is a strong customer retention within the case area. Additionally, the majority of respondents agreed that customer retain in the surveys because in the bank there is trustworthy, promises are reliable, confidence on the integrity, fulfill its obligations, pays credit within a reasonable time, indemnified when loss occur and kept all the personal records secured in the bank to customers’.

4.4.2 Descriptive statistics of Satisfaction (Sat)

Table 4.3 Summary of the valid N, frequency, mean, and standard deviation of satisfaction.

No.	Item	Valid	F r e q u e n c y					Mean	St. deviation
			S A	A g	N e t	D A	S D A		
1	Sat1	270	36	117	8	31	78	3.01	1.498

2	Sat2	2 7 0	2 9	1 1 6	2 0	3 8	6 7	3 . 0 1	1 . 4 1 4
3	Sat3	2 7 0	3 3	1 5 6	1 0	6 1	1 0	3 . 5 2	1 . 0 8 3
4	Sat4	2 7 0	3 6	8 6	7 0	6 0	1 8	3 . 2 3	1 . 0 3 7
5	Sat5	2 7 0	2 7	1 4 1	6 3	1 4	2 5	3 . 4 9	1 . 0 5 5
T o t a l			1 6 1	6 1 6	1 7 1	2 0 4	1 9 8		
			777(58%)Agree		171(12%)	404(30%)disagree			
T h e g r a n d m e a n								3 . 2 5	0 . 9 8 2

Source: Own survey data, 2023.

Table 4.3 indicates that five things were involved in the survey questionnaire to measure customer satisfaction. According to that, the grand mean of satisfaction variables shows a value of 3.250 with a standard deviation value of 0.982 which is above the cutoff (3) mean and another means that 58% of respondents say agree, and 30% of the respondents say disagree, whereas 12% of the respondents neither of the two that is neutral. As shown on the result, means the answer is overwhelming inclined to agree on satisfaction measures. Therefore, this indicates that customers or respondents agreed that have very satisfied bank services, still choose to use, comfortable about the relationship, very pleased and service have always been good.

4.4.3 Descriptive statistics of Commitment (Cot)

Table 4.4 Summary of the valid N, frequency, mean, and standard deviation of commitment.

No .	Item	Valid	F r e q u e n c y					Mean	St. deviation
			S A	A	N	D	S D A		
1	Cot1	2 7 0	2 0	9 5	8 2	6 2	1 1	3 . 1 9	1 . 0 0 4
2	Cot2	2 7 0	2 4	8 4	2 4	6 2	7 6	2 . 7 0	1 . 3 9 2
3	Cot3	2 7 0	2 9	1 2 3	6 9	3 4	1 6	3 . 4 3	1 . 0 2 4
4	Cot4	2 7 0	2 7	8 2	2 4	1 2 2	1 5	2 . 9 4	1 . 1 7 4

5	Cot5	2 7 0	2 8	1 4 4	1 7	6 2	1 9	3 . 3 7	1 . 1 5 2
6	Cot6	2 7 0	7 4	1 1 3	2 7	1 9	3 7	3 . 6 2	1 . 3 2 4
T o t a l			202	6 4 1	2 4 2	3 6 1	1 7 4		
			843(52%)agree		242(15%)		535(33%)disagree		
T h e g r a n d m e a n								3.209	0 . 8 4 2

Source: Own survey data, 2023.

From the above table 4.4 the grand mean for items intended to measure commitment dimension has become 3.209 with the standard deviation of 0.842 which are greater than the cutoff (3) and another means that 52% of respondents say agree, and 33% of the respondents say disagree, whereas 15% of the respondents neither of the two that is neutral. As shown on the result, suggests that the replies are frequently inclined to come to an agreement on commitment measures. Therefore, this indicates that respondents agreed that the bank always applies the right policy and practices, flexible when its services are changed, flexible in serving my needs and mostly updates their service but the bank approaches no lower service charges and still didn't prefer to continue doing business with those current offers personalized services to meet their needs in Zemen bank.

4.4.4 Descriptive statistics of relationship benefit (Rb)

Table 4.5 Summary of the valid N, frequency, mean, and standard deviation of relationship benefit

No .	Item	Valid	F r e q u e n c y					Mean	St. deviation
			S A	A	N	D	S D A		
1	R b 1	2 7 0	3 9	1 5 0	1 8	2 8	3 5	3 . 4 8	1 . 2 3 7
2	R b 2	2 7 0	3 9	1 0 0	6 3	5 8	1 0	3 . 3 7	1 . 0 8 5
3	R b 3	2 7 0	4 2	1 5 5	1 7	4 2	1 4	3 . 6 3	1 . 0 8 3
4	R b 4	2 7 0	4 3	1 6 2	9	4 5	1 1	3 . 6 7	1 . 0 5 9
T o t a l			1 6 3	5 6 7	1 0 7	1 7 3	7 0		

	730(68%)agree	107(9%)	243(23%)disagree		
T h e g r a n d m e a n				3.537	0 . 9 3 2

Source: Own survey data, 2023.

From the above table 4.5 The Grand mean for items measuring relationship benefit was 3.537 with a standard deviation of 0.932, above the cutoff (3). Another means is 68% of respondents "agree"& 23% of respondents "disagree" also 9% of respondents neither of two that is neutral. As can be seen from this result, there is a tendency to overwhelmingly match the measures to make the relationship benefit. Therefore, this is due to the fact that the majority of respondents believe that banks quickly deliver core service benefits such as risk management and transaction protection, and that these additional service benefits will always be easy and convenient for their business operations. And agree to provide after-sales service, etc. Benefits include sales, customer service, training, risk management advice, and to the best of the customer's knowledge, customers and bankers can mutually benefit from a customer retention relationship within the bank.

4.4.5 Descriptive statistics of Communication (Com)

Table 4.6 Summary of the valid N, frequency, mean, and standard deviation of communication.

No	Item	Valid	F r e q u e n c y						Mean	St. deviation						
			S	A	A	N	D	S D A								
1	Com1	270	4	5	1	5	6	1	7	2	6	2	6	3.62	1.159	
2	Com2	270	2	4	1	4	7	1	9	5	4	2	6	3.33	1.175	
3	Com3	270	3	2	1	0	6	7	0	5	2	1	0	3.36	1.039	
4	Com4	270	3	4	1	3	4	1	2	5	4	3	6	3.28	1.289	
T o t a l			1	3	5	5	4	3	1	1	8	1	8	6	9	8
			678(63%)agree			118(11%)		284(26%)disagree								
T h e g r a n d m e a n												3.99	0.908			

Source: Own survey data, 2023.

From the above table 4.6 the grand mean for items intended to communication dimension has become 3.990 with the standard deviation of 0.908 which are greater than the cutoff (3) mean and another means that 63% of respondents say agree, and 26% of the respondents say disagree, whereas 11% of the respondents neither of the two that is neutral. As shown on the result, indicates that the responses are commonly inclined to agree and strongly related the communication measures. Therefore, it can be seen that many respondents agree with the provision of timely and reliable information, the provision of information when new customers arise, the provision of services, the provision of always accurate information, and the early notification of policy renewals. (E.g. policy changes), to retain customers in the banking sector.

4.4.6 Descriptive Statistics on Customer Retention (Cr)

Table 4.7 Summary of the valid N, frequency, mean, and standard deviation of customer retention.

No.	Item	Valid	F r e q u e n c y						Mean	St. deviation										
			S	A	A	N	D	S D A												
1	Cr1	2 7 0	4	5	9	7	5	5	7	6	6	2 . 9 9	1 . 4 9 1							
2	Cr2	2 7 0	4	2	1	5	1	3	5	2	1	2	3 . 5 9	1 . 1 0 0						
3	Cr3	2 7 0	6	2	8	0	6	4	2	9	3	5	3 . 3 9	1 . 3 0 2						
4	Cr4	2 7 0	4	1	1	1	1	6	5	2	2	3	1	3 . 4 0	1 . 1 8 4					
5	Cr5	2 7 0	5	4	1	7	1	9	3	2	4			3 . 8 9	0 . 9 1 1					
T o t a l			2	4	4	6	1	0	1	5	6	1	9	2	1	4	8			
			854(63%) agree			156(12%)		340(25%)disagree												
T h e g r a n d m e a n									3.452	0 . 8 5 5										

Source: Own survey data, 2023.

The above tables 4.7 the findings showed that the grand mean customers retention among in the case of Zemen bank of branch was 3.452 The standard deviation is 0.855, which exceeds the cutoff (3) The mean or results show that 63% of respondents agreed, 25% of respondents disagree, and 12% of respondents

are neutral. The findings show that in the above table 4.7 In customer retention in the banking sectors shows that most of the customers' or respondents agreed and that the customer believe that Zemen bank is first choice for any bank service need, customer relationship is important with the Zemen bank, services to others (friend, family) are very well, customers has a plan to continue relationship with Zemen bank in future and customers have a positive things about Zemen bank services to others the work is important to them customer retain.

4.4.7 Mean and Standard Deviation of Overall Independent Variables

Based on Likert scale data of this study the mean in the following descriptive statistics was analyzed by using (Zaidatol & Bagheri 2009) approach. This approach said when mean score of ≤ 3.39 is low, mean score between 3.4 up to 3.79 is moderate and ≥ 3.8 is high. The mean score is presented below:

Descriptive Statistics

	Trust	Satisfaction	Commitment	Relationship benefit	Communication	Customer retention
N Valid	270	270	270	270	270	270
Missing	0	0	0	0	0	0
Mean	3.4699	3.2504	3.2086	3.5370	3.3991	3.4519
Std. Deviation	.83207	.98229	.84159	.93194	.90755	.85532
Minimum	1.38	1.00	1.00	1.25	1.25	1.60
Maximum	5.00	5.00	5.00	5.00	5.00	5.00

Source: own Survey, June, 2023.

The above Table 4.5 displays that, commitment, satisfaction and communication has the lowest (≤ 3.39) mean score of 3.20, 3.25 and 3.39 respectively and this is the minor result among the customer relationship management. This clearly shows that Bank costumers' opinion is approaching to disagreement or neutral to the measures of dependent variable. And also trust and relationship benefit have a moderate mean score of 3.46 and 3.53 respectively and this demonstrates that customers answer to the independent variables is closer to their agreement on the measures. Lastly the overall customer retention has a mean score of 3.45, which is moderate. Generally, relationship benefit has higher mean score than trust and overall customer retention.

4.5 Basic Assumption Test

4.5.1 Test of Multi Co Linearity

This study has not faced a multi co linearity problem because no correlation coefficient value is above 0.7 or 70%. Hair et al. (2006) said that the correlation coefficient between each pair of independent variables in the Pearson's correlation should not exceed 0.90. This is because the data may be suspected to have serious co linearity problem if the correlation value exceeds 0.90. The highest coefficient in the table is 0.657 only. So based on this principle the study is free from multi co linearity problems. On the other hand, the researcher tested multi co linearity with tolerance and Variance Inflation Factors (VIF). Statistically, When Tolerance value ranges from = 0.1 –1.0 and VIF ranges from = 1 - 10 multi co linearity problem does not exist.

Table 4.9 Test of Multi Co Linearity

C o e f f i c i e n t s a											
		C o l l i n e a r i t y S t a t i s t i c s									
M o d e l		T o l e r a n c e			V			I			F
1 (C o n s t a n t)											
T	r	. 5	9	6	1	.	5	7	7		
S	a	. 6	0	0	1	.	6	6	6		
C	o	. 5	0	3	1	.	9	8	9		
R	b	. 4	1	5	2	.	4	1	0		
C	o	. 4	6	6	1	.	1	4	8		

a . D e p e n d e n t V a r i a b l e : C u s t o m e r R e t e n t i o n
Source; Own survey data, 2023.

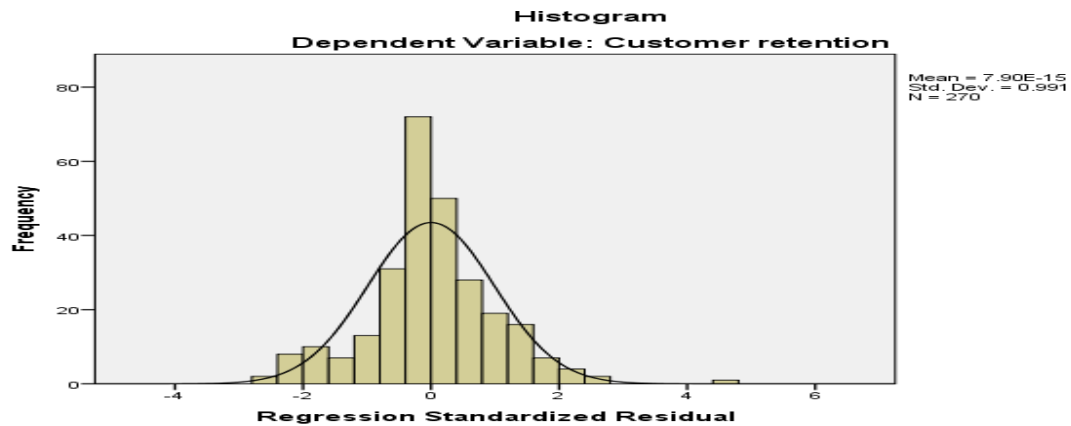
In the above coefficient table showed that there is no tolerance value below 0.1 and above 1.0 and there is no VIF value less than 1 and above 10. So that based on the assumption, in this research there is no multi-co linearity problem.

4.5.2 Normality Test

Dependent variable had better be tested for normal distribution. Normality is used to describe a symmetrical bell-shaped curve with highest frequency in the middle value combined with lower frequencies towards the ends (Pallant, 2005). The dependent variable in this situation is customer

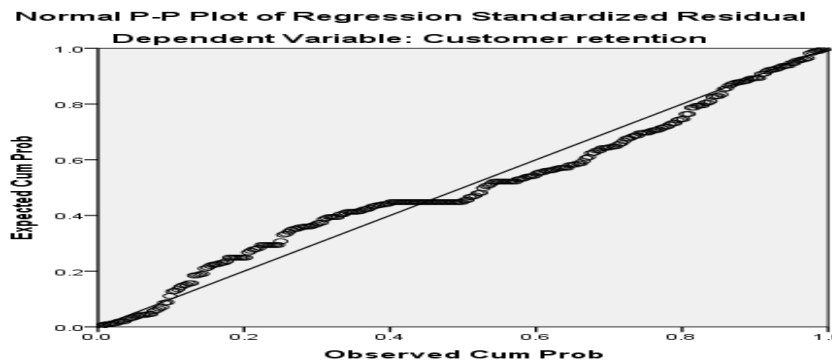
retention. If the dependent variable is not normally distributed, it violates a key assumption of the model and there is slight point in performing a regression analysis. Therefore, the normality test calculated for the dependent variable in this occasion is plotted as a normal distribution curve in the following histogram.

Fig.4.1 Normality Test histogram



Source: Own survey data, 2023.

Figure 4.2 Normality Test P-P plot results



Source: Own survey data 2023.

Table 4.10 Test of normality Skewness and Kurtosis of variables.

D e s c r i p t i v e		S t a t i s t i c s					
	N	M e a n	Std. Deviation	S k e w n e s s	K u r t o s i s		
	Statistic	Statistic	S t a t i s t i c	Statistic	Std. Error	Statistic	Std. Error
T r u s t	2 7 0	3.4699	. 8 3 2 0 7	- . 7 5 4	. 1 4 8	. 0 7 7	. 2 9 5
S a t i s f a c t i o n	2 7 0	3.2504	. 9 8 2 2 9	- . 1 7 3	. 1 4 8	-1.086	. 2 9 5
C o m m i t m e n t	2 7 0	3.2086	. 8 4 1 5 9	- . 1 8 5	. 1 4 8	- . 6 2 2	. 2 9 5
R e l a t i o n s h i p b e n e f i t	2 7 0	3.5370	. 9 3 1 9 4	- . 9 0 5	. 1 4 8	- . 1 7 0	. 2 9 5

Communication	2	7	0	3.3991	.90755	-.695	.148	-.359	.295
Customer retention	2	7	0	3.4519	.85532	-.144	.148	-.738	.295
Valid N (list wise)	2	7	0						

Source: Own survey data, 2023.

The table 4.10 show another testing mechanism for testing the normal distribution of dependent variable values is the kurtosis and skewness values computed by descriptive statistics. By descriptive statistics on skewness and kurtosis. Skewness is a measure of asymmetry. A normal, acceptable, symmetric distribution has zero skewness value. Nevertheless, a standard error greater than 2 indicates a problematic with normality. Kurtosis, on the other hand, is an extent of how clustered observations are round a central point. For a normal distribution, the kurtosis value is zero. The information in the table above indicates that the error coefficients for std. skewness (0.148) and kurtosis (0.295) are not far from zero. Therefore, histograms and skewness-kurtosis ratios were checked in this study. The results show that the data used in the study meet the normality assumption, as the skewness and kurtosis values are between the acceptable ranges. Histograms of the dependent variable showed a normal distribution.

4.5.3 Linearity Test

Using the scatterplot test, I tested the linearity assumptions of some regressions and found that there is a linear relationship between the independent and dependent variables. Scatter plots is used to collect data on customer retention. Linearity means that the rate of change between two variable ratings is constant over the range of variable ratings. A basic assumption of regression analysis is that the relationships between variables are linear. Means the points in the scatterplot should form a pattern that can be approximated by a straight line, and linearity describes the distribution of residuals close to zero mean.

Figure 4.3 linearity test of proportional distribution



Source: Own survey data, 2023.

4.5.4 Homoscedasticity test

Homoscedasticity is a property of a set of random variable where each variable such that each variable has the same finite variance. Therefore, the scattered diagram in the following figure shows that, there is a finite distribution of variance between dependent and independent variables.

Figure 4.4 Homoscedasticity test



Source: Own survey data, 2023.

The upper plot in Figure 4.4 shows this linear relationship. The points are evenly distributed on both sides of the regression line.

4.6 Inferential Statistics

4.6.1 Correlation Statistics

For the sake of this study the researcher used Pearson product moment correlation analysis to catch out the relationship of independent variable customer relationship management (Tr, Sat, Cot, Rb and Com) with the dependent variable (customer retention). Bivariate correlation is used to find relationship between two variables (Pallant, 2005). Since, the study selected this appropriate correlation method to investigate their relationships. The analysis result about strength of relationship between those dependent

and independent variable is clearly shown in the next section's Pearson correlation analysis table result. The value of the Pearson product moment correlation coefficient (r) typically varies between -1 and +1. A sign indicates that there is a positive correlation (if one variable increases and the other also increases) or a negative correlation (if one variable increases and the other decreases). The strength of the relationship is represented by the size of the absolute value. +1 or -1 indicates perfect correlation. This also means that the value of one variable can be determined precisely by knowing the value of the other variable. If you make a scatterplot of this perfect correlation, you get a straight line. Similarly, a correlation of 0 indicates no relationship between the two variables. This also shows that knowing the value of one variable does not help predict the value of another. Scatter plots display circles of points with no evidence of a pattern (Pallant, 2005). According to Cohen (1992), the interpretation of the range of correlation coefficients is explained as follows as:

Correlation coefficient value	Relationship
- 0 . 3 to + 0 . 3	W e a k
-0.5 to -0.3 or 0.3 to 0.5	M o d e r a t e
-0.5 to -0.9 or 0.5 to 0.9	S t r o n g
-0.9 to -1 or 0.9 to 1	V e r y s t r o n g

Based on the above range reference the correlation result about dependent and independent variables is presented and analyzed as the table below:

Table 4.8 Correlation Coefficient

C o r r e l a t i o n s	T r	S a t	C o t	R b	C o m	C r
T r u s t Pearson Correlation	1					
Sig. (2-tailed)						
N	270					
S a t i s f a c t i o n Pearson Correlation	.523**	1				
Sig. (2-tailed)	.000					
N	270	270				
C o m m i t m e n t Pearson Correlation	.578**	.555**	1			
Sig. (2-tailed)	.000	.000				

	N	2 7 0	2 7 0	2 7 0			
Relationship benefit	Pearson Correlation	.444**	.477**	.559**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	2 7 0	2 7 0	2 7 0	2 7 0		
Communication	Pearson Correlation	.348**	.427**	.501**	.718**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	2 7 0	2 7 0	2 7 0	2 7 0	2 7 0	
Customer retention	Pearson Correlation	.476**	.657**	.473**	.471**	.417**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	2 7 0	2 7 0	2 7 0	2 7 0	2 7 0	2 7 0

** . Correlation is significant at the 0.01 level (2-tailed).
Source: Own survey data, 2023.

The above Pearson correlation result confirms that the all independent variables customer relationship management have a significant relationship with dependent variable customer retention which is between Tr and customer retention were found have a significant positive relationship at ($r=0.476$) and significance level of $p=0.000$ ($p<0.01$) with moderate significance relationship. The correlation value which is between Sat and customer retention is ($r=0.657$ at a significance level of $p=0.000$ ($p<0.01$) with strong and confirm that has a positive significance relationship. Cot and customer retention have an important positive correlation at ($r=0.473$) significance level of $p=0.000$ ($p<0.01$) with moderate relationship. Rb and customer retention were found to have a significant positive relationship at ($r=0.471$) and significance level of $p=0.000$ ($p<0.01$) with moderate significance relationship, Com and customer retention have a significant positive relationship at ($r=0.417$) and significance level of $p=0.000$ ($p<0.01$) with moderate significance relationship.

And confirm that all independent variables have a positive significance association between customer retention this reflect that there are high levels of predictors on the customer retention.

4.7 Regression Analysis

Multiple linear regressions for the effect of CRM on CR using five predictor variable and was done to test the entire research hypothesis.

4.7.1 The effect of customer retention

I used regression models to test how variables affect customer retention. Larger values of adjusted imply R^2 greater explanatory power of the regression equation. According to HaIr et al. (2006), the fitted R^2 is

a measure of the proportion of the variance to the mean of the dependent variable, explained by the independent or predictor variables.

Table 4.11 Regression model summary

M o d e l S u m m a r y b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	C h a n g e S t a t i s t i c s				
					R Square Change	F Change	d f 1	d f 2	Sig. F Change
1	.692 a	.479	.469	.62305	.479	48.591	5	264	.000

a. Predictors: (Constant), Communication, Trust, Satisfaction, Commitment, Relationship benefit

b. D e p e n d e n t V a r i a b l e : C u s t o m e r r e t e n t i o n

Source: own survey data, 2023.

As indicated above table 4.11 Multiple Regression; the adjusted R² value is 0.469, it might be realized that 46.9 % of the variation in customer retention be explained by the Trust (Tr), Satisfaction (Sat), Commitment (Cot), Relationship benefit (Rb) and Communication (Com). The remaining 53.1% of the variance is explained by other variables not included in this study.

4.7.2 The effect of each customer relationship management (Tr, Sat,Cot, Rb, and Com) on customer retention

Table 4.12 Regression coefficients

C o e f f i c i e n t s a

M o d e l		Unstandardized Coefficients		Standardized Coefficients		S i g .
		B	S t d . E r r o r	B e t	a t	
1	(C o n s t a n t)	.925	1.92		4.827	.000
	T r u s t	.131	.059	.127	2.210	.028
	S a t i s f a c t i o n	.427	.050	.491	8.557	.000
	C o m m i t m e n t	.031	.064	.030	.482	.630
	R e l a t i o n s h i p b e n e f i t	.109	.063	.119	1.723	.086
	C o m m u n i c a t i o n	.059	.061	.063	.963	.336

a. D e p e n d e n t V a r i a b l e : C u s t o m e r r e t e n t i o n

Source: Own survey data, 2023.

In the above table, five independent variables show different regression coefficients. As depicted in table 4.12, as far as the results of regression is concerned, Trust (Tr), has significant positive effect on customer

retention with un standardize a beta value (beta = 0.131), The results indicate that the un standardize coefficient of beta values of Satisfaction (Sat), has significant positive effect on customer retention (beta = 0.427). The results of the above table also showed that Commitment (Cot), has a positive relationship but has no significant effect on customer retention with a beta value (0.031). The results of regression are concerned, Relationship benefit (Rb), has a positive relationship but has no significant effect on customer retention with a beta value (0.109), and as the results of regression is concerned, Communication (Com), has no significant effect on customer retention with un standardize a beta value (beta = 0.059). The Unstandardized beta coefficient column shows each independent variable level of contribution for customer retention that an individual variable is made to the model. The unstandardized coefficients β column, gives as the coefficients of the independent variables in the regression equation, including the predictor variables as indicated below.

$$\text{Predicted CR} = 0.925 + 0.131 \text{ Tr} + 0.427 \text{ Sat} + e$$

4.7.3 Hypothesis Testing

In the above table 4.12 five independent variables show different regression coefficients.

- Hypothesis 1 (H1): -Trust (Tr) has a significant effect on customer retention.

As depicted on table 4.12, as far as the results of regression is concerned, Tr has significant effect on customer retention with a beta value ($\beta = 0.131$) with a significance level $p = 0.05$ ($p < 0.05$). Thus, the hypothesis stated trust (Tr) would have significant effects on customer retention was accepted. This means that trust has effect on customer retention in Zemen Bank selected branches.

- Hypothesis 2 (H2): -Satisfaction (Sat) has a significant effect on customer retention.

As indicated in table 4.12, as far as the results of regression is concerned, Sat has significant effect on customer retention in a beta value ($\beta = 0.427$) with a significance level $p=0.05$ ($p<0.01$). Thus, the hypothesis that stated Satisfaction (Sat) would have significant effects on customer retention was accepted. This means that satisfaction has significant effect on customer retention in Zemen Bank selected branches.

- Hypothesis 3 (H3): - Commitment (Cot) has a significant effect on customer retention.

The results of the above table 4.12 also showed that commitment (Cot) has no significant effect on customer retention and have a positive relationship with a beta value ($\beta = 0.031$), with a significance level

of ($p=0.05$ $p>0.05$) which is indicate that commitment has no significant effect on customer retention. Thus, the hypothesis that stated commitment (Cot) would have no significant effects on customer retention was rejected.

➤ Hypothesis 4 (H4): - Relationship benefit (Rb) has a significant effect on customer retention.

As depicted in table 4.12, as far as the results of regression is concerned, that relationship benefit (Rb) has no significant effect on customer retention and have a positive relationship with a beta value ($\beta =0.109$), with a significance level of ($p=0.05$ $p>0.05$) which is indicate that relationship benefit has no significant effect on customer retention. Thus, the hypothesis that stated relationship benefit (Rb) would have no significant effects on customer retention was rejected.

➤ Hypothesis₅ (H5): - Communication (Com) has a significant effect on customer retention.

Results in the table 4.12 above also showed that communication (Com) has no significant effect on customer retention and have a positive relationship with a beta value ($\beta =0.059$), with a significance level of ($p=0.05$ $p>0.05$) which is indicate that communication has no significant effect on customer retention. Thus, hypothesis that stated communication (Com) would have no significant effects on customer retention in Zemen Bank selected A.A City Branches and hypothesis was rejected.

Table 4.13 Hypothesis test

	Hypothesis	Finding
H 1	Trust (Tr) has a significant effect on customer retention.	Accepted
H 2	Satisfaction (Sat) has a significant effect on customer retention.	Accepted
H 3	Commitment (Com) has a significant effect on customer retention.	Rejected
H 4	Relationship benefit (Rb) has a significant effect on customer retention.	Rejected
H 5	Communication (Com) has a significant effect on customer retention.	Rejected

4.7.4 The customer relationship management dimensions with the highest effect on customer retention.

Therefore, from the regression coefficient table 4.12 shows as the researcher compared the unstandardized coefficient beta values of each predictor variable and it indicated that Satisfaction (Sat) has the highest value of beta and more effect on customer retention.

4.7.5 Alignment of Findings of this Research with Previous Studies

As the finding of this study shows that, the result of descriptive statistics shown the study correlated that all independent variables Trust (Tr), Satisfaction (Sat), Commitment (Cot), Relationship benefit (Rb), and Communication (Com). Different researchers' like, Chacha Magasi (2016) explores customer relationship management for customer retention using the example of Tanzania's commercial banking industry. Wei et al. (2013) said that CRM focuses on improving customer relationships for customer loyalty, customer development, or customer productivity, acquiring new customers and nurturing old customers to build healthy and lasting relationships. It is an approach that uses advanced information technology to much research has been done on the subject of customer relationship management. Wanjau (2013) examines the impact of customer relationship management on customer retention in commercial banking. The purpose of this study was to review the customer relationship management approach used by Kenya Commercial Bank to retain and satisfy new customers. Azzam (2014) examines the impact of customer relationship management on customer satisfaction in Jordanian banks. The study found no statistical association between customer relationship management factors and customer satisfaction as the dependent variable. Sanaullah Nagar (2014) examines the impact of customer relationship management on customer satisfaction in the hotel industry. They conducted a random sampling among 130 applicants from various hotels in Islamabad.

The results show that there is a high positive correlation between customer relationship management and customer satisfaction, or that companies cannot succeed without a focus on customer relationship management. Dr. B. Angamuthu (2015) explores the impact of customer relationship management on the role of customer satisfaction in relation to customer loyalty and retention in the Indian hotel sector. Additionally, Mburu, PerisNjoki (2012) examine customer satisfaction and customer loyalty in the Kenyan banking sector CRM is a very important concept in relationship marketing because it can be used to build lasting customer relationships. Building effective customer relationships by providing excellent service should be considered a top management priority.

Survey results display that customer relationship management has a significant effect on customer retention, contributing over 68% to customer retention. Past research shows a strong correlation among CRM & CR. Further, researcher result it indicated this study finding supports the above study results, because the outcome shows that there are all variables has positive relationship with overall customer relationship management on customer (Tr), Satisfaction (Sat), Commitment (Cot), Relationship benefit (Rb), and Communication (Com), retention. And the two variables trust (Tr), and satisfaction (Sat) has significant effect on customer retention. But the other three variables are Commitment (Cot), Relationship benefit (Rb), and Communication (Com) has insignificant effect on customer retention. I hope this study comes with new finding relating to the effect of Trust independently on customer retention because as the researcher's knowledge there is not found well published researches relating to relationship of these variables.

CHAPTER FIVE

5. CONCLUSION & RECOMMENDATION

5.1 Introduction

This chapter summarizes the most important results, conclusions and recommendations for improvement. This paper explored the effect of customer relationship management on customer retention in the A.A city selected bank branches of Zemen. This chapter describes the research results. Effects of variables observed in the study are displayed. All hypotheses have been discussed in the context of relevant literature and are likely to be unsupported by research, possible explanations, and recommendations needed to address the problems identified in the banking sector. In this chapter discussed the strengths and confines of this study. Finally, the chapter concludes with summaries of the study and conclusions. Future research ideas for further studies are also presented.

5.2 Summary of findings

The key purpose of this study is to explore the effect of various aspects of customer relationship management, such as: Trust (Tr), Satisfaction (Sat), Commitment (Cot), Relationship benefit (Rb) and Communication (Com) on customer retention in the selected banking sector. To achieve the research goal, the numerical relationship between each independent and dependent variable was carefully studied and accessible to the research according to the research questions.

- The findings of this study also specify that based the results of correlation coefficient matrix all over customer relationship management dimensions have a positively relationship and statistically only two variables have a significant effect with customer retention in Zemen bank sector.
- The multiple linear regression analysis results also shown that customer relationship management variables explained 46.9% of the difference in customer retention of banking sector. The lasting 53.1% of the Variation in customer retention was clarified by factors not considered in this model.
- In addition, un standardized beta coefficient of multiple linear regression results indicated that trust and satisfaction take a statistically significant effect on customer retention in Zemen bank whereas, commitment, relationship benefit and communication have not a significant effect on customer retention of banking sector customers. Therefore, based on these findings hypothesis

one (H1) and two (H2) is to be accepted but, hypothesis three (H3), four (H4) and (H5) is to be rejected.

- Previous theories & research in the field of customer relationship management have shown that there is a connection and a positive connection between them customer relationship management & customer retention. Hence, the further customer relationship management the more effective your dimensions are, the more likely you are to be a customer. Become. In general, research results support the view that customer relationship management can improve customer satisfaction and thus customer retention.

Generally, the findings of this study addressed all the intended objectives and answered the research questions as stated initially. But this study shows the situation is improving Customer relationship management has the potential to improve customer retention.

5.3 CONCLUSION

- ✚ The researcher concluded that the respondents for this questionnaire had an agreement for all dimensions of customer relationship management such as Trust, Satisfaction, Commitment, Relationship benefit and Communication in banking sector.
- ✚ In addition, the respondents also show an agreement on customer retention in banking sector. The overall customer relationship management has a significance effect and positive relationship with customer retention in banking sector.
- ✚ Customer relationship management dimensions Trust (Tr), Satisfaction (Sat) significantly predict customer retention Commitment (Cot), Relationship benefit (Rb) and Communication (Com) were insignificant based on regression model.
- ✚ In predictor variables of customer relationship management; the Satisfaction (Sat) has shown the highest contribution in determining customer retention.

5.4 Recommendations

After a detailed analysis of the sample survey, which was considered relatively large sample size, principal regression and correlation analyzes was calculated. The hypotheses established were verified & wholly alternative hypotheses were maintained by the research results. The presence of multi co-linearity and multiple linear regression was tested, however nothing was bringing into being.

The expectations made for using the statistics were also tried & these assumptions were evaluated and found to be valid for proceeding, therefore, grounded on the consequences of this study, the subsequent recommendations are made. Based on the conclusions drawn in the sections above, Zemen Bank recommends the following actions to realize the ultimate benefits of customer relationship management leading to customer retention.

As the results of the study showed, the customer relationship management dimension has the greatest impact ($\beta=0.427$) on customer retention. Therefore, Zemen Bank should pay close attention to strengthening its customer relationship management banking division. Therefore, Zemen Bank should pay more attention to the above variables that may increase customer retention. Banks can enhance customer relationship management through customer satisfaction, strengthen existing relationships with bank customers, and build a well-thought-out organizational structure to make customer service more efficient. Trustworthy enough for customers, as there is a significant positive correlation between trust and customer retention. This means that banks must pay attention to providing quality services, must be credible in their promises, must deliver on their promises, and must deliver on their promises clearly.

Level of satisfaction, there is a significant positive correlation between satisfaction and customer retention. This means the bank must show that the customer or respondent agrees that they are very satisfied with the bank's services, still choose to use, comfortable about the relationship, very pleased and service have always been good. This means that banks are committed to service, adapt to customer needs, be flexible to service changes, and work with customers to build lasting relationships.

Relationship benefit, there is insignificant and positive relationship between CRM and customer retention, giving you a relationship benefit. However, this is not the case for the majority of respondents, who believe that banks can quickly deliver the benefits of core services such as risk management and trade protection, and consistently deliver the benefits of these additional services easily and conveniently to their business operations. It indicates that you agree to provide after-sales customer service benefits such as training, risk management advice and, to the best of the customer's knowledge that the customer and the bank staff are out of a customer loyalty relationship at the bank mutually beneficial. Have mutual benefits from those relationships to retentions of customers in the bank.

Communicating timely and accurately since the Timely and accurate communication as there is a small but positive correlation between communication and customer retention. This means that banks need to communicate updated service information, information about new routes and services, etc. This research is not only helpful in these selected banking sectors, but also to other government and private banking sectors or organizations to meet the customer's desire to take action and stay in the banking sector or other banks can also be extended.

5.4 Limitation of the study

The contribution of this study should be considered in the light of some limitations. We discuss potential limitations of the study and suggestions for future research. The first is cross-sectional/single-point data collection using a quantitative study design aimed at collecting responses from clients, but this has a time limit. Future researchers can therefore use a longitudinal design and include qualitative questions to reveal the effect of each customer relationship management on customer retention. Also, because this study was conducted on a single organization, it is inductive but not entirely conclusive. Future research in this area may therefore be conducted on a broader and more comprehensive scale, including other organizations, to increase the validity of the results. In addition, the lack of up-to-date reference materials and research papers, particularly on Ethiopia, limited the scope of research.

5.5 Direction for Future Research

As the study was restricted to the Zemen Bank sector, the results could not be generalized to all private and public banking sectors. Therefore, according to this study, it would make sense to include the banking sector as a whole or other research areas in future studies to explore the relationship between CRM and customer retention. Future research should include longitudinal design to further explore the relationship between CRM and customer retention. In addition to questionnaires, other data collection methods, primarily interviews and focus groups, may be important in the assessment to better understand the effect of customer relationship management on customer retention. It suggests that more research is needed on the effect of customer relationship management on customer retention. Research needs to be done to find other variables that explain this association. It is vital that a broader investigation of customer relationship management and its effect on customer retention is conducted not only in the private banking sector, but also in the government banking sector with an increased sample size. Research needs to be conducted in the banking sector to find out how best to use customer relationship management as a foundation for improving bank customer retention services.

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4 Appendix I – Questionnaire

ADDIS ABABA UNIVERSITY

School of Commerce

College of Business and Economics

Department of Marketing Management

Masters of Marketing Management

Dear Respondents;

I am Tewodros Demeke from Addis Ababa University School of Commerce in Marketing Management postgraduate student. This questionnaire is designed to gather data for research on **“The Effect of Customer Relationship Management on Customer Retention”** in Zemen bank Selected Addis Ababa City Branches. You are kindly request to provide the required data when you fill the questionnaire. The information that you give will remain confidential and is sought entirely for the achievement this research.

I once again thank you in advance for your kind cooperation, participation and dedicating your time in filling the questionnaire.

General information

- ✓ There is no need of writing your name.
- ✓ In all cases where answer options are available please tick (✓) in the appropriate box.

Thank you in advance!

Questionnaire

Appendix A: Demographic Questions (Customer)

The following questions concern your position and other personal information. Completion of this information is voluntary and its confidentiality is assured and please fills in the boxes by making tick (√) and fills the blanks appropriately by indicating your correct choice. No individual data will be reported.

THANK YOU!

Section I:

Demographic Variables (Background information)

1. Gender

Male Female

2. Age

Below 25 years 25-34 years 35- 44 yr. 45 – 55yr 56-65 yr.

Educational level (Qualification)

Twelve & Below Certificate Diploma First Degree
Master's degree above Masters

Section II:

Customer Relationship Management

Questionnaires for data collection instruments about the human resource management practice with five-point Likert scale such as.

Scale	1=Strongly disagree	2 = Disagree	3 = Neutral	4 = Agree	5= Strongly disagree
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No,	Please mark the selected option with tick (√)	1	2	3	4	5
TRUST						
T r 1	The reputation of my bank is trustworthy.					
T r 2	My bank words and promises are reliable.					
T r 3	I have a confidence on the integrity of the bank.					
T r 4	The policies and practices of my bank are trust worth.					
T r 5	My bank fulfil its obligations to me.					
T r 6	My bank pays credit within a reasonable time frame					
T r 7	I am certain that I will be indemnified when loss occur.					
T r 8	I am certain that my bank kept all my personal records secured.					
SATISFACTION						
Sat 1	Overall, I am very satisfied with my Zemen bank services.					
Sat 2	If I had to do it all over again, I would still choose to use the bank.					
Sat 3	I am comfortable about the relationship with this bank.					
Sat 4	I am very pleased with what my bank does for me.					
Sat 5	My experiences with the bank service have always been good.					

COMMITMENT						
Cot 1	The bank always applies the right policy and practices.					
Cot 2	My bank offers personalized services to meet my needs.					
Cot 3	My bank is flexible when its services are changed.					
Cot 4	Other bank approaches me with lower service charges, but still prefer to continue doing business with my current zemen bank.					
Cot 5	My bank is flexible in serving my needs.					
Cot 6	The bank mostly updates their service.					
RELATIONSHIP BENEFIT						
Rb1	The bank promptly provides me such core service benefit as risk management and protection of transaction.					
R b 2	The bank always provide me such supplementary service benefits as easy and convenient to my business operation.					
R b 3	The bank provides me such after sale service benefits as training, risk management advice e t c ...whenever necessary					
R b 4	To the best of my knowledge, banker and I have mutual benefits from our relationship.					
COMMUNICATION						
Com1	My bank service provides timely and trustworthy information.					
Com2	My bank provides information if there are new customers service.					
Com3	Information provided by the bank is always accurate.					
Com4	The bank provides early notice whenever there is change during policy renewal (change in policy)					

Source: Morgan and Hunt (1994 G.C)

Section III: Customer Retention

Questionnaires about customer retention with five-point Likert scale as follow.

Scale	1 = strongly disagree	2 = disagree	3 = neutral	4 = agree	5 = strongly agree
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No	Please mark the selected option with tick (√)	1	2	3	4	5
Indicator of Customer Retention						
C r 1	Zemen bank is my first choice for any bank service need.					
C r 2	My relationship with zemen bank is important to me.					
C r 3	I would recommend my zemen bank services to others { friends ,family }					
C r 4	I plan to continue my relationship with my zemen bank in future					
C r 5	I have said positive things about my bank services to others.					

Thank you for your participation !!

አባሪ-2፤ የእንግሊዝኛ ትርጉም (ሀተታ) መጠይቆች

አዲስ አበባ ዩኒቨርሲቲ

ንግድ ስራ ኮሌጅ

የቢዝነስና እና ኢኮኖሚክስ ኮሌጅ

የማርኬቲንግ ማኔጅመንት ትምህርት ክፍል

በ ማርኬቲንግ ማኔጅመንት የድህረ ምረቃ መርሃ ግብር

በ ዘመን ባንክ አዲስ አበባ ከተማ ባሉ የተመረጡ ቅርንጫፎች እና የቅርንጫፍ ደንቦች የሚሞላ የምርምር/የጥናታዊ ጽሁፍ መጠይቅ

መግቢያ:- ውድ የዚህ መጠይቅ ተሳታፊዎች፤

እኔ አቶ ቴዎድሮስ ደመቀ እባላለሁ። በ አዲስ አበባ ዩኒቨርሲቲ ንግድ ስራ ኮሌጅ ማርኬቲንግ ማኔጅመንት ትምህርት ክፍል የማርኬቲንግ ማኔጅመንት የድህረ ምረቃ ተመራቂ ተማሪ ስሆን በአሁኑ ወቅት የመመረቂያ ጽሑፌን በማዘጋጀት ላይ እገኛለሁ። ጥናቴም የዘመን ባንክ ከደንቦች ጋር ያለው ግንኙነትና የአስተዳደር ስርዓት በደንቦች አያያዝ ላይ ያለው ተፅዕኖ በሚል ዙሪያ የሚያጠነጥን ሲሆን እርሰዎም በዚህ ጥናት እንዲሳተፉ ተጋብዘዋል። በመሆኑም እርሰዎ የሚሰጡት ተክክለኛ መረጃ ለጥናቴ ውጤታማነት ጉልህ ድርሻ አለው። እርሰዎም ይህን በመገንዘብ መጠይቁን በጥንቃቄ እንዲሞሉልኝ እጠይቃለሁ። በጥናቴ የሚያደርጉት ተሳትፎም በእርሰዎ በጎ ፈቃደኝነት ላይ የተመሰረተ ነው። በመጨረሻም የሚሰጡት መረጃ ምስጢራዊነቱ የተጠበቀና ለዚህ ጥናት ዓላማ ብቻ የሚውል መሆኑን እየገለጽኩ የመልስ ሰጭው ማንነት በማንኛውም መልኩ የማይገለጽ፣ የማይታተምና የማይሰራጭ መሆኑን ከወዲሁ አረጋግጣለሁ። መጠይቁን ሞልታችሁ በተቻለ መጠን በአጭር ጊዜ ውስጥ እንድትመልሱልኝ ስል በትህትና እጠይቃለሁ። ጊዜዎን ሰውተውና የጥናቴን አላማ ተረድተው መጠይቁን ስለሞሉልኝ ከወዲሁ ምስጋናዬ ወደር የለውም።

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አጠቃላይ መመሪያ

✓ ስምዎችን መፃፍ አያስፈልግም። ስለዚህ እባክዎን እንደየትእዛዙ እርሶዎ የሚስማሙበትን የመልስ አማራጮች በትክክል የእርማት ምልክት (✓) በማድረግ ይመልሱ።

ክፍል አንድ: - የግል ሁኔታዎችን በተመለከተ

ከዚህ በታች ከተራ ቁጥር 1-3 ያሉት መጠይቆች ስለ እርሶዎ የግል ሁኔታ የሚዳስሱ ናቸው እባክዎን ለእርሶዎ የሚስማማዎትን መልስ የያዘውን ፊደል (✓) በማድረግ ይመልሱ።

1) ጾታዎ ምንድን ነው?

ሀ) ወንድ

ለ) ሴት

2) እድሜዎ ስንት ነው?

ሀ) ከ25 ዓመት በታች

ለ) ከ25-34 ዓመት

ሐ) ከ35 – 44 ዓመት

መ) ከ45-55 ዓመት

ሰ) 56-65 ዓመት

3) የትምህርት ደረጃዎት?

ሀ) 12 ተኛ ና ከዛ በታች

ለ) ሰርተፍኬት

ሐ) ዲፕሎማ

መ) የመጀመሪያ ዲግሪ

ሰ) ሁለተኛ ዲግሪ

ረ) ሶስተኛ ዲግሪ ና ከዚያ በላይ

ክፍል ሁለት:

የደንበኞች ግንኙነት አስተዳደርን በተመለከተ (Customer Relationship Management)

1=በጣም አልስማማም	2=አልስማማም	3=7 ለል ተኛ	4=እስማማለሁ	5=እጅግ በጣም እስማማለሁ
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ተ ቁ	እባከዎ በትክክል የእርማት ምልክት (✓) በማድረግ ይመልሱ	1	2	3	4	5
✓ እምነት/ታዓማኒነት/ TRUST/						
T r 1	ባንኩ ላይ አስተማማኝ እምነት የሚጥሉበት ነው					
T r 2	ባንኩ ቃል ኪዳኑን ይጠብቃል ብለው ያምናሉ					
T r 3	በባንኩ ትክክለኛነት ላይ እምነት አለዎት					
T r 4	በባንኩ ፖሊሲዎች ና የ አሰራር ስርዓት ላይ እምነት የሚጣልበት ነው					
T r 5	ባንኩ ግዴታውን ይወጣል ብለው ያምናሉ					
T r 6	ባንኩ ባስቀመጠው የጊዜ ገደብ ውስጥ ክፍያዎችን ይከፍላል					
T r 7	ኪሳራ በሚያጋጥም ጊዜ ባንኩ ይከፍሎታል					
T r 8	ባንኩ የግል ሂሳቦችን ና መዝገቦችን ደህንነታቸው እንደሚጠብቅ እርግጠኛ ነዎት					
✓ እርካታ / SATISFACTION /						
Sat 1	በአጠቃላይ እርስዎ በዘመን ባንክ አገልግሎት አሰጣጥ በጣም ይደስታሉ					
Sat 2	ማንኛውንም በሚሰሯቸው ስራዎች የባንኩን አገልግሎት ይመርጣሉ					
Sat 3	ከ ዘመን ባንክ ጋር ባለዎት ግንኙነት ምችት ይሰማዎታል					
Sat 4	ባንኩ በ ሚያደርግሎት ነገር ሁሉ በጣም ደስተኛ ነዎት					
Sat 5	ከ ባንኩ ጋር ያለዎት ግንኙነት ፣ቅርርብ፣አገልግሎት ና ተሞክሮ ለእርስዎ ሁሌም ጥሩ ነው					
3.ተነሳሽነት / COMMITMENT /						
Cot 1	ባንኩ ትክክለኛ ፖሊሲ ና ልምዶችን ይተገብራል					

Cot 2	ባንኩ የግል ፍላጎቶችን ለማሟላት ጥሩ አገልግሎት ይሰጣል					
Cot 3	ባንኩ አገልግሎት አሰጣጡን ሲቀይር ተለዋዋጭ ነው					
Cot 4	ሌሎች ባንኮች የአገልግሎት ክፍያቸው ዝቅተኛ ቢሆንም ከሌሎች ዘመን ባንክን ይመርጣሉ					
Cot 5	አገልግሎትዎን ለማሟላት ባንኩ ተለዋዋጭ ነው ብለው ያምናሉ					
Cot 6	አብዛኛውን ጊዜ ዘመን ባንክ አገልግሎት አሰጣጡን ያዘምናል					
4. የጋራ ጥቅም / RELATIONSHIP BENEFIT /						
R B 1	ለእርስዎ ባንኩ ለአደጋ ተጋላጭ እንዳይሆኑ ግብይት መከላከያዎችንና ጥቅሞችን በፍጥነት ያቀርባል					
R B 2	ባንኩ ለእርስዎ ስራ ቀላልና ምቹ የሆኑ የሆኑ የአገልግሎት አሰጣጥና የገንዘብ ዝውውር ጥቅሞችን ይሰጣል					
R B 3	ባንኩ በተለያዩ አገልግሎቶች የአደጋ ምክር አገልግሎት፣ ስልጠናዎችን አስፈላጊ በሚሆኑበት ጊዜ ይሰጣል					
R B 4	እስከሚያውቁት ድረስ በእርስዎና በባንኩ የጋራ የሆነ ጥቅም አለ					
3. ተግባሮች/ COMMUNICATION /						
Com 1	የዘመን ባንክ አገልግሎት አሰጣጥ ወቅታዊ እና እምነት የሚጣልበት መረጃን ይሰጣል					
Com 2	አዳዲስ የደንበኞች አገልግሎቶች ካሉ ባንኩ መረጃ ይሰጣል					
Com 3	ዘመን ባንክ ሁልጊዜ የሚሰጠው መረጃ ትክክለኛ መረጃ ነው					
Com 4	በፖሊሲና በመመሪያዎች ዙሪያ ለውጦች ሲኖሩ ባንኩ ቀድሞ ያስተዋውቃል					

ምንጭ ፡- ሞርጋን እና ሁንት (1994 G.C)

ክፍል-3፤-የደንበኛ አያያዝ በተመለከተ

እባክዎን የስምምነትዎን ደረጃ መልስ ነው ብለው የሚያምኑትን በተሻለ ሁኔታ የሚያንፀባርቁትን ቁጥር በመለየት ከዚህ በታች ላሉ መጠይቆች በተገቢው መንገድ እያንዳንዱን ይመልሱ። መግለጫዎች፤

1=በጣም አልስማማም	2=አልስማማም	3=ገለልተኛ	4=እስማማለሁ	5=እጅግ በጣም እስማማለሁ
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ተ ቁ	የደንበኞች ቆይታ /አያያዝ/በተመለከተ (CUSTOMER RETANTION)	1	2	3	4	5
1.	ከሌሎች የባንክ አገልግሎቶች ዘመን ባንክ የመጀመሪያ ምርጫዎ ነው					
2.	ከዘመን ባንክ ጋር ያለዎት ግንኙነት ጠቃሚ ነው ብለው ያምናሉ					
3.	ዳደሮቻችን ና ዘመዶቻችን ዘመን ባንክን እንዲጠቀሙ ያበረታታሉ					
4.	ከዘመን ባንክ ጋር ያለዎትን ግንኙነት ለወደፊት ማስቀጠል ይፈልጋሉ					
5.	ስለ ዘመን ባንክ አገልግሎት አሰጣጥ ሌሎች ደንበኞች መልካም ነገር ይናገራሉ					

ስለ ትብብርዎ ክልብ አመሰግናለሁ!!!

Annex

Fig.4.1 Normality Test histogram

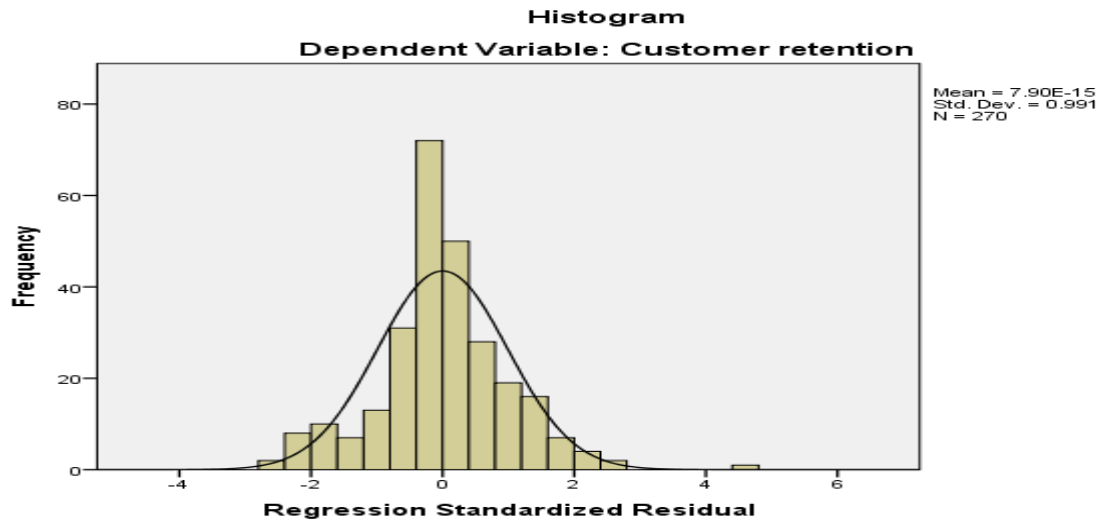


Figure 4.2 Normality Test P-P plot results

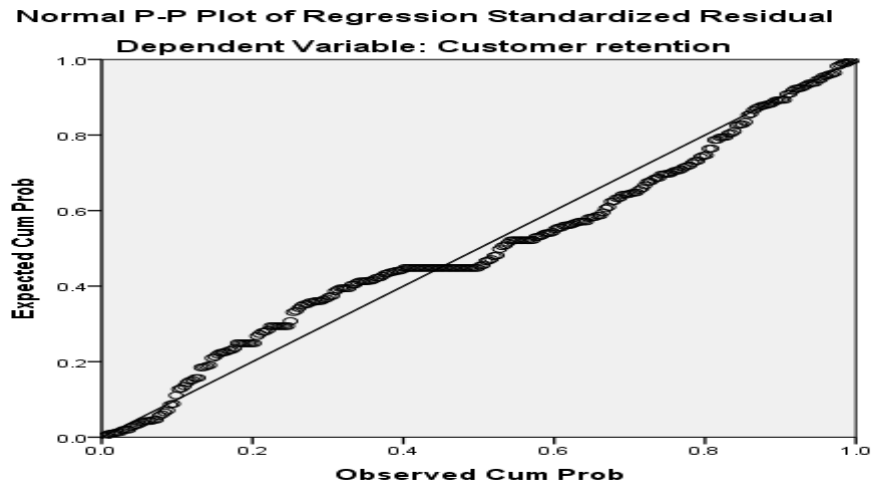


Figure 4.3 linearity test of proportional distribution

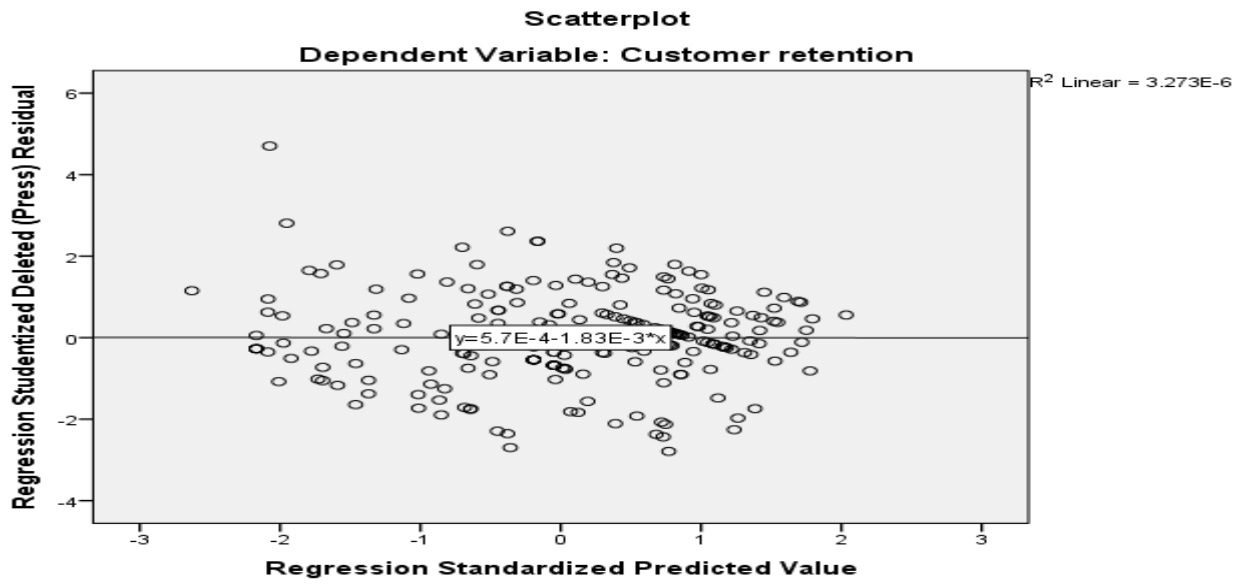


Figure 4.4 Homoscedasticity test

