



ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
DEPARTMENT OF BUSINESS LEADERSHIP

Determinants of Customer Retention In Case Of Ethio Telecom

A thesis submitted to School of Graduate Studies of Addis Ababa University for the partial fulfillment of the requirements for the degree of Master of Arts in Business Leadership

BY: Nebat Izedin

Advisor: Worku Mekonnen (PHd)

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ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

DEPARTMENT OF BUSINESS LEADERSHIP

This is to certify that this thesis entitled as “**Determinants of Customer Retention in case of Ethio Telecom**”, submitted in partial fulfillment of the requirements for the degree of Master of Arts in Business Leadership to the School of Commerce of Addis Ababa University, done by Nebat Izedin is an authentic work carried out by her under our guidance. The theme embedded in this thesis has not been submitted earlier for the award of any degree or diploma in any other university to the best of our knowledge.

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Adviser

Internal Examiner

_____ **Signature** _____ **Date** _____

External Examiner

Afework Getachew, PhD **Signature**  **Date** **29/06/2020**

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DECLARATION

I, Nebat Izedin, declare that this work entitled “Determinants of Customer Retention in case of Ethio Telecom”, is the outcome of my own effort and study and that all sources of materials used for the study have been duly acknowledged. I have produced it independently except for the guidance and suggestion of my Research Advisor. This study has not been submitted for any degree in this University or any other University. It is offered for the partial fulfillment of the degree of Master of Arts in Business Leadership.

Name: Nebat Izedin

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STATEMENT OF CERTIFICATION

This is to certify that NEBAT IZEDIN has carried out her research work on the topic entitled “*Determinant of Customer Retention in case of Ethio Telecom*” The work is original in nature and is suitable for the award of Master’s Degree in Business Leadership.

Research Advisor: Worku Mekonnen (PHd)

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As I am writing the final page of my postgraduate paper, I am starting to realize that my student years are finally coming to an end. What a great journey it has been and what an ending! After writing hundreds of assignments during our studies, I can honestly say that writing this paper was by far the most difficult. However, despite the challenging process, I feel that this has been the most rewarding.

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LIST OF ABBRIVATION (ACRONYMS)

Telecom -Telecommunication

CRM-Customer Relationship Management

ACS-Airtime Credit Service

TT- Trouble Ticket

MT- Short code number

MO- Short Code number

API- Application program interface

CRBT- caller back ring tone

ACS- Airtime Credit Service

ABSTRACT

The purpose of this study is to examine the determinant factors of customer retention in the case of Ethio Telecom. Customer satisfaction, loyalty, customer service, value and customer expectation was used to evaluate the effect on customer retention. In order to achieve the objective of the study, both descriptive and explanatory research design was chosen. And also quantitative research approach was implemented. Convenience sampling techniques was used to select 384 customers who served as respondents in the study. The Correlation result indicated that there is a positive and significant relationship between all determinants factors and customer retention. Also multiple regression analysis result revealed that except loyalty all dimension had positive and significant effect on customer retention. Besides, it is found that customer expectation aspect of determinant factor has the highest influence on customer retention in Ethio Telecom. From the analysis the researcher recommends that Ethio Telecom should priority for the proper implementation of customer expectation aspect of determinant factor dimension than other dimensions because this dimension has highest effect on customer retention. Finally Ethio Telecom have to implement most important dimensions appropriately and continuously, as a major tool for gaining competitive advantage which in turn leads to customer retention.

Keywords: *Customer retention, Customer satisfaction, Loyalty, Customer service, Value, Customer expectation, Ethio Telecom*

CHAPTER ONE: INTRODUCTION

This chapter presents a general background of the study, background of the organization, objective of the study as well as statement of the problem. The chapter further describes basic research questions, general and specific objectives, significance of the study, scope of the study, limitation of the study, definition of terms and organization of the paper.

1.1 Background of the Study

Telecommunication sector is the most essential part of economic development for all the economic. (Rizwan et al, 2015). Overall, telecommunication system has turned into the extremely good owing the liberalization of communication system to tackle up the communication process. To maintain the success in the competitive telecommunication business, effort should be made by the telecommunication companies to learn the customer needs, and serve that needs smarter than competition in order to attaining customer loyalty.(Alamgir ,et al, 2017).

Those days the customer is king where the economy comes from the customer. This is a result of production overcapacity. Companies must study how to change from product creation focus to customer retaining focus. (Kotler, 2003)

Marketing unique word is to “discovery needs and discovery them.” The firm discover needs by attending to or questioning customers and then makes a suitable answer to each need. Nowadays, however, there are rare needs that businesses don’t see around or report. (Kotler, 2003)

Customer retention is a profitable commercial plan that is authoritative in today’s good fiscal situation. By defining customer retention is the action a business undertakes to avoid customers from deserting to substitute companies. Effective customer retention starts with the first connection and remains throughout the whole lifetime of the bond (Mbithi, 2013).

Customer satisfaction needs to be improved and monitored in the companies for the level of customer satisfaction. The higher the satisfaction rate we get, the higher the retention rate we will get. Here are the four facts: Acquiring new customers can cost 5 to 10 times more than the costs involved in satisfying and retaining customers, the average company loses between 10 and 30 percent of its consumers each year, a 5 percent discount in the consumers defect rate can increase

profits by 25 to 85 percent, depending on the industry, the customer profit rate tends to increase over a life of the retained customer. (Kotler, 2003)

Turning into service quality is a critical element of customer perceptions. In the case of pure services (e.g. health care, financial services, education), service quality will be the dominant element in customer' evaluation. In other cases in which customer service are existing in grouping with a physical product (e.g. computer services, automobile services), service quality may also be critical in determining customer satisfaction. (Valarie, 2006)

This research mainly focuses on identifying the determents of customer retention factors and provide service quality products to satisfy the customers' based on their needs and want under the study of Ethio telecom.

1.2 Statement of the Problem

Retention is the movement that an institute starts in instruction to cut customer defections. Effective customer retention originates with the prime interaction a business has with a customer and lasts through the complete time of a connection (Patricia, 2017).

Retaining customer for the organization is crucial target for existence and maximizing profit. Different studies show that customer retention has as many advantages over customer acquisition as the cost of attracting new customer is five to twelve times (Hanna,2014).

In the recent semiannual meeting report of customer service division TT section and outbound manager of Ethio Telecom (2020) has stated that customers are leaving the Unlimited Broad Band service without a new operator joining. They are leaving because there is service quality gap. There is a problem on giving the customers on timely feedback and solutions. They provide bad signals and poor coverage area for the customers.

Regarding customer retention several studies have been done for instance: Rizwan, et al (2015) studied the” Factors affecting customer retention in Telecom sector in Pakistan”. Moreover Alamjir, Rakeullah & Nusrat (2017) studied about “Customer retention and Telecommunications service in Bangladesh”. Dewasiri Jayantha and Tharanagane Geetha (2014) conducts a study on” Determinants of Customer Retention with Special Reference to Mobile Telecommunication

Industry in Sri Lanka but this study specifically on customer satisfaction, loyalty, and customer service and value and customer expectation.

According to Daniel (2015) tries to identify what are the factors that makes customer of Ethio Telecom cellular phone users dissatisfied for a better understanding of the relationship that exists between customer and service delivery. Bogale (2017) recognized that the fixed line has a lower achievement above all service provided by the company. Therefore according to the ideas stated above by the researchers, lack to see in their research what the cause of customer complain problems are and failed to describe what the main technical difficulties are such as, power interruption ,network trafficking and inside company fraud.

Therefore, this study will be assessing on the top three call reasons of Ethio telecom. For more than a year the first call reason has been balance lost by short code there are two ways that the customers subscribe the services by message (MT) and the other is it subscribes the service online (API) but customers are receiving the services both without knowing and without their needs it keeps deducting money from there balance more than once a day. When the partners agreed to send to customer on the first message says it is only once a day for every month but they keep deducting twice every day and without the customer subscribing the service and some of the customers don't even receive the messages but keeps deducting their balance this has been the number one complain on the call reason log .And the second call reason log is Airtime credit (ACS) unable to get the credit while the customer is eligible. Customers can't get the service while they are properly eligible because there is a system gap that's shows when they have paid their credit the system may hold as they have not paid their credit .And the second reason is because the server cannot hold the whole Ethio telecom airtime credit customers and give credit. The third top call reason log is CRBT (caller back ring tone) here is a gap after the customers pay the monthly fee of the service they don't get to hear the music play when their family or friends call them, its gets normal ring tone and sometimes it's also get to change to default CRBT tone so as a result of Ethio telecom there has been a huge gaps on those services. The customers are not getting the service which they are paying for and they are getting services which they don't subscribe for and also paying without their permission so it has been difficult to retain customers happily that's why they have been the top three call reason log of Ethio telecom customer complain .There are few or no

researches done in this area. So this research will try to determine the customer retention of Ethio telecom (Ethio Telecom Customer Service Division Front office Department annual Report).

1.3 Research Question

1. What is the effect of customer satisfaction on customer retention in Ethio Telecom?
2. What is the effect of loyalty on customer retention in Ethio Telecom?
3. What is the effect of customer service on customer retention in Ethio Telecom?
4. What is the effect of value on customer retention in Ethio Telecom?
5. What is the effect of customer expectation on customer retention in Ethio Telecom?
6. What is the perception of customers toward determinant of customer retention in Ethio Telecom?

1.4 Objective of the Study

1.4.1 General Objective

The general objective of the study is to examine the relative effect of determinant of customer retention in the case of Ethio Telecom.

1.4.2 Specific Objective

1. To examine the effect of customer satisfaction on customer retention in Ethio Telecom.
2. To examine the effect of loyalty on customer retention in Ethio Telecom.
3. To examine the effect of customer service on customer retention in Ethio Telecom.
4. To examine the effect of value on customer retention in Ethio Telecom.
5. To examine the effect of customer expectation on customer retention in Ethio Telecom.
6. To describe the perception of customers toward determinant of customer retention in Ethio Telecom.

1.5 Significances of the Study

This research will be important the following group:

- ❖ This research would help first for the academically to get further knowledge about customer retention.
- ❖ It will be important to Ethio Telecom as a mirror to see the practice of customer retention and to improve it.

- ❖ It will be used as a reference for other researchers and other interested individuals who want to study Determinants of customer retention and other related topics.

1.6 Scope of the Study

1.6.1 Geographical Scope

The population of the study was delimited to Addis Ababa. The researcher choose on Addis Ababa because there are many users and the users are more knowledgeable about the services (technologies) given by Ethio Telecom because they are near for the medias and promotion. And also Addis Ababa is the capital city of Ethiopia and relatively has a high population than other cities.

1.6.2 Theoretical scope

From the theoretical review, only on customer satisfaction, loyalty, services quality, value, customer service and customer expectation were considered as determinates of customer retention. Other determinates of customer retention were excluded from this study.

1.6.3 Methodological scope

The study used both descriptive and explanatory and the study only included data collection from the participants of the study through questionnaires that were distributed and administered to them. The study relied on quantitative approach. In terms of sampling technique this study was carried out by using non- probability sampling technique .i.e. convenience sampling method for selecting the respondents.

1.7 Limitation of the Study

According to Simon, K. & Goes, J. (2013) limitations are matters and occurrence that raise in a study which are out of the researcher's control. Each study, no matter how well it is accompanied and created, there are limitation. Expected limitation of this research in addition to time may be some of the customer will be not volunteers' to answer the exams question or even if they are volunteers they answer some question carelessly.

Since the study was conducted by considering customers located in Addis Ababa city, this limits the generalization of the finding to other cities of Ethio Telecom branches that are located outside

Addis Ababa. As the aim of this study is to determine on determinants of customer retention, it won't consider other factors like the E- marketing.

1.8 Organization of the Study

The study comprises five main chapters. Chapter one is devoted to the general introduction covering the background of the study, the statement of the problem, the objectives, signification, scope, limitation and how the research was organized. Chapter two is mainly concerned with the review of related literature on customer retention determinants. Chapter three provides the methodology that was applied to achieve the research objectives including primary data and method of analysis. Chapter four covers the analysis and presentation of data. This chapter discusses the result obtained in accordance with the research questions. Finally, chapter five deals with conclusions of the finding and recommendations forwarded.

CHAPTER TWO: REVIEW OF RELATED LITRATURE

This chapter covers the literature reviewed of theoretical review of the study, which includes definition of customer retention, customer satisfaction, quality, service quality, customer relationship management (CRM), competitors, customers need, customers and factors affecting customer retention overview were discussed. In this chapter also empirical review which deals about review of researches conducted in the area of the topic in international and national level were briefly highlighted. Finally conceptual framework which served as evidence for the variability of the study developed.

2.1 Theoretical Review

2.1.1 Customer Retention

Buttle (2009) defines customer retention as “the establishment and retention or maintenance of profitable long term relationship between a firm and its customers.” Customer retention is a method which makes customers trustworthy towards definite company and repurchase product from this company (Cannie, 1994).

Aspinall et al. (2001) in a study titled “The Meaning and measurement of customer retention”, displayed that despite the enormous attention been paid to customer retention in the academic press and elsewhere, much of it was lacking in practice.

Retaining valuable customers offers important profits for many businesses. Exclusive important advantage for retaining valuable customers in for profitable business is in taking the customer’s income stream planned as the lifetime expenditure of a customer (Reichheld 1996, Schlesinger and Heskett, 1991).

The more a customer remains with a company, the more gainful the relationship is for the organization. Each year when customers stay with the company the more income it will get when it serves customer complain timely. The longer a company keeps a customer, the more money it positions to make the outline is the same through a wide range of business. The change a company makes from retention comes from four source: costs, volume of purchase, price premium and word-of-mouth communication. This section provides research evidence for many of the sources (Alen,et al. 2016).

2.1.1.1 Lower Costs

Acquiring a new customer is five times as expensive as retaining a current one. Mentors who have concentrated on these communications assert that customer defections have a harder outcome on a business's incomes than market share, scale, unit costs and many other factors usually associated with competitive advantage. They also claim that, depending on the industry, companies can increase profit from 25 to 85 per cent by retaining just 5 per cent more of their customers. Consider the following facts about the role of service quality in lowering costs:

- Bain and Company, a consulting organization specializing in retention research, estimates that in the life insurance business, a 5 per cent annual increase in customer retention lowers a company's costs per policy by 18 per cent.

2.1.1.2 Volume of Purchase

Customer who are satisfied with a company's services are likely to increase the amount of money they spend with that company or the types of services offered. A customer fulfilled with a dealer's facilities, for example, will likely capitalize more cash when it develops obtainability. Similarly, a customer satisfied with a bank's current account services is likely to open a savings account with the same bank and to use the bank's loan services as well.

2.1.1.3 Price Premium

Indication proposes that a consumers who bills and worth the facility provider by a company will recompense a fee premium for those services. Record of the services quality bests in business knowledge higher values than their challengers: DHL collects more for overnight delivery than national postal services, Hertz rental cars costs more than Budget cars, and staying at the Ritz-Carlton is a more expensive undertaking than staying at the Sofitel.

2.1.1.4 Words of Mouth Communication

Words-of-mouth communication carries fresh customers to the firm, and the financial value of this form of encouragement can be rectified by the company in terms of the marketing costs it saves as well as the flow of revenues from new customers.

2.1.2 Customer

According to Robert and Graham (2005), Customers are the individual or groups of people, external to the organization, who are receiving and often paying for the service.” Valued customers are those customers who are absolutely willing to the institute and are therefore comparatively easy to handle.

2.1.3 Customer need

Marketing’s original mantra is to “find needs and fill them.” The company finds needs by the listening to or interviewing customers and then prepares an appropriate solution to each need (Kotler, 2003).

According to Greg and Kent, (1989) have faced an essential statement of dealers that consumers originally know what they need. Instead they learn what they want. And corporations play a tough role in education purchasers what to want. Dissimilar brand challengers add new landscapes to their laptop, cameras, and cellular phone that purchasers might not have recognize or asked for, and in the procedure, purchasers for an improved idea of what they want. Such companies are not just market driven (by customer need), but are market driving (by innovation). In this case, competition is less a race to meet consumer needs and more a race to define these needs.

2.1.4 Customer Relationship Management (CRM)

Customer relationship management (CRM) is a term given to the running of customer interactions in high-volume consumer service, with the impartial of increasing a more cost-effective industry and trying to form some closer empathetic of the needs of individual customers (Robert and Graham, 2005).

According to Susan Ward, (2009) Customer Relationship Management refers to the methodologies and tools that help business manager customer relationship in a prearranged way. For minor companies, customer relationship management contains:

- Customer Relationship management processes that help to categorize and target their best customers, generate quality sales leads, plan and implement marketing campaign with clear goals and objectives.

- Customer Relationship Management processes the benefit from personalized relations with consumers (to recover customer satisfaction) and deliver the highest level of customer service to the most gainful customers.
- Customer Relationship management processes that offer employees with the material they want to know their customers' requirements and desires, and build relations between the company and its consumer.

2.1.5 Factors affecting Customer Retention

2.1.5.1 Customer Satisfaction

Customer satisfaction is defined because the consumer's response to the evaluation of the perceived discrepancy between prior expectations and therefore the actual performance of the merchandise or service as perceived after its consumption (Tse and Wilton, 1988).

Customer satisfaction is identified by a response (cognitive or affective) that pertains to a specific focus (i.e. a sale experience and/or the associated product) and occurs at a particular time (i.e. Post-purchase, post-consumption) Giese and Cote, 2002).

Customer Satisfaction is a crucial element of each business and a key for achieving the organizational objectives. Hence it must be well understood and communication by every individual in the organizational structure. Each and every individual should achieve tasks by seeing how that specific task can touch the level of customer satisfaction. (Palmer, 2001)

Companies need to control and increase the level of customer satisfaction. The more the customer satisfaction is the more the retention (Kotler, 2003).

As shown in Figure 1, customer satisfaction is subjective by definite product or service features perception of product and service quality, and price. In addition, personal factors such as the customer's attitude or reaction state and situational factors such as the opinions of family members will also influence satisfaction.

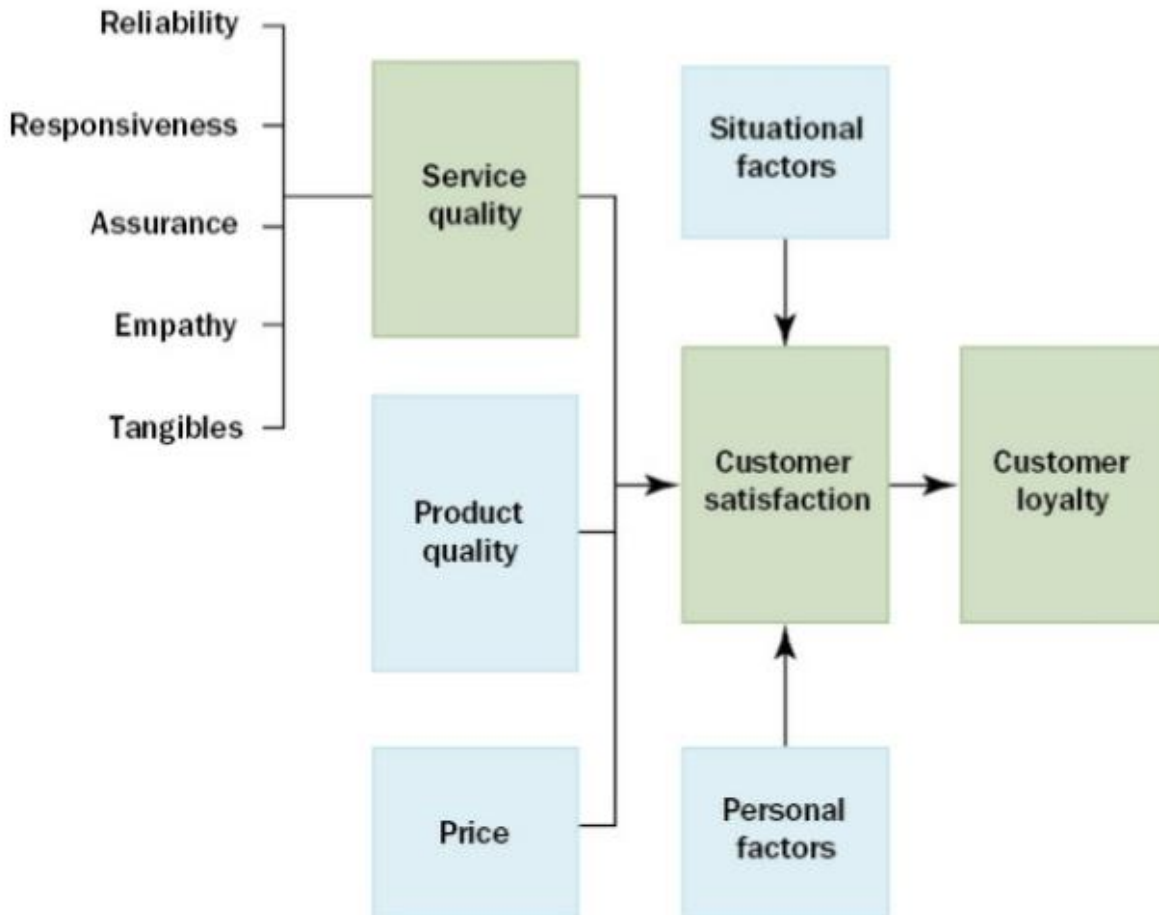


Figure 1 : The quality satisfaction- link

2.1.5.2 Customer Service

Customer service is the service delivered in provision of a business's essential products. Companies typically don't charge for customer service. Customer service is that the reaction by the organization to the queries and activities of the customer. Selling with these questions perceptively is very essential as small mistake could deliver unlike opinions. Success totally depends on understanding and interpreting these queries and understanding to supply the simplest solution. Due to this if the supplier wins to satisfy and emotional relationship with them No matter the tactic, quality customer service is important to putting together customer relationships. (Valarie, 2018).

2.1.5.3 Customer Loyalty

Customer loyalty has a helpful effect on attitude and behavior which related to repurchasing of particular product of organization. (Chu, 2009). Customer's emotional states affects customer loyalty (Gundlach et al. 1995).

According to Wang and Sohal (2003) customer loyalty performs to contain of three different dimensions namely, the behavioral, attitudinal and cognitive dimensions. Customer loyalty has remained normally labelled as happening when customers frequently buy goods or services, or near the company bringing the goods and services.

Loyalty as a concept has its roots for the customer behavior theory and is something that consumer may exhibit to brands, services or activities (Jacoby and Chestnut, 1978). Mostly loyalty is used to different to brand loyalty to emphasize that loyalty is a feature of people, rather than something inherent in brands (Dick and Basu, 1994). Unfortunately, there is no universally agreed definition of loyalty (Oliver, 1991).

Brand loyalty is roughly indicated by the company's customer retentions rate. The average firm loses half its customers in less than 5 years. Firms with high brand loyalty may loss not more than 20 percent of their customers in 5 years, but a high retention rate may indicate other things than loyalty.

2.1.5.4 Value

Regardless of what cost trade-offs are made, it seems that whatever is being purchased must be perceived to be of greater value to the consumer than merely the sum of the costs. In other words, the consumer perceives that the purchase offers benefits greater than the costs and is willing to exchange to receive these benefits (J. Paul, 2010).

Activities that don't add any value for the customer should be avoided or improved to value adding activities, and customers aren't willing to buy those activities which aren't value adding. In its place, they only need to buy for worth addition accomplishments. (Michael Wing, 1993)

According to the above scholar, business organizations should specialize on those activities that add value to their customers and anything should be avoided or set in order to satisfy customers.

2.1.5.5 Customer expectation

Customer expectations are assumptions about the service offer that serve as values, or orientation points, beside which presentation is arbitrated. Because customers compare and contrast their imagination and the performance with these reference points when evaluating service quality, through knowledge about customer expectations is major to services dealers. Delivering a good quality service is most critical step on knowing what the customer expects in the first place. Not knowing about what customers need can cost a huge lose to a customer's business when another company hits the target exactly? Being wrong can also mean spending money, time and other resources on things that do not matter to the customer. Being wrong can even mean not surviving in a fiercely competitive market (Alan, *et al.*, 2016:121-122).

Organizations need to know expectations and, if applicable, achieve those expectations. Indeed it may be suitable to try to rein-in customers' expectations in order to retain them at the accurate level that can be met or just exceeded by service delivery. Therefore is important to encounter for the accurate service operation managers. Although the expectation opinion method to get service quality is very useful in specialized on the output of customer satisfaction and helps recognize on mismatches between activity and customer view of quality, it does not have some disadvantage (Robert and Graham, 2005).

- ❖ ***Service could be perceived to be 'good' when it is 'bad'***: If customer expectations are particularly low (and indeed may have been deliberately created that way), poor services may be taken as increasingly satisfying because expectations has been delighted. This may look like a reasonable state, but is clearly one that makes for profit organization vulnerable to competitive threat from higher quality providers, or may lead to government 'interference' in public sector organization.
- ❖ ***Service could be perceived to be 'bad' when its 'good'***: Likewise, it is also possible that if expectation are high, due to over promising.
- ❖ ***Service that was 'good' last time may only be 'OK' this time***: If a service was perceived to have been 'good' then the *customers'* expectation may be raised for the next time therefore they may well be less satisfied on subsequent occasions, despite the fact that the quality of the service has remained unchanged.

- ❖ *Satisfied customers may switch:* Even through a particular service may meet customers' expectations and customers are satisfied, customers may still switch suppliers, if there is a choice. Another service offerors may give a high level of service, in addition to service features, or customers may be certainly unfaithful or intrusive.

2.2. Empirical Review

2.2.1 Empirical Findings at International Level

Rizwan, et al (2015): conducted a research factors affecting customer retention in the telecom sector of Pakistan using factors which have strong relationships with customer retention and factors are customer satisfaction, trust, effective commitment, and calculative commitment, corporate image, switching, cost behavior, loyalty and attitudinal loyalty.

The finding of the result concluded that all of the variables except switching cost have a positive relationship with the customer retention. This is because only customers who are satisfied and have trust on the company use product and service. And switching cost showed it has less relation to customer retention than trust and satisfaction. The study conducted by using a total of 500 questionnaires were distributed to the population of consists of telecommunication sector customers of Pakistan from different services providers and 304 valid questionnaires were received.

According to Patricia (2017): conducted research using SERVQUAL model on customer service which found the key dimensions of service quality as competence, courtesy, credibility, security, access, communication, knowing the customer, tangibles, reliability and responsiveness. Customer service quality level had a directly proportional to the level of customer retention at KCB and number of aspects was measured self-administered questionnaire.

The finding of this research also highlighted the importance of customer service quality is a key factor that determines customer retention rates among most companies firms around the world.

Similar findings of the study Dema and Koksal (2014) noted on the research was number of complaints and the resolution of the complaints was highly influenced by the relationship between service quality and customer retention.

A study conducted in Pakistan on determinants of consumer retention on cellular industry by Jawaria, et al, (2009): conducted a measure to the determinants of consumer satisfaction in customer satisfaction cellular industry of Pakistan. The study conducted by using a total of 300 questionnaires were distributed to the students selected from different universities and survey questionnaires were personally administered. This study has investigated that there is a significant relationship between price reasonability and customer satisfaction. It implies that having a reasonable price is the best tool to retain customers. The second finding of this study there is significant relationship between call clarity and customer retention. Even if the price is lower and there is no clarity of voice the possibility of customer retaining is low. Lastly the research also found a significance relationship was observed between customer satisfaction and customer retention. The more customers are satisfied, the more the customer retains.

According to a research conducted in Bangladesh on Customer retention and Telecommunication service by Alamjir, Rakeullah & Nusrat (2017): demonstrated that, price fairness, brand image and customer care service were found to be the important anticipation of customer satisfaction, while customer satisfaction was found to be an important originator of customer retention for a longer time. The study determined satisfaction is the prime determinant of customer retention.

Dewasiri Jayantha and Tharanagane Geetha (2014): conducted a research on determinants of Customer retention with a special reference to mobile telecommunication industry in Sri Lanka. The finding of this study shows that customer satisfaction has a critical impact on customer retention than the other determinants. It demonstrated that the market should more focus on customer satisfaction in order to keep customers.

2.2.2 Customer Retention Related Researches Experience of Ethiopia

As indicated in the empirical review most of the studies at the international level were emphasized on the relationship between the customer satisfaction and customer retention are related.

Hana (2005): this research demonstrated that trust is most determining factor of customer retention. Secondly customer satisfaction has a direct relationship with customer retention. The research also found that price has negative but insignificant effect on customer retention. But the study found that switching barrier has a positive relation again but insignificant effect on customer retention.

2.3 Hypothesis of the Study

Based on the above reviewed theoretical and empirical literatures the following hypotheses were developed and tested in the study:

H1a: There is a significant and positive effect between Ethio Telecom customer satisfaction and customer retention in Ethio Telecom.

H2a: There is a significant and positive effect between Ethio Telecom customer loyalty and customer retention in Ethio Telecom.

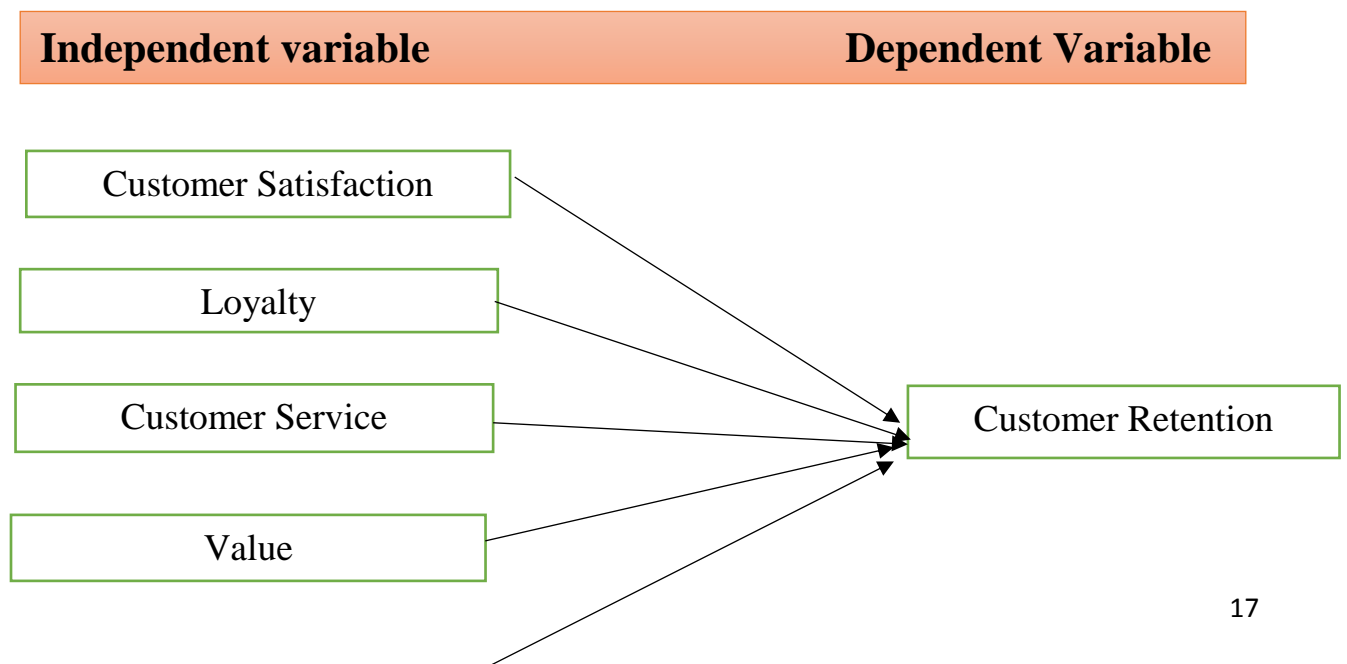
H3a: There is a significant and positive effect between Ethio Telecom customer service and customer retention in Ethio Telecom.

H4a: There is a significant and positive effect between value and customer retention in Ethio Telecom.

H5a: There is a significant and positive effect between Ethio Telecom customer expectation and customer retention in Ethio Telecom.

2.5 Conceptual Framework

The general idea from the past literature is that there is a relationship between customer satisfaction and customer retention. Based on the literature presented above, the following conceptual framework of the study has been developed.



Customer Expectation

Figure 2: Conceptual model of factors affecting customer retention (Modified by the researcher)

CHAPTER THREE: RESEARCH METHODOLOGY

This chapter describes how the study was conducted. It outlines the approach and strategy that was used in undertaking the study. The chapter also defines the sampling techniques that are used to conduct the study, including the statistical techniques used to analyze the data.

3.1 Research Design

Descriptive and explanatory research designs were used in this study since it is most suitable due to the characteristics and the purpose of the study. The purpose of this study was to assess the determinants of customer retention on giving quality service.

3.2 Research Approach

Quantitative approaches included the utilization of numerical data or data with quantifiable measures to determine relationships and patterns (Blumberg et al., 2011). In this study, Quantitative research approach was used mainly due to the following reason: Using the

quantitative inferential method to determine the relationship between two or more variables, Therefore the independent variable of customer retention (customer satisfaction, Customer expectation, value, loyalty, customer services) and the dependent variable was customer retention in the Ethio Telecom.

3.3 Target population

A population is often defined as all people or items (unit of analysis) with the characteristics that one wishes to review. The unit of could also be an individual, group, organization, country, object, or the other entity that you simple wish to draw scientific inferences about. (Anol Bhattacharjee, 2012)

Since the research objective was to measure the determinants of customer retention in Ethio Telecom in the customers from the view of the customer. The target population of the study was customers of Ethio Telecom who have been using Telecom services in Addis Ababa city.

3.4 Sample size and Sampling Technique

3.4.1 Sample Size

Since the total population of the study is unknown the researcher used the formula suggested by Kohtari, (2004) which indicated below to determine the sample size.

$$n = \frac{z^2 \times p \times q}{e^2}$$

Where

n = sample size

z^2 = standard variant at the given confidence level

p = proportion of success

q= Proportion of failure

e= acceptable errors

Therefore, supported the above formula an estimation of the expected proportion of success must also be considered (Kothari, 2004). In this case, a more conservative proportion of success (p) which is 50% were selected together with a level of confidence of 95% (z), a sampling error not greater than 5% (e). This results a sample size of 384 people for the study.

$$n = \frac{1.96^2 * 0.5(1-0.5)}{0.05^2} = 384$$

3.4.2 Sampling Technique

Questionnaires were distributed by using non-probabilistic sampling technique of convenience sampling because all the consumers of Ethio Telecom cannot be available at the same time. Convenience sampling is a type of non-probability sampling where the sample is taken from a group of people easy to contact or reach.

3.5. Source of Data

There are two sorts of sources when collecting data; primary and secondary data sources. Primary source are directly associated with the study purpose. Primary data consists of all the information collected throughout the study that directly are often associated the study purpose, both personally gathered also as data from a third party that has been collected with equivalent purpose. On the other hand, secondary data contains relevant data that has been collected for a special purpose, but from which the conclusion is effective for the aim. Because the aim of this study is to work out the customer retention, only primary data was collected.

3.6 Methods of Data Collection

Questionnaires were developed bases on the objective of the study and distributed to customers of Ethio Telecom in Addis Ababa, who are above the age of 18. The researcher prepared the questionnaires in a way that it can be easily understood by the customers of Ethio Telecom.

The questionnaires were developed in 2 languages (Amharic and English) because the respondents can be speakers of one of the two languages. The questionnaires were composed of two parts. Part one was prepared to gather general information about the respondents' gender, age group and educational background. Part two was prepared to ask respondents to answer on variables and customer retention related questions.

The questions was designed in a five points Lickert scale measurement for the independent variables. The independent variables were measured by using Lickert scale with five response categories that stretch from strongly agree to strongly disagree. The researcher used the Linkert scale because it is easy to prepare and interpret and simple for respondents to give response (Kothari, 2004). For the dependent variable also it were measured by using Lickert scale with five response categories that stretch from strongly agree to strongly disagree.

The researcher has taken a pilot test of 25 questionnaires to identify any unclear questions in the questionnaire and to identify the range of possible responses for each questions.

3.7 Methods of Data analysis

Data analysis methods should be related with the type of research methods chosen for the study. As mentioned in the previous section, primary data was collected in the study through questionnaires. Before analyzing, the collected data was checked to detect weather there are errors that would be committed by the respondents. Then, the collected and coded data was checked for any possible errors while entering or coding data. The researcher analyzed and interpreted the data by using Statistical Package for Social Sciences (SPSS) version 22. This process is essential and will save a lot of headache later, (Palleant, 2005). Analysis of the data in this research was done by using descriptive statistics tool like frequency, mean, standard deviation and inferential statistics. A descriptive analysis used for each variables under investigation and also demographic factors such as gender, age, education. The researcher conducted Correlation analysis was conducted check the positives signification relationship between the independent and dependent variable.

A correlation coefficient enables to quantify the strength of the linear relationship between two ranked or numerical variables. This coefficient (usually represented by the letter r) can take on any value between +1 and -1. A value of +1 represents a perfect positive correlation. This means that the two variables are precisely related and that as value of one variable increasingly, values of the other variable will increase. By contrast, a worth of -1 represents an indirect correlation. Again, this suggests that the two variables are precisely related: however, because the values of 1 variable increase those of the opposite decrease. Correlation coefficients between +1 and -1 represent weaker positive and negative correlations, a worth of 0 meaning the variable are perfectly independent. Within business research it is extremely unusual to get perfect correlation (Mark, Philip & Adrian, 2016).

The study checked the correlation of the five variables and the independent variable and dependent variables. Then determined the type of regression the study used which is multiple regressions. The type of relationship for multiple regressions by default was a random where for each value of the independent variable X, there has been some values of the dependent variable Y only with some probability. In other words, the model included a stochastic error term or a stochastic disturbance term u_i .

The Regression Model specification

$$Y = \alpha + \beta^1 X^1 + \beta^2 X^2 + \beta^3 X^3 + \beta^4 X^4 + \beta^5 X^5 + \beta^6 X^6 + \mu_i$$

Where,

Y= dependent variable (Customer retention)

α = constant

β^i = Independent variable coefficient

X^i = Independent variable

μ_i =Error terms

X^1 = Customer satisfaction

X^4 = Value

X^2 =Loyalty

X³= Customer Service

X⁵= Customer expectation

3.8 Ethical Considerations

The necessary precaution was taken to form the study ethical. The researcher collects respondents' feedback based on how they understand the questionnaire. The researcher makes sure that all the respondents are clear and understand the question before they respond to the questions. The reliability of the research was improved because the questionnaires for consumers did not have any open questions.

Before any question was raised to any respondents, the researcher make sure permission is clearly demonstrates the aim and objective of the research to the respondents on each question. They were told that the information they provide via the questionnaires is going to be used for the purpose of the academic study remain confidential. They were also assured that their identity would be anonymous for the research. As it was promised, their privacy and identity was not disclosed

CHAPTER FOUR: RESULT AND DISCUSSION

In this chapter, the data collected from the respondents were analyzed and interpreted using quantitative analysis which involves analysis of the demographically information of respondents and the descriptive and inferential statistics employed to test the hypothesis and to investigate the effect of independent variables on dependent variable. In order to analyze the collected data, statistical procedures were undertaken using SPSS version 22.

4.1 Response Rate on Questionnaire

A total of 384 questionnaires were distributed to the customers of Ethio telecom in Addis Ababa to examine determinants of customer retention and all questionnaires were filled up and returned making the response rate 100 percent. This indicates that the customers of the city under study were committed to give information relevant to the research understudy.

4.2 Reliability Test Result

The reliability test is an important instrument to live the degree of consistency of an attribute which is meant to live. The less variation of the instruments produces in repeated measurements of an attribute the greater its reliability Cronbach's alpha is one among the for most commonly accepted measures of reliability (Mahon and Yarcheski, 2002).

It measures the interior consistency of the things during a scale. It indicates that the extent to which the things during a questionnaire are associated with one another. The standard range of Cronbach's coefficient alpha value range between 0-1 and therefore the higher values reflects a higher degree of internal consistency. Different authors accept different values of this test so as to internal reliability, but the foremost commonly accepted value is 0.70 because it should be adequate to or above to internal reliability (Hair et al., 2003).

Table 1: Cronbach's Alpha for each field of the questionnaire

Dimensions	Number of items	Cronbach's Alpha	Result
Customer satisfaction	4	0.857	Good
Loyalty	3	0.881	Good
Customer Service	4	0.896	Good
Value	4	0.787	Good
Customer Expectation	3	0.821	Good
Customer Retention	7	0.926	Excellent
Overall	25	0.963	Excellent

Source: survey result, (2020)

The Cronbach's coefficient alpha was calculation for each dimension of the questionnaire. According to Table No.1 the value of Cronbach's Alpha for each dimensions of the questionnaire ranged from 0.787 to 0.967. This range is considered good and acceptable as the result ensures the reliability of each dimension of the questionnaire.

Further for the entire questionnaire Cronbach's Alpha equals 0.967 which indicates very good reliability of the entire questionnaire. Therefore, based on the test, the results for the items are reliable and acceptable.

4.3 Validity Analysis

According to Kothari (2004) content validity is the extent to which a measuring instrument provides adequate coverage of the topic under study, validity of the instrument for the present study was ensured as the independent variables and items are identified from the literature and were reviewed by other academicians.

4.4 Descriptive Analysis

Descriptive analysis was to check out the information collected and to explain that information. It is mainly important to form some general observation about the information gathered for demographic general or questions.

4.4.1 Demographic Information of Respondents

To observe what demographic trend the sample population had, the questionnaire started off with demographic characteristics of respondents. This part of the questionnaire requested limited amount of information related to personal and demographic status of the respondents. Accordingly, the subsequent variables about the respondents were summarized and described within the following table. These variables include gender, age, educational background and occupation.

Table 2: Demographic profile of respondents

	Category	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	198	51.6	51.6	51.6
	Female	143	48.4	48.4	100
	Total	384	100	100	

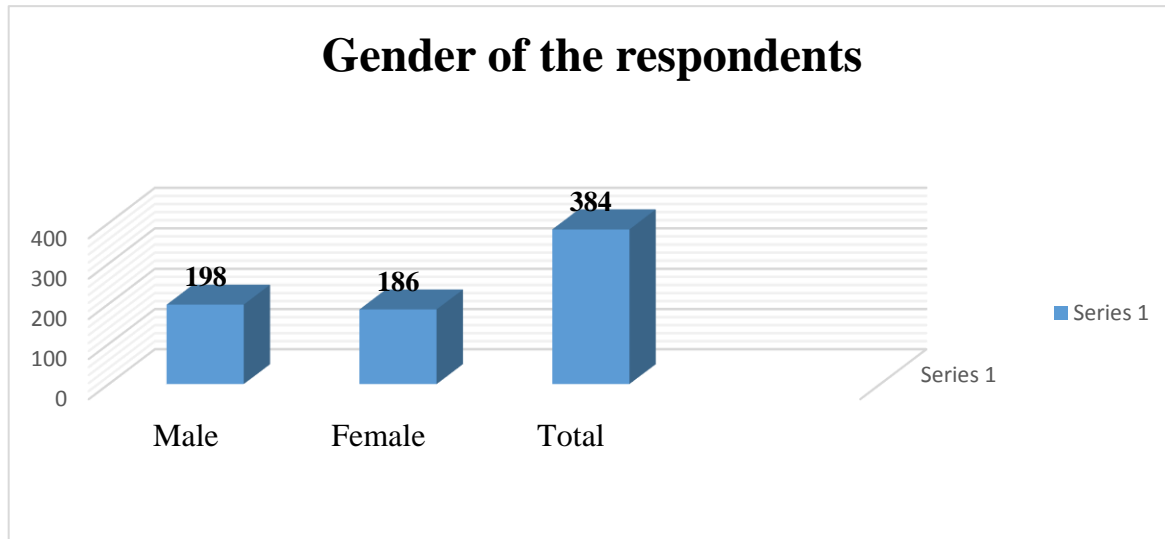
Age	18-24	143	37.2	37.2	37.2
	25-34	215	56	56	93.2
	35-44	18	4.7	47.7	97.9
	45-54	5	1.3	1.3	99.2
	55-64	3	0.8	0.8	100
	Total	384	100	100	
Education Statues	High School	22	5.7	5.7	5.7
	Certificate	9	2.3	2.3	8.1
	Diploma	15	3.9	3.9	120
	Degree	289	75.3	75.3	87.2
	Masters and above	49	12.8	12.8	100
	Total	384	100	100	
Occupation	Student	65	16.9	16.9	16.9
	Unemployed	11	2.9	2.9	19.8
	Employed	253	65.9	65.9	85.7
	Personal Business	55	14.3	14.3	100
	Total	384	100	100	

Source: survey result, (2020)

4.4.1.1 Gender of Respondents

As presented in figure No.3, the sex composition shows that both male and female consumers of Ethio Telecom were participated in the study. Even if majority of the respondents 198 (51.6%) were male, female respondents also participated which accounted for 143 (48.4%). This indicates the majority of respondents of the city were males.

Figure 3: Gender of respondents

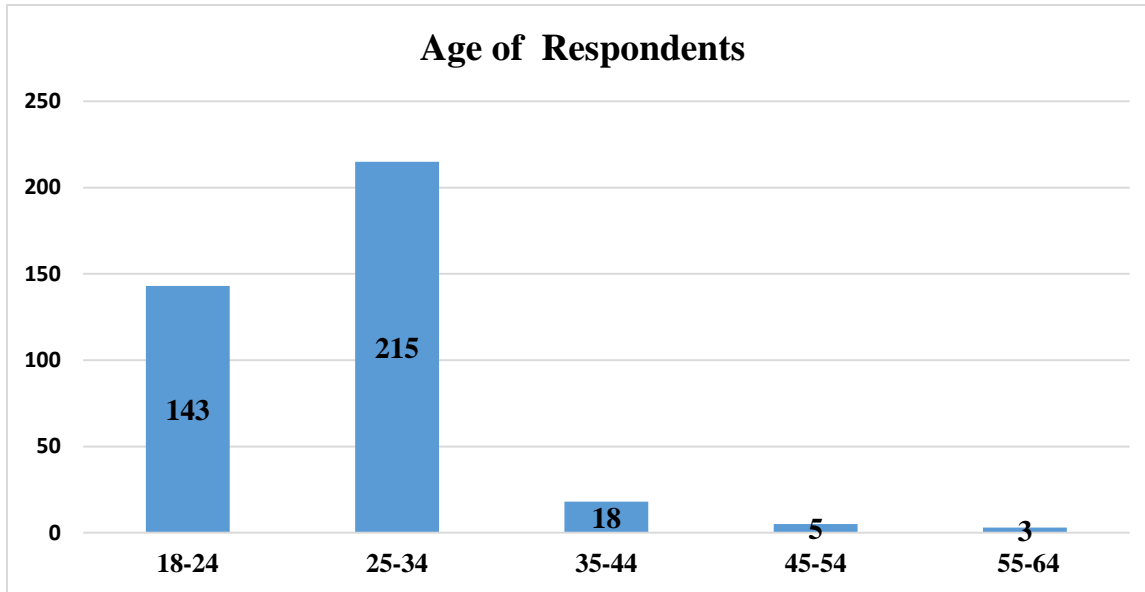


Source: survey result, (2020)

4.4.1.2 Age of the Respondents

As presented in figure No. 4, the age composition of respondents encompasses 215 (56%) between the age group of 24-34 years followed by 143 (37.2%) that fall in between the age group of 18-24 years and the next age group followed by 18(4.7%) that fall in between the age group of 35-44. The least age group in the sample encompasses respondents aged 45-54 and 55-64 years, 5 (1.3%) and 3 (0.8%) respectively. This indicates majority of respondent's age is in the range of 25-34 years.

Figure 4: Age of Respondents

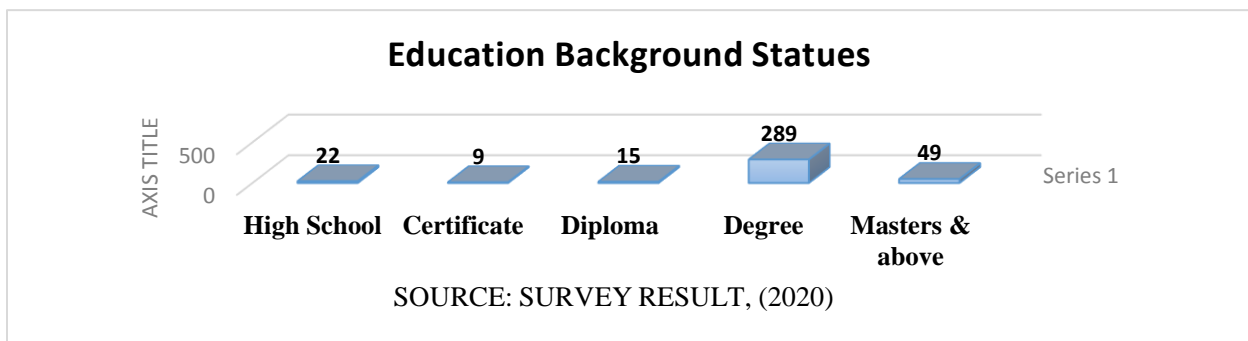


Source: survey result, (2020)

4.4.1.3 Education Background Statuses

The education status on figure No. 5 below shows that among 384 respondents degree accounts for 289(75.3%) followed by 49 (12.8%) and 22 (5.7%) of respondents with education level of masters & above and high school levels respectively. Out of the total respondents 15 (3.9%) incorporated those diploma levels and 9 (2.3%) certificate. This indicates majority of respondents were degree holders.

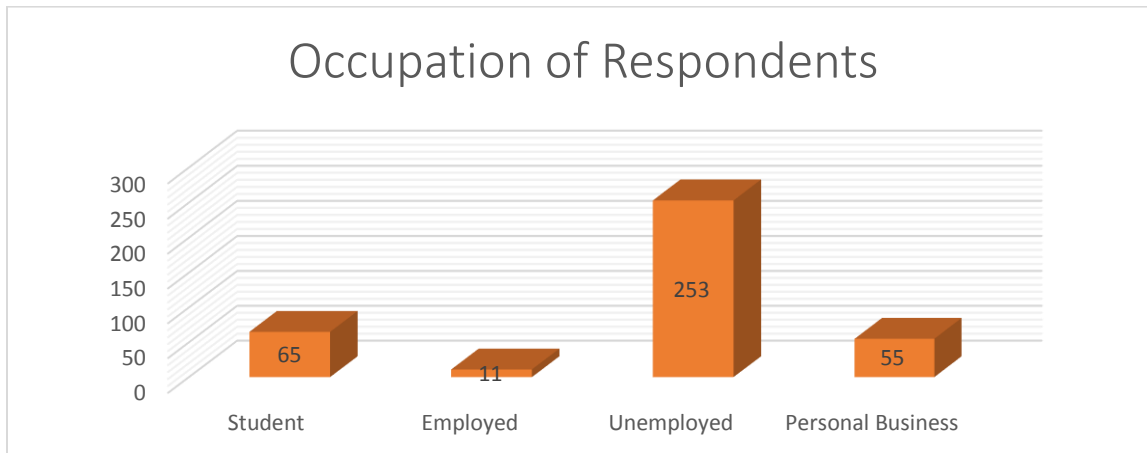
Figure 5: Education Background Statue



4.4.1.4 Occupation of Respondents

As far as occupation of respondents is concerned, figure No 6 below Shows that among 384 respondent's employed are 253 (65.9%) followed by 65 (16.9%) and 55 (14.3%) of respondents were students and personal business owners respectively. Out of the total respondents 11 (2.9%) were unemployed. This indicates majority of respondents were employed.

Figure 6: Occupation of respondents



Source: survey result, (2020)

4.5 Descriptive Statistics of Scale Typed Questionnaires

In this part descriptive statistics regarding the five determinates in the form of mean and standard deviation were presented so as to indicate the level of agreement with their respective implication to the customer retention in Addis Ababa.

The mean value measures the average value of all the respondents responded towards of each statement. It calculates the sum of the values divided by the number of values. The implication is that the item with the highest mean is the one that most consumers rated highly. While the item with the lowest mean is the one that slightest rate by customers.

Standard deviation also measures the variation and it is based on deviations from the mean of the data values. It described in terms of the deviation of the observations from the means, the variation is small if the observations are bunched closely about their mean, and large if they are scattered over considerable distances. This means an item on the Likert scale with the smallest standard deviation implies that consumers gave a similar answer to that items compared with the others and vice versa.

The responses of the respondents for the variables indicated below were measured on five point Lickert scale with: 1= strongly disagree, 2= disagree, 3= neutral, 4= agree and 5= strongly agree. But, while making interpretation of the results of mean and variance the scales are reassigned as follows to from the interpretation easy and clear (Best, et al., 1977).

$$\text{Agreement level} = \frac{\text{Maximum} - \text{Minimum}}{ni} = \frac{5 - 1}{5} = 0.8$$

The mean value of each items or variables ranging from 1-5 falls within the following intervals:

Table 3: Interval of mean to measure the respondents level if agreement

Interval of mean	Level of Agreement
1.00 - 1.80	Strongly Disagree
1.80 - 2.60	Disagree
2.61 - 3.40	Neutral
3.41 - 4.20	Agree
4.21 - 5.00	Strongly Agree

4.5.1 Perception of Respondents toward Customer Satisfaction

As discussed in the literature review Customer satisfaction refers to the customer reaction and emotions towards expectation and performance appraisal (Henning, Thureau & Hanse, 2000). In Order to measure the effect of these dimension customers were forwarded with four variables this dimension. The result is summarized in the following table.

Table 4: Description Statics respondents of customer satisfaction

Variables of Customer Satisfaction	N	Minimum	Maximum	Mean	Std Devotion	Rank
------------------------------------	---	---------	---------	------	--------------	------

I am satisfied with the respectful behavior of Ethio Telecom employees	384	1	5	3.89	0.913	1
Overall, I am really satisfied of being a customer of Ethio Telecom	384	1	5	3.4	1.062	2
I am satisfied with the quick service of Ethio Telecom	384	1	5	3.39	1.046	3
I am satisfied with the service of Ethio Telecom	384	1	5	3.38	1.041	4
Average mean				3.515		

Source: Survey result, (2020)

The above Table No. 4 contains individual variables, which are grouped together and named as customer satisfaction variable. As shown in the table “I am satisfied with the respectful behavior of Ethio Telecom employees” has scored a mean of 3.89 with standard deviation of 0.913.”Overall, I am satisfied of being customer of Ethio Telecom” has scored a mean of 3.40 with standard deviation of 1.062. “I am satisfied with the quick service of Ethio Telecom” has scored a mean of 3.39 with standard deviation of 1.046. And “I am satisfied with the service of Ethio Telecom “is another factor that customer retention and has scored a lowest mean of 3.38 with the standard deviation of 1.041. However, the average mean result falls between the ranges of 3.41 – 4.20 this means that the majority of the respondents agree that they are satisfied with the services that Ethio Telecom provides. Therefore, the above result entail that Ethio Telecom has to keep up with the satisfaction it has and add up more to the services to satisfy its customers more.

4.5.2 Perception of the Respondents towards Loyalty

Loyalty is the standard or state of being true and constant in support of somebody or something. Customer evaluated this dimension with respect to three items using a five point Lickert scale that reveals their level of agreement or disagreement with each statement. The following table indicates the mean and standard deviations of each variables of loyalty.

Table 5: Description Statics respondents of loyalty

Variables	N	Minimum	Maximum	Mean	Std deviation	Rank
-----------	---	---------	---------	------	---------------	------

Assume if there is a new Telecom company in Ethiopia. I will be loyal to Ethio Telecom	384	1	5	3.14	1.071	1
Ethio Telecom is loyal to its customers	384	1	5	3.04	1.077	2
Ethio Telecom keeps customers information confidentially	384	1	5	2.99	1.091	3
Average mean				3.05		

Source: survey result, (2020)

The above Table No.5 contains individual variables which are computed as one and named as loyalty. As we can see above” Assume if there is a new Telecom company in Ethiopia. I will be loyal to Ethio Telecom” has scored a mean of 3.14 with standard deviation 1.071.” Ethio Telecom is loyal to its customers” has scored mean of 3.04 with standard deviation 1.077.” Ethio Telecom keeps customers information confidentially” has scored the lowest mean of 2.99 with standard deviation 1.091. However, the average mean result fall between the range of 2.31 – 3.40 and this means that majority of the respondents tend to be natural about these variable and this implies that the respondents were on average or they weren’t aware of compliance aspect of Ethio Telecom. Therefore, the above results entail yet there are tasks that the Ethio Telecom has to do in variable of loyalty.

4.5.3 Perception of the Respondents towards Customer Service

Customer service is the service provided in support of a company’s core products (Valarie, 2018).Consumers evaluated this dimension with respect to four items using a five-point scale that reveals their level of agreement or disagreement with each statement. The following table indicates the mean score and standard deviation of each variable of customer service.

Table 6: Description Statics respondents of customer service

Variables	N	Minimum	Maximum	Mean	Std deviation	Rank
-----------	---	---------	---------	------	---------------	------

Ethio telecom gives immediate solution	384	1	5	3.07	1.064	1
My complains are taken seriously	384	1	5	2.99	1.009	2
Ethio Telecom services work perfectly without any system interruption	384	1	5	2.75	1.070	3
My complains are resolved time	384	1	5	2.66	1.064	4
Average mean				2.86		

Source: survey result, (2020)

The above Table No.6 contains individual variable which are computed as one and named as customer service variable. As we can see above” Ethio telecom gives immediate solution” has a scored a mean of 3.07 with the standard deviation of 1.064.” My complains are taken seriously” has scored a mean of 2.99 with the standard deviation of 1.009.” Ethio Telecom services work perfectly without any system interruption” has a mean of 2.75 with the standard deviation of 1.070.” My complains are resolved time” has scored the lowest mean of 2.66 with the standard deviation of 1.064. However, the result of the remaining four variables fall between the range of 2.61- 3.40 which means the majority of the respondents have no any response (neutral) about these variables and this this implies that the respondents are on average they don’t agree or disagree on the customer service of Ethio Telecom. Therefore, the result implies that there is a need of more tasks on the above four variables of customers service.

4.5.4 Perception of the Respondents towards Value

Value is a cost trade-offs are made, it seems that whatever is being purchased must be perceived to be of greater value to the consumer than merely the sum of the costs (J. Paul, 2010). Consumers evaluated this dimension with respect to four items using a five-point scale that reveals their level of agreement or disagreement with each statement. The following table indicates the mean score and standard deviation of each variable of customer service.

Table 7: Description Statics respondents of Value

Variables	N	Minimum	Maximum	Mean	Std deviation	Rank
-----------	---	---------	---------	------	---------------	------

Ethio Telecom satisfies customer needs and wants and create value	384	1	5	3.81	0.985	1
Ethio Telecom provide excellent quality product with a matching price	384	1	5	3.58	1.001	2
Ethio Telecom adds value to my daily routine	384	1	5	3.44	1.005	3
Ethio Telecom offers benefits greater than the cost	384	1	5	3.13	1.113	4
Average mean				3.49		

Source: survey result, (2020)

The above Table No.7 contains individual variable which are computed as one and named as value. As we can see above” Ethio Telecom satisfies customer needs and wants and create value” has a scored a mean of 3.81 with the standard deviation of 0.985.” Ethio Telecom provide excellent quality product with a matching price” has scored a mean of 3.58 with the standard deviation of 1.001.” Ethio Telecom adds value to my daily routine” has a mean of 3.44 with the standard deviation of 1.005.” Ethio Telecom offers benefits greater than the cost” has scored the lowest mean of 3.13 with the standard deviation of 1.113. However, the result of the remaining four variables fall between the range of 3.41 – 4.20 and this means the majority of the respondents tend to agree with all the variables of value. However, the result implies that still there need of more tasks on the above four variables of value.

4.5.5 Perception of the Respondents towards Customer Expectation

Customer expectations are beliefs about service delivery that function standards, or reference points, against which performance is judged (Alan, *et al.*, 2016:121-122). Consumers evaluated this dimension with respect to three items using a five-point scale that reveals their level of agreement or disagreement with each statement. The following table indicates the mean score and standard deviation of each variable of customer service.

Table 8: Description Statics respondents of customer expectation

Variables	N	Minimum	Maximum	Mean	Std deviation	Rank
Ethio Telecom meets my expectation	384	1	5	3.35	0.979	1
Ethio Telecom delights my expectation	384	1	5	3.02	1.126	2
Ethio Telecom exceeds my expectation	384	1	5	2.98	1.134	3
Average mean				3.116		

Source: survey result, (2020)

The above Table No.8 contains individual variable which are computed as one and named as customer expectation. As we can see above” Ethio Telecom meets my expectation” has a scored a mean of 3.35 with the standard deviation of 0.979.” Ethio Telecom delights my expectation” has scored a mean of 3.02 with the standard deviation of 1.126.” Ethio Telecom exceeds my expectation” has scored the lowest mean of 2.98 with the standard deviation of 1.134. However, the result of the remaining three variables fall between the range of 2.61 – 3.40 and this means the majority of the respondents neutral with regards to the three variables. Therefore, the result implies that still there need of more tasks on the above three variables of meeting customer expectation because the company has to do more task to exceed there expectation of the customers.

4.5.6 Perception of the Respondents towards Customer Retention

Buttle (2009) defines customer retention as “the establishment and retention or maintenance of profitable long term relationship between a firm and its customers” .Customers evaluated the level of retention with respect to seven dimensions using a five-point scale that reveals their level of agreement or disagreement with each variable. Table No.9 indicates the mean score and standard deviation of each variable of customer retention.

Table 9: Description Statics respondents of customer retention

Variables	N	Minimum	Maximum	Mean	Std deviation	Rank
I think Ethio Telecom products are unique	384	1	5	2.89	1.074	7
I am likely to consider Ethio Telecom as my first choice for the future even when new Telecom enter the market	384	1	5	2.99	1.041	6
I feel like Ethio Telecom understand my needs	384	1	5	3.20	1.027	5
Ethio Telecom messaging relates to me	384	1	5	3.21	1.143	4
I love Ethio Telecom Brand strategies	384	1	5	3.40	1.022	3
I am likely to encourage friends and others to do business with Ethio Telecom	384	1	5	3.46	0.990	2
I am likely to say positive things about Ethio Telecom to other people	384	1	5	3.49	1.067	1
Average mean				3.23		

Source: survey result. (2020)

The above Table No.9 contains individual variable which are computed as one and named as customer retention. As we can see above “I think Ethio Telecom products are unique” has scored a mean of 2.89 with standard deviation of 1.074. This is the lowest mean of all. It is possible to say that still there need a lot more tasks on to be done on the products to make customer retain. The table also shows that” I am likely to consider Ethio Telecom as my first choice for the future even when new Telecom enter the market” have scored a mean of 2.99 with a standard deviation of 1.041.” I feel like Ethio Telecom understand my needs” has also scored a mean of 3.20 with a standard deviation of 1.027.” Ethio Telecom messaging relates to me” has scored a mean of 3.21 with a standard deviation of 1.143.” I love Ethio Telecom Brand strategies” has scored a mean of

3.40 with a standard deviation of 1.022.” I am likely to encourage friends and others to do business with Ethio Telecom” has scored a mean of 3.46 with a standard deviation of 0.990 and finally “I am likely to say a positive thing about Ethio Telecom to other people “has scored a mean of 3.49 with a standard deviation of 1.067. This variable is the highest mean score of all variables.

However, the average mean result falls within the range of 2.61 – 3.40. Since most of the respondents are neutral on the variables and that implies the majority of the respondents are neutral means there are a lot tasks expected to be done to satisfy the customers while retaining in the company.

4.5.6 Summary of Perception of the respondents towards Determinates of Customer Retention

Table 10 : Summary of Perception of the respondents towards Determinates of Customer Retention

Dimension	N	Mean	Std deviation
Customer satisfaction	384	3.5143	.85070
Loyalty	384	3.0573	.97021
Customer service	384	2.8672	.91901
Value	384	3.49	.80237
Customer expectation	384	3.116	.92864
Customer retention	384	3.23	.87676

Source: survey result (2020)

The above table clearly summarizes mean and standard deviation of determinates of customer retention perceived by the respondents. It indicate the respondent’s agreement with the five variables of determinants of customer retention by giving the higher rate scale to customer satisfaction (mean =3.515, SD =0.85070), followed by value (mean=3.49, SD = 0.8023), customer expectation (mean = 3.116, SD = 0.92864), loyalty (mean = 3.05, SD = 0.97021), and customer service (mean = 2.86, SD = 0.91901). The low standard deviation indicates that the mean is representative of the given by the majority of respondents.

This implies that determinants of customer retention variables customers’ satisfaction, loyalty, customer service, and value and customer expectation are the predictors of the dependent variable

customer retention. Besides, the perception of the respondents toward customer retention rating scale of (mean= 3.23, standard deviation 0.91901). This result falls in the rating scale 2.61 – 3.40. This implies that the majority of the respondents are neutral they are not satisfied or dissatisfied of the service of Ethio Telecom. From this we infer that the more the Telecom emphasize on customer satisfaction, loyalty, customer service, value and customer expectation so the more will be the customer retained.

4.6 Correlation Analysis

The Pearson’s correlation coefficient (r) was used to conduct the correlation analysis to find the level and direction of the relationship between determinants and customer retention. Pearson’s correlation coefficient falls between -1.0 and +1.0, indicates the strength and direction of association between the two variables. A low correlation coefficient: 0.1-0.29 suggests that the relationship between two items is weak or non- existent. If r is between 0.3 and 0.49 the relationship is moderate. A high correlation coefficient i.e., >0.5 indicates a strong relationship between variables. The bivariate correlation of a two-tailed test confirm the presence of statistically significant difference at probability level $p < 0.01$ i.e., assuming 99% confidence interval on statistical analysis. The table below presents the correlation analysis between the independent variable of determinates and dependent variable customer retention.

Table 11: Correlation between the Variables and Customer Retention

Determinants of customer retention	Customer Retention		
	Pearson Correlation	Sig. (2- Tailed)	N
Customer satisfaction	.649**	.000***	384
Loyalty	.594**	.000***	384
Customer service	.727**	.000***	384
Value	.793**	.000***	384
Customer expectation	.814**	.000***	384

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

Source: survey result, (2020)

Table No. 11 shows that the variables were positively and significantly correlated with the dependent variable i.e. customer retention at 99 percent confidence level ($P < 0.01$). The table

revealed that maximum correlation occurred between customer expectation and customer retention with the value of 0.814. This was followed by value with correlation of 0.793, while customer service was 0.727. Finally the lowest correlation was recorded by customer satisfaction and loyalty with the value of 0.649 and 0.594 respectively.

When we look the inter correlation between the independent variables we can see that there is a positive and significant ($P=000$) relationship which implies that a change made in one variable will positively motivate the other variable.

The correlation results in Table. No 11 shows that customer satisfaction and customer retention are positively and significantly correlated and this simply implies that better customer service leads to customer satisfaction and enhance high level of customer retention. Accordingly we can conclude that there is a *positive relationship between customer satisfaction and customer retention*.

4.7 Inferential Statistics

4.7.1 Test for Linear Regression Model Assumption

Before running regression, the researcher should examine the existence of Multi-co linearity, Linearity, Homoscedasticity and Normality of data.

1. Multi-co linearity

The problem of multi-co linearity occurs when there are high correlations between some of the independent variables. The researcher checks this with the Variance Inflation Factor (VIF) which calculates the influence of correlations among independent variables on the precision of regression estimates. The VIF factor should not exceed 10, and should ideally be close to one (Myers, 1990).

Tolerance is an indicator of how much of the variability of the specified independent variable is not explained by the other independent variables in the model is calculated using the formula $1 - R^2$ for each variable. If this value is very small (less than 0.20), it indicates that the multiple correlation with other variable is high, suggesting the possibility of multi-co linearity (Menard, 1995).

Table 12 : Co- Linearity Statistic

Model	Collinearity Statistic	
	Tolerance	VIF
Constant		
Customer satisfaction	.433	2.309
Loyalty	.450	2.222
Customer service	.361	2.769
Value	.364	2.744
Customer expectation	.352	2.841

a. Dependent Variable: Customer retention

Source: survey result, (2020)

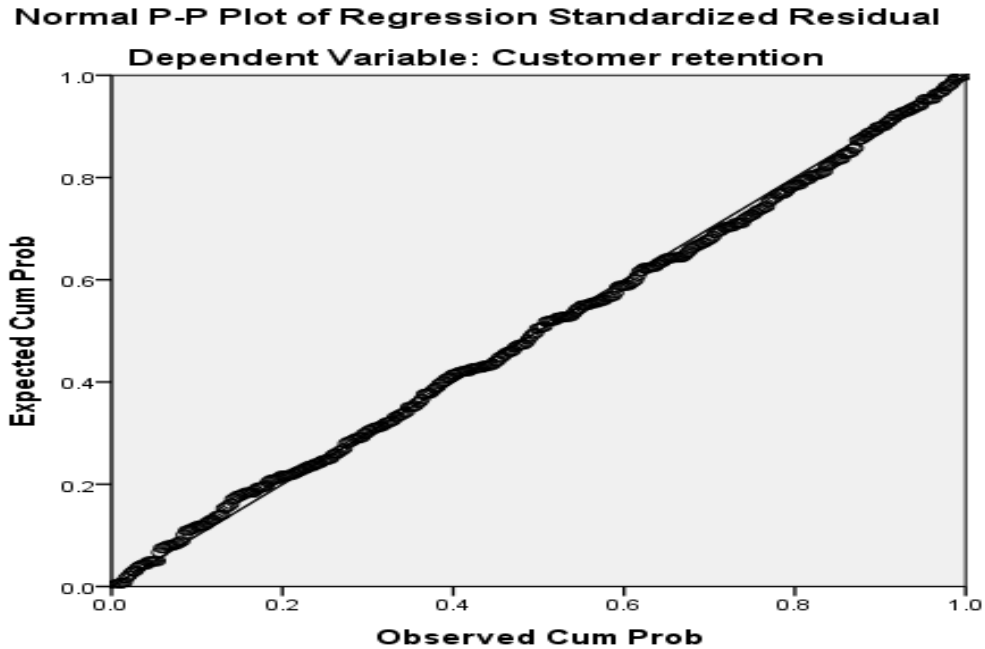
As it can be seen from Table No. 12, the result of co linearity statistics analysis shows variance inflation factors (VIF) value is below 10 and the variance individual tolerance for each value greater is than 0.1. Thus the values indicate that for this analysis there is no multi-co linearity problem.

2. Linearity

Linearity refers to the degree to which the change in the dependent variable is related to the change in the independent variables.

Figure No.7 below reveals no large deviation in the spread of the residuals as we look from left to right on the figure and it is almost all residuals lay on the linear straight line therefore this tells us the relationship between the predictor variables (determinants) and the dependent variable (customer retention) is linear.

Figure 7: Normal Point Plot of Standardized Residual

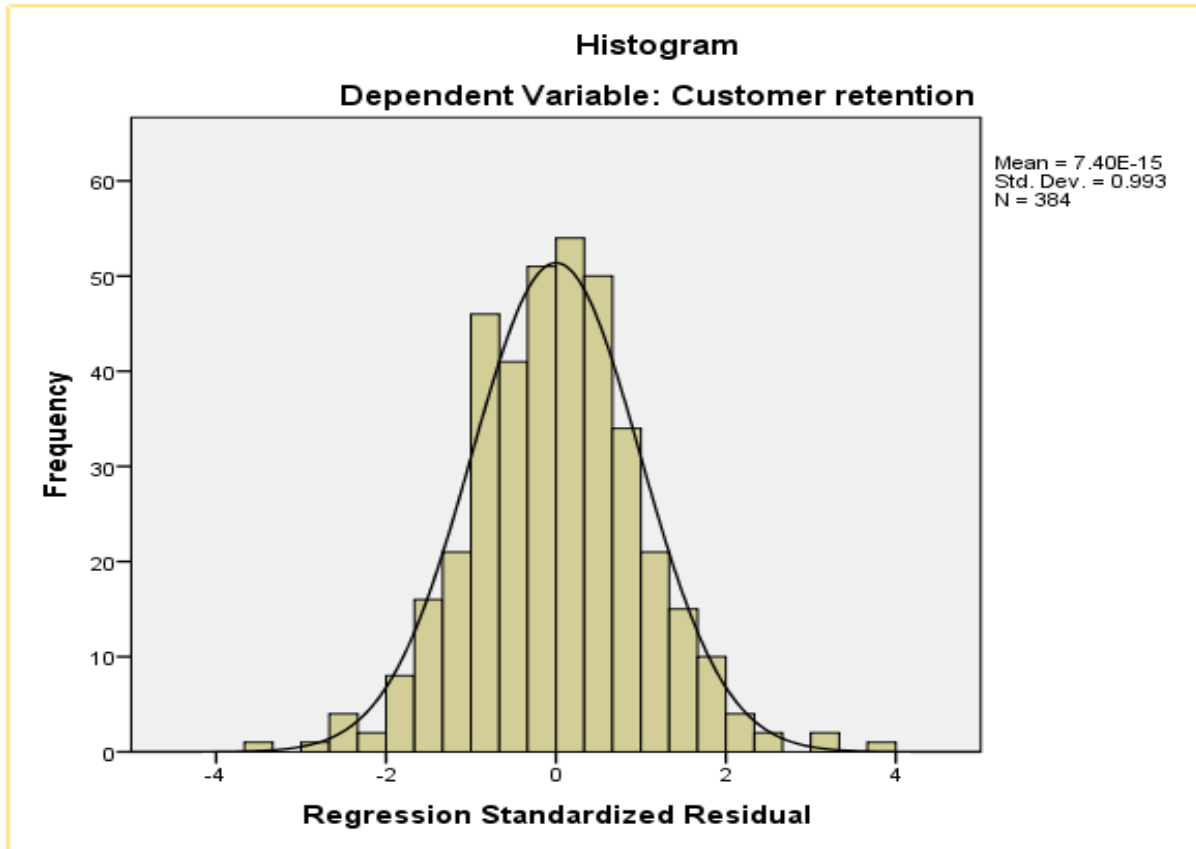


Source: survey result (2020)

3. *Normality*

Normality test require that the independent variables in the analysis to be normally distributed. And also as per the linear regression models assumptions, the error term should be normally distributed or expected value of the error term should be zero. If the residuals are normally distributed, the histogram should be bell-shaped and this study implemented graphical methods to test the normality of data.

Figure 8 : Normal Distribution curve

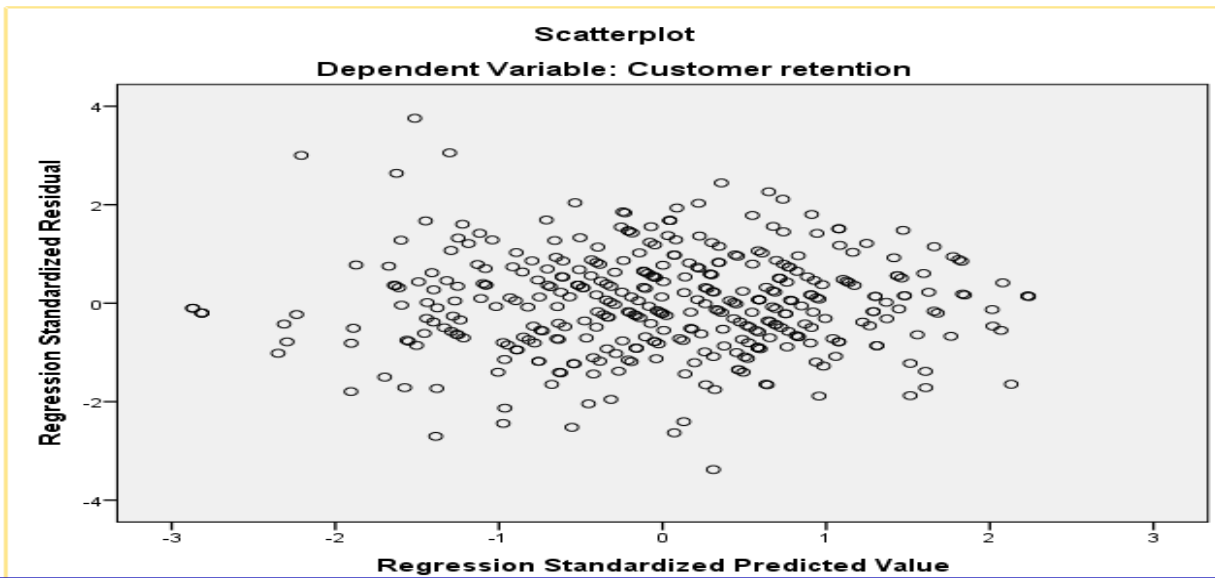


Source: survey result, (2020)

4. Homoscedasticity

Homoscedasticity is an assumption in multivariate analysis that the residuals at each level of the predictor variables have similar variances. That is, at each point along any variable, the spread of residuals should be fairly constant.

Figure 9 : Scatterplot of Determinants and Customer Retention



Source: survey result, (2020)

As can be seen above in the scattered plot in figure No.9, the residuals at each level of explanatory variables look like they are evenly dispersed around zero and that the graph is not something like cone shaped. Therefore, it is safe to say that this study has no homoscedasticity problem.

4.7.2 Multiple Regression Analysis

The multiple regression analysis was conducted to investigate the influence of independent variable on the dependent variable and identify the relative significant influence. Therefore, independent variable (customer satisfaction, loyalty, customer service, value and customer expectation) to the dependent variable: i.e. customer retention.

The proposed hypothesis was tested using multiple regression analysis. The results of the regression analysis are presented on Table No, 13.

Table 13: Multi Regression analysis results of determinants and customer retention

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.870 ^a	.757	.754	.43530

a. Predictors: (Constant), Customer expectation, Loyalty, Customer satisfaction, Value, Customer Service
 b. Dependent Variable: Customer retention

Source: survey result, (2020)

As far as the above table is concerned, in Ethio Telecom the adjusted R square 0.754 indicates 75.4 percent of the variance in customer retention is attributed to the five independent variable entered into the regression and the remaining 24.6 percent of the variance in customer retention may be explained by other factors such as service quality, demographic variables of the respond, and other factors.

Table 14 : ANOVA

ANOVA* the overall model fit of regression

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	222.791	5	44.558	235.154	.000 ^b
	Residual	71.625	378	.189		
	Total	294.416	383			

a. Dependent Variable: Customer retention

b. Predictors: (Constant), Customer expectation, Loyalty, Customer satisfaction, Value, Customer Service

Source: survey result, (2020)

ANOVA tells the overall goodness of fit of the model. Table No. 14 using ANOVA shows a significant value of 235.154 for the F distribution with 5 and 378 df. The F-test can be taken as a measure of overall model significance of the estimated regression, indicates that the p- value is less than 0.05 which implies that a significant relationship exists between the selected variables in this model.

The following Table No, 15, coefficient table illustrates the influence of determinant factors of customer retention. At this point using this multiple regression coefficient results, the proposed hypotheses for this study were tested as follow.

Table 15 : Coefficients of determinant factors

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.071	.107		.668	.504
Customer satisfaction	.084	.040	.081	2.113	.035
Loyalty	-.013	.034	-.014	-.374	.709
Customer Service	.155	.040	.162	3.841	.000
Value	.364	.046	.334	7.936	.000
Customer expectation	.383	.040	.405	9.481	.000

a. Dependent Variable: Customer retention

Source: Survey result, (2020)

Regression Model Equation

$$Y=0.71 + 0.084 \text{ customer satisfaction} - 0.13 \text{ loyalty} + 0.155 \text{ customer service} + 0.364 \text{ value} + 0.383 \text{ customer expectation}$$

Table No. 15 above presents the result of the model predicting customer retention with the variables of customer satisfaction, loyalty, customer service, and value and customer expectation. All variables has a positive effect except loyalty at 95% confidence level. Unstandardized coefficient (β value) indicates the degree of importance of each determinant factor variables towards customer retention.

Therefore, if the value of β is high, the effect of independent variable on dependent variable will be high; accordingly, the variables can be ranked in the following manners on the basis of their contribution/ importance:

1. Customer expectation $\beta = 0.383$
2. Value $\beta = 0.364$
3. Customer service $\beta = 0.155$
4. Customer satisfaction $\beta = 0.084$
5. Loyalty $\beta = -0.13$

Since loyalty does not have a significant effect to customer retention, the interpretations of the significant independent variables are:

- ❖ If the customers expectation with the service quality, price, customer service provided meets customer expectation increased by 1%, the level of customer retention increases by 38.3%.
- ❖ If Ethio Telecom satisfies customer needs and wants and create value increases by 1%, the probability of customer retention increases to 36.4%.
- ❖ If Ethio Telecom giving quick customer service increase by 1%, the probability of customer retention increases by 15.5%.
- ❖ If customers are satisfied with the service that is provided by Ethio Telecom increases by 1 %, the probability of satisfied customer retention increases by 8.4%.

Among the five variables, customer expectation has the highest important effect on customer retention, however, on the descriptive analysis scored mean third variable from the five variables that is 3.116. Therefore, it should be given high attention on the expectation of customers to offering a better service based on their expectation to have a happily retained customer.

4.8 Hypothesis Testing

At this point using this multiple regression coefficient results, the proposed hypotheses for this study were tested as follows.

H1o: There is no significant and positive effect between Ethio Telecom customer satisfaction and customer retention in Ethio Telecom.

H1a: There is a significant and positive effect between Ethio Telecom customer satisfaction and customer retention in Ethio Telecom.

The result of multiple regression analysis in Table No. 15 above clearly indicates that in Ethio Telecom customer satisfaction has significant effect on customer retention ($p < 0.01$). Beside the value of beta ($\beta = 0.084$) shows the positive effect of customer satisfaction on customer retention. The above result supported by Rizwan, et al (2015) which satisfaction has a positive relationship with customer retention because only those customers are using company products and services which currently satisfied from the company. Another result also supported by Ali, et al (2009) also founded positive relationship between customer satisfaction and customer retention. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted.

H2o: There is no significant and positive effect between Ethio Telecom customer loyalty and customer retention in Ethio Telecom

H2a: There is a significant and positive effect between Ethio Telecom customer loyalty and customer retention in Ethio Telecom.

According to Table No. 15, loyalty has no positive and significant effect on customer retention ($p > 0.05$) in Ethio Telecom with the value of beta ($\beta = -0.13$) indicate the negative effect of loyalty on customer satisfaction. The above result is supported by Alamjir, *et al.*, 2017) result the decline the loyalty of customers. Therefore the null hypothesis is accepted. According to correlation result, this variable also has the weakest correlation with customer retention.

H3o: There is no significant and positive effect between Ethio Telecom customer service and customer retention in Ethio Telecom.

H3a: There is a significant and positive effect between Ethio Telecom customer service and customer retention in Ethio Telecom.

The result of multiple regression analysis in Table No. 15 above clearly indicates that in Ethio Telecom customer service has significant effect on customer retention ($p < 0.00$). Beside the value of beta ($\beta = 0.155$) shows the positive effect of customer service on customer retention. The above results by Patricia (2017), it was found that the customer service levels had a strong significant correlation to the levels of customer retention. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted.

H4o: There is no significant and positive effect between Ethio Telecom value and customer retention in Ethio Telecom.

H4a: There is a significant and positive effect between Ethio Telecom value and customer retention in Ethio Telecom.

As far as Table No. 15 is concerned, it reveals that value has a significant effect on customer retention ($p < 0.00$) in Ethio Telecom with the value of beta ($\beta = 0.364$) which indicates the positive effect on customer retention. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted.

H5o: There is no significant and positive effect between Ethio Telecom customer expectation and customer retention in Ethio Telecom.

H5a: There is a significant and positive effect between Ethio Telecom customer expectation and customer retention in Ethio Telecom.

The result of multiple regression analysis in Table No. 15 above clearly indicates that in Ethio Telecom customer expectation has significant effect on customer retention ($p < 0.00$). Beside the value of beta ($\beta = 0.383$) shows the positive effect of customer expectation on customer retention. Hence, the null hypothesis is rejected and the alternative hypothesis is accepted.

Table 16 : Summary of hypothesis testing

Hypothesis	Result	Sig
H1a: There is a significant and positive effect between Ethio Telecom customer satisfaction and customer retention in Ethio Telecom.	Accepted	.035
H2a: There is a significant and positive effect between Ethio Telecom customer loyalty and customer retention in Ethio Telecom.	Rejected	.709
H3a: There is a significant and positive effect between Ethio Telecom customer service and customer retention in Ethio Telecom.	Accepted	.000
H4a: There is a significant and positive effect between Ethio Telecom value and customer retention in Ethio Telecom.	Accepted	.000
H5a: There is a significant and positive effect between Ethio Telecom customer expectation and customer retention in Ethio Telecom.	Accepted	.000

Source: survey result, (2020)

CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATION

The fifth and last chapter of this study revolved around the major findings of the study and what was can conclude from the finding and give recommendation based on these finding. This chapter, moreover, highlighted the limitations of this work and indicated future research areas for anyone interested in the applicability of customer retention in Ethio Telecom.

5.1 Summary of the Major Findings

Generally the main summary of this study is the following:

- ❖ The demographic information of the respondents, indicated majority of the respondents (51.6%) were males and (48.4) were females and also majority of the respondents (56%) are youngsters (24-34). The table also showed majority of the respondents were degree holders (75.3%). Beside majority of the respondents (65.9%) were employee.
- ❖ The majority respondents agreed with the five factors of customer retention by giving higher rate of scale to customer satisfaction mean of 3.5 with standard deviation 0.85, followed by value (mean = 3.49, SD = 0.802), customer expectation (mean = 3.11, SD = 0.92), loyalty (mean = 3.05, SD = 0.97) and Customer service (mean = 2.86, SD = 0.97). Besides, the respondents are agree for the dependent variable customer retention (mean = 3.23, standard deviation 0.86) in which the majority of the respondents are neutral to be retained in Ethio Telecom.
- ❖ All variables were positively and significantly correlated with the dependent variable i.e. customer retention at 99 percent confidence level ($P < 0.01$). The highest correlation was occurred between customer retention and customer expectation ($r = 0.814$), followed by value ($r = 0.793$) and moderate correlation was existed between customer satisfaction ($r = 0.649$), value ($r = 0.793$). Finally the lowest correlation was recorded by loyalty with the value of 0.594.

- ❖ The result of multiple regression indicated that of the five variable of customer retention. The study was conducted on a 95% level of confidence i.e. P value less or equal to 5%. The result shows that the model tested is significant ($p < 0.05$). The multiple R is .870, R square 0.757 and adjusted R square 0.754 indicates that 75.4% that variance in the dependent variable (customer retention) can be explained/predicated from the independent variables. Means the random variation of the error term explains around 24.6% of the variation of the independent variation. Or the remaining 24.6% of the variance in customer retention may be explained by other factors such as demographic variable, services quality and so on.
- ❖ Depicted the relative effect of variable on customer retention. β value & their significance was used to identify their relative importance in affecting customer retention. The unstandardized beta value for customer expectation was $\beta = 0.383$. This indicated that, the dimensions have relatively strong degree of importance on customer retention. Value, customer service and customer satisfaction had β value of 0.364, 0.155 and 0.084 respectively. Therefore the finding revealed that, customer expectation was the most dominant dimension in determining customer retention in Ethio Telecom.
- ❖ Based on the multiple regression coefficient results, the proposed hypotheses for this study were tested and hypothesis one, three four and five were accepted and hypothesis two was rejected.

5.2 Conclusion

The study was conducted to examine on factors affecting the determinants of customer retention in Ethio Telecom. A total of 384 samples were selected for the study. Accordingly, the study used five determinates of customer retention which are customer satisfaction, loyalty, customer service, and value and customer expectation. The data obtained from the respondents was analyzed using various statistical tools.

From the Pearson's correlation result it is indicated that there is a positive and significant relationship between the five determinants factors (customer satisfaction, loyalty, customer service, and value and customer expectation.) and customer retention. Accordingly customer

expectation is found to have the highest correlation with customer retention. Moreover, customer expectation has the highest beta value on the regression model and is the dominant factor with the highest impact on customer retention. The descriptive analysis also confirmed that customer expectation has a mean value of 3.11 which implies that customers of Ethio Telecom are neutral with meeting their expectation of the service and the company should work hard to improve their services and meet their expectation.

The correlation result indicated that the highest correlation is found between customer expectation and value while the lowest relationship was found between customer satisfaction and loyalty. Thus the change in one of the factors will positively affect the other determinants factor.

Loyalty is the lowest determinants factor, according to the result of Pearson correlation. It also has a weak but positive relationship with customer retention. Since Ethio Telecom is the only company in Ethiopia loyalty didn't affect customer retention like others.

In terms of stated research hypotheses the following empirical findings emerged from the investigation: The four determinant factors including customer satisfaction, customer service, customer expectation and value have positive and significant effect on customer retention. The finding of this study also indicated that customer expectation is the most important factor to have a positive and significant effect on customer retention followed by value, customer service and customer satisfaction.

The result of determinants of customer retention overall satisfaction analysis showed that Ethio Telecom must work hard on the services, products and customer complaint handling. In addition the finding from the multiple regression result indicates that all determinant factors except loyalty have a positive effect on customer retention and customer expectation is the dominant determinant factor which affects customer retention while loyalty has no influence on customer retention.

Thus the findings are important to enable Ethio Telecom to have a better understanding of customer perception of the determinant factors and consequently how to improve their service quality level with respect to aspects of customer retention.

5.3 Recommendation

Based on the conclusion drawn in the previous section, the following recommendations are proposed for Ethio Telecom to help improve determinates so that it increases customer retention.

According to the finding, out of the five dimensions, customer satisfaction, customer service, and value and customer expectation have positive and significant effect on customer retention. In addition result of respondents' perception on this dimensions indicated more task is need from Ethio Telecom.

Therefore, priorities toward this important dimension are expected from determinants of customer retention from Ethio Telecom. The possible task from each important dimension includes:

Customer expectation has the highest effect on customer retention. However, customer's perception indicated that Ethio Telecom doesn't meet there expectation nor exceed the customer expectation. Therefore, Ethio Telecom should give more attention to its customers to at least meet their expectation and try even more to exceed and delight their customer expectation. This could be done by listening to the customers need first. Letting them fill a survey checking: What do they need? What kinds of services they want? How they want to be served? In this way by studying the needs of the customers of Ethio Telecom can address the customer's expectation. Ethio Telecom provides a broadband internet services unlimited by speed 1MG/sec for 499birr. In here customer expects to receive exactly the speed 1MG/sec. So Ethio Telecom should focus how to improve the speed and provide the speed that customer is expecting. It should change the system so that everyone can get the service with the expected speed.

Value has positive significant effect on customer retention next to customer expectation. It is recommended that, to increase customer retention, therefore Ethio Telecom should work on the indicators of this dimension i.e. Ethio Telecom should invest on adding value to the products/services it provide to its customers. When providing the services it must provide benefits greater than the cost and also provide excellent quality products with a matching price. This could help the company to have a happily retained customer because the customer focus on the value and the cost if it matches. Ethio Telecom should also realize that the improvement of this dimension would enhance customer retention when another competitor comes which in turn results in better performance of the company.

Customer service also has positive and significant effect on customer retention in Ethio Telecom. Therefore, Ethio Telecom should improve its customer service. Since customer service depends on the quality of the services, customer handling, handling customer complains quickly and giving the attention needed to the customers, giving timely feedback, updating the services and providing new services/ products more frequently. To provide new kinds of services and to improve the existing services could be done by improving its relation with other national and international well know Telecoms.

Ethio Telecom should improve the customer satisfaction aspect of the dimension because it has a positive significant effect on customer retention. This could be improved by increasing the level of customer satisfaction aspects of the service by improving the service quality, having value adding services, meeting the expectation of customer, physical facilities and appearance of personnel and tools used for the provision of services.

Even through loyalty has relatively low positive effect on customer retention, attention must be give these dimension. Because loyalty was highly correlated with retention. It is recommended that, to increase customer retention, Ethio Telecom need to make improvement on customer loyalty by delivering the services as promised and also Employees of Ethio Telecom should have better knowledge on how to give the services to the customers and have willingness to help and give prompt responsive to customers request.

5.4 Implications of Further Research

Through the objectives of this research were met, the study is limited by the number of factors. Firstly, the study is limited in terms of coverage because it only examined determinants of customer retention in selected Addis Ababa city this implies that the scope of study is narrow in terms both the sample size and the study area. Thus, it is recommended that future study should be conducted to cover a wider sample area to provide basis for a more generalized conclusion.

Secondly, this study is limited to determinants factors of customer retention (customer satisfaction, customer service, loyalty, and value and customer expectation). Further research can be done to determine other variables of customer retention not covered by the research. Any future researcher should reflect on the effect of intervening variables by using other service quality measurements such as price, effectiveness and competence.

The result of model summery showed that determinant factors only explain 75.4% of the variance in customer retention. It is an important finding because it suggests that there are other factors such as demographic variables that Ethio Telecom should consider when analyzing customer retention in future research.

Finally, the study focuses on only the Telecom Industry. Such concentration could limit generalization of the findings to the whole industry. This limitation creates a chance for future research in this area. This future research may replicate thus study in other service sectors other than Telecom, for example banks, hotels and insurance and other additional research is necessary to determine if the relationships identified can be generalized.

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Appendices

Appendix: 1 Questionnaire (English Version)

Addis Ababa University

School of Commerce

Department of Masters of Business Leadership

Dear Respondents,

My name is Nebat Izedin and I am a Masters graduate candidate in Addis Ababa University. This questionnaire is intended to collect primary data on "Determinants of Customer Retention in case of Ethio Telecom". The main purpose of this study will be used to fulfil a thesis requirement for the partial fulfillment of MA, Business Leadership, Addis Ababa University School of commerce consequently. Your genuine response for inquiry is very significant for the accomplishment of this study. All information collected this questioner will used for the purpose of the study, and will be kept confidential. In addition I would like to appreciate your kind support and cooperation in advance.

Part A: Respondents Information

Answer the following questions by putting the symbol (x) in the boxes in front of your choice or write in the space provided.

I. Gender

Male

Female

II. Age

18-24

25-34

35-44

45-54

55-64

III. Education Background

High school

Certificate

Diploma

Degree

Masters and Above

IV. Occupation

Student

Unemployed

Employed

Personal Business

Part B: Question related with Customer Retention (Independent variables)

Please encircle the number and the word which expresses your opinion towards Ethio Telecom. The number indicates the following statement.

Directions (1- strongly Disagree 2- Disagree 3-Neutral 4-Agree 5-Strongly agree)

No	Questions	Choose				
I. Customer Satisfaction						
5	I am satisfied with the quick service of Ethio Telecom	1	2	3	4	5
6	I am satisfied with the respectful behavior of Ethio Telecom	1	2	3	4	5
7	I am satisfied with the service of Ethio Telecom	1	2	3	4	5
8	Overall, I am really satisfied of being a customer of Ethio Telecom	1	2	3	4	5
II. Loyalty						
9	Ethio Telecom is loyal to its customers	1	2	3	4	5
10	Ethio Telecom keeps customers information confidentially	1	2	3	4	5
11	Assume if there is a new Telecom company in Ethiopia. I will be loyal to Ethio Telecom	1	2	3	4	5
III. Customer service						
12	My complains are resolved time	1	2	3	4	5
13	Ethio telecom gives immediate solution	1	2	3	4	5
14	My complains are taken seriously	1	2	3	4	5
15	Ethio Telecom services work perfectly without any system interruption	1	2	3	4	5
IV. Value						
16	Ethio Telecom adds value to my daily routine	1	2	3	4	5
17	Ethio Telecom satisfies customer needs and wants and create value	1	2	3	4	5
18	Ethio Telecom offers benefits greater than the cost	1	2	3	4	5
19	Ethio Telecom provide excellent quality product with a matching price	1	2	3	4	5
V. Customer Expectation						
20	Ethio Telecom meets my expectation	1	2	3	4	5
21	Ethio Telecom delights my expectation	1	2	3	4	5
22	Ethio Telecom exceeds my expectation	1	2	3	4	5

Part three: Questions related to Customer Retention (dependent).

No	Questions	Choice				
Customer Retention						
28	I am likely to say positive things about Ethio Telecom to other people	1	2	3	4	5
29	I am likely to encourage friends and others to do business with Ethio Telecom	1	2	3	4	5
30	I am likely to consider Ethio Telecom as my first choice for the future even when new Telecom enter the market	1	2	3	4	5
31	I feel like Ethio Telecom understand my needs	1	2	3	4	5
32	I think Ethio Telecom products are unique	1	2	3	4	5
33	I appreciate Ethio Telecom Brand strategies	1	2	3	4	5
34	Ethio Telecom messaging relates to me	1	2	3	5	5

Thank you again for your cooperation!!

Appendix: 2

Questionnaire (Amharic Version)

አዱስ አበባ ዩኒቨርሲቲ ንግድ ስራ ትምህርት ቤት

ቢዝነስ ሊደርሲፕ ኘሮግራም ክፍል

በኢትዮ ቴሌኮም የደነበጅ ኮይታ

ይህ መጠይቅ የተዘጋጀው በአዱስ አበባ ዩኒቨርሲቲ ንግድ ስራ ትምህርት ቤት የድህረ ምረቃ ተማሪ በሆንኩት ነባት ኢዛድን ሲሆን አላማውም “ በኢትዮ ቴሌኮም የደነበጅ ኮይታ” በሚል እርዕስ ሆሞቶርገው ጥናት የመጀመሪያ ቶረጃ መረጃ ሆመሰብሰብ ነው። የጥናቱ ዋና አላማ የኢትዮ ቴሌኮም ደንበኞች በኮይታቸው ምን ያህል ደስተኝ ናቸው ከዚ በሀላ ሌላ የ ቴሌኮም አገልግሎት ሚሰት ድርጅት ቢመታ መኳደት ይፈልጋሉ ወይ የሚለውን ያተናል።

እባክዎ ጥቂት ጊዜ ሰጥተው የሚከተሉትን ጥያቄዎች በመመሥሰ ይተባበሩን። የሚሰጡት መልስ የሚውላቸው ሆዚሁ ጥናት አላማ ብቻ ነው እናም የሚሰጡት ማንኛውም አይነት ምላሽ ሚስጥሩ የተጠበቀ ይሆናል። ስሆሆነም ከዚህ በታች ሆቀረቡት ጥያቄዎች ትክክል ነው የሚሉትን መልስ ይሰጡ ዘንድ በትህትና እጠይቃለሁ ምክንያቱም የእርስዎ ምላሽ ጥናቱ ሆሚያስገኘው ውጤት ከፍተኛ አስተዋጽኦ አላቸው።

አጠቃላይ መመሪያ

- -ስምዎን መጥቀስ አያስፈልግም - ትክክል ነው የሚሉትን መልስ በተዘጋጀው ሳጥን ውስጥ (✓) ምልክት ያስቀምጡ

መጠይቁን በመሙላት ሆሚያቶርገት ትብብር በቅድሚያ አመሰግናለሁ!!

ክፍል አንድ: ስለ ዕራሶ ይግለሱ

መመሪያ: እባክዎ የኔን ሀሳብ ይገልጻል ብሆው ያመኑበት ላይ በተዘጋጀው ሳጥን ውስጥ (✓) ምልክት በማስቀመጥ ያመልክቱ።

1 ጻታ

ወንድ ሴት

2 እድሜ

18-24 25-34 35-44 45-54 55-64

3. የትምህርት ደረጃ

2ተኛ ደረጃ ሰርተፍኬት ዲፕሎማ ግሪ ስትሬት

4. የስራ ደረጃ

ተማሪ ሰራ አጥ ተቀጣሪ የራስ ስራ

ክፍል ሁለት: የደንበኞች እርካታ መጠን

መመሪያ: ይህ የመጠይቅ ክፍል ስህተት ኢትዩ ቴሌኮም የአገልግሎት ጥራት ያሉዎትን ምልክታ ሆሞወቅ የተዘጋጀ ነው።

እባክዎ የኔን ሀሳብ ይገልጻል ብሆው ያመኑበት ላይ በተዘጋጀው ሳጥን ውስጥ (√) ምልክት በማስቀመጥ ያመልክቱ፡

1 = በጭራሽ አልስማማም 2 = አልስማማም 3 = ሀሳብ የሆኝም 4 = እስማማለሁ 5 = በጣም እስማማለሁ

ቁጥር	ጥያቄ	ምርጫ				
የ ደንበኛ እርካታ መጠን						
	እኔ በኢትዩ ቴሌኮም ፈጣን አገልግሎት ደስተኛ ነኝ	1	2	3	4	5
	እኔ በኢትዩ ቴሌኮም ሰራተኞች ደንበኛ አክባሪነት ደስተኛ ነኝ	1	2	3	4	5
	እኔ በኢትዩ ቴሌኮም የአገልግሎት አሰጣጥ ደስተኛ ነኝ	1	2	3	4	5
	በአጠቃላይ የ ኢትዩ ቴሌኮም ደንበኛ በመሆኔ ደስተኛ ነኝ	1	2	3	4	5
የ ደንበኛ አገልግሎት አሰጣጥ						
	ለቅሬታዎቼ በሰአቱ ምላሽ አገኛለሁ	1	2	3	4	5
	ኢትዩ ቴሌኮም ለ ደንበኞች ፈጣን አገልግሎት ይሰጣል	1	2	3	4	5
	የምሰጠው ቅሬታዎች በ ቁም ነገር ይወሰዳሉ	1	2	3	4	5
	የ ኢትዩ ቴሌኮም አገልግሎቶች ያለ ምንም ሲስተም ችግር ይሰራል	1	2	3	4	5
ጥቅም						
	ኢትዩ ቴሌኮም በየቀኑ ለምሰራቸው ስራዎች ይጠቅመኛል	1	2	3	4	5
	ኢትዩ ቴሌኮም የደንበኞችን ፍላጎት ያሞላል እናም ጥቅምም አለው	1	2	3	4	5
	ኢትዩ ቴሌኮም የሚሰጧቸው ጥቅሞች ይበልጥ ከሌሎች ናቸው	1	2	3	4	5
	ኢትዩ ቴሌኮም የሚሰጧቸው አገልግሎቶች ከ ዋጋው ጋር ይመጣጠናል	1	2	3	4	5
ታማኝነት						

ኢትዮ ቴሌኮም ለ ደንበኞቹ ታማኝ ነው	1	2	3	4	5
ኢትዮ ቴሌኮም የ ደንበኞቹን ሚስጥር ይጠብቃል	1	2	3	4	5
ሌላ ቴሌኮም ድርጅት በ ኢትዮጵያ ቢገባ እኔ ለ ኢትዮ ቴሌኮም ታማኝ ደንበኛ እሆናለሁ	1	2	3	4	5
ደንበኛው ምን ይጠብቃል					
ኢትዮ ቴሌኮም ማስበውን ነገር ያሟላልኛል	1	2	3	4	5
ኢትዮ ቴሌኮም ከማስበው በላይ ያሳካልኛል	1	2	3	4	5
ኢትዮ ቴሌኮም ከምጠብቀው በላይ ያሳካልኛል	1	2	3	4	5

ክፍል ሶስት: ከ ደንበኛ ቆይታ ጋር የተያያዙ ጥያቄዎች::

ቁጥር	ጥያቄ	ምርጫ				
ደንበኛ ቆይታ						
	እኔ ስለ ኢትዮ ቴሌኮም ለሌሎች ደንበኞች ጥሩ ጥሩ ነገር እናገራለሁ	1				
	እኔ ጓደኞቼን ከ ኢትዮ ቴሌኮም ጋር እንዲሰሩ እመክራለሁ	1				
	ለእኔ ኢትዮ ቴሌኮም አንደኛ ምርጫዬ ነው ሌላ ድርጅት ለወደፊት ቢመጣም	1				
	ኢትዮ ቴሌኮም ፍላጎቴን ይረዳኛል ብዬ አስባለሁ	1				
	የኢትዮ ቴሌኮም አገልግሎቶች የተለዩ ናቸው	1				
	የኢትዮ ቴሌኮም የንግድ ምልክት አይንቃለው	1				

ለ ትብብርት እናመሰግናለን!

Appendix: 3

Statistical output

Correlations

		Customer satisfaction	Loyalty	Customer Service	Value	Customer expectation	Customer retention
Customer satisfaction	Pearson Correlation	1					
	Sig. (2-tailed)						
	N	384					
Loyalty	Pearson Correlation	.664**	1				
	Sig. (2-tailed)	.000					
	N	384	384				
Customer Service	Pearson Correlation	.653**	.671**	1			
	Sig. (2-tailed)	.000	.000				
	N	384	384	384			
Value	Pearson Correlation	.651**	.598**	.689**	1		
	Sig. (2-tailed)	.000	.000	.000			
	N	384	384	384	384		
Customer expectation	Pearson Correlation	.626**	.606**	.719**	.747**	1	
	Sig. (2-tailed)	.000	.000	.000	.000		
	N	384	384	384	384	384	
Customer retention	Pearson Correlation	.649**	.594**	.727**	.793**	.814**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	
	N	384	384	384	384	384	384

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

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.870 ^a	.757	.754	.43530

a. Predictors: (Constant), Customer expectation, Loyalty, Customer satisfaction , Value, Customer Service

b. Dependent Variable: Customer retention

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions					
				(Constant)	Customer satisfaction	Loyalty	Customer Service	Value	Customer expectation
1	1	5.850	1.000	.00	.00	.00	.00	.00	.00
	2	.055	10.297	.48	.00	.09	.12	.00	.02
	3	.037	12.538	.01	.02	.62	.05	.03	.22
	4	.024	15.652	.06	.00	.10	.80	.02	.37
	5	.020	17.260	.28	.92	.18	.03	.00	.02
	6	.014	20.349	.18	.05	.00	.01	.94	.36

a. Dependent Variable: Customer retention

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	222.791	5	44.558	235.154	.000 ^b
	Residual	71.625	378	.189		
	Total	294.416	383			

a. Dependent Variable: Customer retention

b. Predictors: (Constant), Customer expectation, Loyalty, Customer satisfaction, Value, Customer Service

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.071	.107		.668	.504		
	Customer satisfaction	.084	.040	.081	2.113	.035	.433	2.309
	Loyalty	-.013	.034	-.014	-.374	.709	.450	2.222
	Customer Service	.155	.040	.162	3.841	.000	.361	2.769
	Value	.364	.046	.334	7.936	.000	.364	2.744
	Customer expectation	.383	.040	.405	9.481	.000	.352	2.841

a. Dependent Variable: Customer retention