



**The Moderation Effect of Ownership in the Relationship between
Customer Relationship Management and Customer Retention.
(A Comparative Study of Dashen Bank S.C and Commercial
Bank of Ethiopia)**

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Administration.**

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Declaration

I, Redeat Goshu, hereby declare that this thesis, titled “The Moderation Effect of Ownership in the Relationship between Customer Relationship Management and Customer Retention: A Comparative Study of Dashen Bank S.C and Commercial Bank of Ethiopia,” is my original work. All sources and references used in this research have been properly acknowledged. To the best of my knowledge, this paper does not contain any material copied from previously published works or submissions to any academic institution.

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Certification

This is to certify that Redeat Goshu has conducted a research on the topic titled "The Moderation Effect of Ownership in the Relationship between Customer Relationship Management and Customer Retention: A Comparative Study of Dashen Bank S.C and Commercial Bank of Ethiopia." This thesis is her original work and is submitted in partial fulfillment of the requirements for the completion of a Master's degree in Business Administration.

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Abstract

This study explores the effect of customer relationship management (CRM) practices on customer retention, with a focus on the moderating role of ownership in the Ethiopian banking sector. The study investigates four key CRM dimensions: employee behavior, interaction management, relationship development, and customer engagement in technology, assessing their impact on customer retention. A comparative analysis was conducted between Dashen Bank and Commercial Bank of Ethiopia, utilizing both employee and customer perspectives. Both descriptive and explanatory research designs were employed and data was collected from employees and customers through a Five-point Likert Scale questionnaire. The data collected was analyzed through SPSS and the findings were interpreted according to the regression, inferential and descriptive statistics. The findings reveal that employee behavior and customer engagement in technology are significant predictors of customer retention, with technology having the strongest impact. Interaction management and relationship development, however, did not show a significant direct effect on retention. The moderating role of ownership was found to be weak, suggesting that CRM practices are equally effective across both public and private banks. The study further highlights a perception gap between employees and customers, particularly in the areas of helpfulness, sincerity, and relationship building, indicating the need for improved communication and consistency in service delivery. The results emphasize the importance of employee behavior and technological integration in driving customer retention and suggest that banks should focus on refining these areas to foster loyalty. This study contributes to the understanding of CRM's role in customer retention and offers practical insights for enhancing CRM strategies in the banking industry.

Keywords: *Customer Relationship Management (CRM), Customer Retention, Ownership, Banking, Dashen Bank, Commercial Bank of Ethiopia.*

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Acronyms

CRM: Customer Relationship Management
ECRM: Electronic Customer Relationship Management
CBE: Commercial Bank of Ethiopia
GDPR: General Data Protection Regulation
AI: Artificial Intelligence
ROI: Return on Investment
SFA: Sales Force Automation
KPIS: Key Performance Indicators
CLV: Customer Lifetime Value
SET: Social Exchange Theory
TAM: Technology Acceptance Model
EDT: Expectancy Disconfirmation Theory
AIDA: Attention, Interest, Desire and Action
RFM: Recency, Frequency, Monetary
ERP: Enterprise Resource Planning
SCM: Supply Chain Management
IOT: Internet of Things
VR: Virtual Reality
ECA: Economic Commission for Africa
RO: Relationship Officer
RM: Relationship Manager
SPSS: Statistical Tool for Social Science

CHAPTER ONE

Introduction

This chapter starts with the background of the study and the discussion of the problem. The chapter defines further research questions, objectives, and scope before presenting the thesis outline.

1.1 Background of the Study

Building and sustaining strong customer relationships has become essential for long-term success in the highly competitive banking sector of today. Customer relationship management, a strategy for retaining current customers and attracting new ones, is the primary topic of this study. Customer relationship management is a comprehensive approach for identifying, attracting, and retaining customers. By assisting companies in managing and organizing client contacts across numerous channels, departments, lines of business, and locations, it helps them optimize the value of each customer connection and foster improved corporate performance (Francis and Stan, 2019).

CRM, founded on the principle of "the customer is king," serves as a valuable business strategy that centers business operations around the client (Boris, 2012). By using CRM and relationship marketing techniques, this approach helps companies maintain long-lasting relationships with their customers. According to Thiruvengatraj (2017), these techniques enhance customer experiences, draw in new clients, boost profitability, and lower customer management expenses while facilitating a deeper understanding of customers.

Customer retention is essential to the sustainable growth of any firm, particularly in the competitive banking sector, where keeping current clients can boost earnings and lower turnover. The goal of customer retention, according to Francis et al. (2019) is to establish lasting relationships with customers so they will keep selecting the business's goods and services over competitors. This dedication to retaining customers enhances the reputation of the business and yields insightful consumer data that promotes profitability and long-term growth.

The banking sector is undergoing a major digital transformation as a result of financial institutions' increasing adoption of digital channels and technology to enhance customer relationship management (CRM) strategies and client interactions. Customer-centric approaches and personalized banking experiences are growing in popularity, and CRM systems

are crucial for identifying and forecasting the needs and preferences of clients (Deloitte Insights, 2023). Furthermore, data security and privacy are becoming more and more important, with banks emphasizing ethical and compliant operations to build trust and keep customers loyal.

Banks may provide more individualized services and communications that increase customer satisfaction and long-term loyalty by using effective CRM strategies to better understand the requirements and behaviors of their consumers. CRM assists the bank in identifying its most profitable clients and prospects through personalized marketing, remarketing, voluntary decision-making, and tailored services across multiple sales channels, thereby allocating time and focusing on growing account relationships (Thiruvengatraj, 2017). RM gives banks a competitive edge in the banking industry by allowing them to stand out from the competition through individualized services, focused marketing, and effective complaint handling (Kebede and Tegegne, 2018).

Examining the effects of CRM is even more important in developing nations like Ethiopia, where there is a shortage of research on CRM methods. Sustainable growth requires an understanding of how CRM techniques fit into local culture, consumer expectations, and legal frameworks. However, a number of obstacles stand in the way of the effective implementation of CRM in the Ethiopian banking industry, including limited resources, regulatory and legislative restrictions, distinct market dynamics, and organizational difficulties (Tsfaye Nigussie, 2018).

Despite the importance of CRM and client retention, Kebede et al. (2018) note that there is a noticeable gap in comparative research that examines how CRM strategies vary throughout banks and how they affect customer retention. Furthermore, there is a shortage of comparative research and data on CRM methods and their effects on client retention, specifically in public and private banks. This lack of detail emphasizes the necessity of additional empirical research that examines the effectiveness and real-world application of CRM tactics, especially in the banking industry.

Although the benefits of digital platforms, such as social media, mobile applications, and websites, are well-established, the ECRM field has evolved since 2011. These platforms offer opportunities for real-time feedback, tailored communication, and targeted marketing, all of which enhance customer experiences and strengthen relationships (Hanna, Rohm, &

Crittenden, 2011). In today's rapidly changing digital landscape, new strategies and technologies are emerging that offer even more advanced means of enhancing customer experiences and strengthening relationships with them. Adoption of ECRM has increased in Ethiopia and other developing countries as a result of expanding internet access and the availability of mobile devices. However, there hasn't been enough research done on the effectiveness and use of CRM, especially ECRM, in these circumstances. Comprehensive studies that optimize CRM practices with a focus on ECRM are crucial, given the unique opportunities and challenges businesses in developing markets face, including limited digital infrastructure and diverse customer needs. Furthermore, the currently available research usually ignores the varied effects of different ownership arrangements on CRM practices. For instance, how would the ECRM approach and outcomes differ between state-owned and privately-owned banks in these areas? Given that ownership structure significantly affects the resources available for ECRM implementation and the objectives of the institution, this knowledge gap is critical.

The purpose of this study is to examine the challenges that Dashen Bank S.C. and the Commercial Bank of Ethiopia face in retaining customers and implementing effective customer relationship management (CRM) strategies and to examine how ownership type moderates the relationship between CRM practices and customer retention in these banks.

1.2 Statement of the Problem

CRM, or customer relationship management, is a crucial requirement for companies everywhere, but especially in the banking industry. Innovation and value delivery depend heavily on establishing positive relationships with customers (Kotler & Armstrong, 2014). Customers of today are more price sensitive and expect excellent service in the face of several competitors that provide similar or better products at cheaper costs. The goal goes beyond merely satisfying customers to cultivating delighted and loyal customers, since improved customer interactions lead to greater satisfaction and loyalty (Kotler & Armstrong, 2014). Due to fierce competition and high customer losses, customer retention has become critical in the banking industry. Customers are more likely to move, for example, if they have a history of bad experiences, such as unresponsive employees or fundamental service failures, according to study by Gerrard and Cunningham (2004). Another factor is price sensitivity; uncompetitive rates cause customers to get dissatisfied and switch. Ethiopian banks must balance keeping current customers while attracting new ones in this fast-paced, competitive market. Therefore,

for Ethiopia's financial system to grow sustainably, it is essential to comprehend how CRM affects client retention.

Even while CRM has become a crucial competitive advantage in modern banking (Srivastava & Shainesh, 2015), new research shows how strongly it may promote client loyalty (Nguyen, Jaber, & Simkin, 2020). But academics like Hennig-Thurau, Gwinner, and Gremler (2002), stress that building long-lasting client connections requires more than just satisfaction. Despite acknowledging the importance of CRM, Ethiopian consumers frequently report dissatisfaction with banking services. This suggests that there is a need for improved customer value and care (Gebre, 2010). This emphasizes how important it is to establish solid relationships in a market that is always evolving and fiercely competitive, especially in the banking industry where direct client interactions take place.

Due to variations in organizational structures, resources, and client demographics, public and private banks may have different levels of success with CRM tactics in retaining clients. Despite the recognition of CRM as essential for promoting customer satisfaction and loyalty, empirical research on its impact on client retention in Ethiopian public and private banks remains lacking (Negassa, 2023). The ownership structure of a bank, whether state-owned or privately held, can significantly affect the application and ultimate success of CRM approaches. Private Banks may prioritize profitability and customized services, utilizing state-of-the-art ECRM technologies to increase customer satisfaction and loyalty. On the other hand, state-owned banks can be more focused on accessibility and overall economic objectives, which could significantly affect their CRM tactics. This uncertainty underscores the urgent need for more comprehensive empirical research to investigate the impact of ownership structures on the application and outcomes of CRM strategies in developing nations. Kebede et al. (2018) argue that despite a substantial amount of theoretical research on CRM and customer retention, more empirical research is necessary to fully understand the actual implementation of CRM strategies and their effectiveness in boosting customer retention rates, particularly in the banking industry. The banking industry in Ethiopia also has unique challenges, including technological constraints, cultural differences, and legislative limitations, all of which could impact the effectiveness of CRM implementation.

Thus, this study aims to examine the current customer relationship management practices employed by Commercial Bank of Ethiopia and Dashen Bank and how these practices impact customer retention in both banks. Additionally, the study intends to investigate how

ownership—public or private—moderates the association between customer retention outcomes and customer relationship management tactics.

1.3 Research Questions

1. How do customer relationship management practices affect customer retention in Commercial Bank of Ethiopia and Dashen Bank?
2. What is the moderating effect of ownership on the relationship between customer relationship management and customer retention?

1.4 Objective of the study

1.4.1 General objective

The general objective of this study is to examine the moderating effect of ownership on the relationship between customer relationship management and customer retention with a comparative study of Dashen Bank S.C. and Commercial Bank of Ethiopia.

1.4.2 Specific Objectives

- 1) To examine how customer relationship management practices affect customer retention in Commercial Bank of Ethiopia and Dashen Bank.
- 2) To determine the moderating effect of ownership on the relationship between customer relationship management and customer retention.

1.5 Significance of the Study

Customer relationship management, or CRM, has become a critical component of success in the service sector, particularly in the banking sector, due to its ability to help financial institutions and other organizations acquire new customers, retain existing ones, and maximize their lifetime value.

Customer Relationship Management (CRM) stands as a cornerstone for success in the banking industry, vital for customer acquisition, retention, and maximizing their lifetime value. This study delves into CRM practices within Dashen Bank and the Commercial Bank of Ethiopia (CBE), aiming to reveal their impact on customer retention. By looking at these practices, the study closes important knowledge gaps, provides stakeholders with useful insights, and

advances our understanding of CRM dynamics in the context of Ethiopian banking. In the end, it lays the groundwork for improved performance, enhanced scholarly discussion, and further research in this crucial field.

This study acts as a catalyst for strategic improvement within banking organizations by concentrating on CRM's function in client retention. By identifying areas where relationship management procedures need improvement, it enables banks to better serve their customers, resulting in lasting happiness and loyalty. The research will also inspire other scholars to go deeper into this subject and add fresh perspectives to the body of literature already available on CRM.

1.6 Scope of the Study

The scope of this study is delimited to Grade 3 or higher branches of Dashen Bank and the Commercial Bank of Ethiopia (CBE) located in the Eastern District of Addis Ababa. As a result, the research's conclusions will only apply to these two banks, guaranteeing that the results are still relevant and applicable in this specific context. The target population includes branch managers, relationship managers, and relationship officers from the chosen branches of both banks, and customers from branches with high customer interaction volume.

A 5-point Likert scale questionnaire is used to collect data for the study, and the research uses a Convenience Sampling from non-probability sampling technique for the customers and Purposive Sampling from non-probability sampling technique for the employees. To examine data and comprehend events, a mixed approach is used that combines quantitative and qualitative approaches with descriptive and explanatory study designs. The study does not cover other industries or lower-grade branches; instead, it is limited to Dashen Bank's and CBE's present CRM and customer retention procedures within the designated geographic area.

1.7 Definition of Terms or Concepts and Acronyms

- *Customer relationship management* is an enterprise strategy that aims to increase customer acquisition, retention, loyalty, and profitability by comprehending and influencing customer behavior via meaningful interactions (Swift, 2001).

- *Customer Retention*: customer retention is the ability to meet customer expectations consistently, encouraging repeat purchases and long-term loyalty through excellent products, services, and support (Kavlakoglu, O'Brien, & Downie, 2024).
- *Digital Transformation*: refers to the process of integrating digital technologies into all areas of a business, fundamentally changing how it operates and delivers value to customers. It involves adopting innovations such as cloud computing, artificial intelligence, and data analytics to enhance efficiency, customer engagement, and competitiveness (O'Brien & Downie, 2024).
- *Public Banks*: Financial institutions owned and operated by the government or state authorities.
- *Private Banks*: Financial institutions owned and operated by private individuals or entities, distinct from government ownership.
- *ECRM*: Electronic customer relationship management.

1.8 Organization of the Study

There are five chapters in the paper. The first chapter covers background information, problem statements, research questions, study objectives, significance, scope, word definitions, and study limitations. Chapter 2 discusses the pertinent literature on the subject of the study. Chapter three provides a thorough discussion of the study's methodology. Chapter 4 presents, examines, and discusses the investigation's results. Finally, chapter five offers a summary, conclusions, and suggestions based on the study's findings.

CHAPTER TWO

Literature Review

This chapter examines the literature on CRM practices in the banking industry, focusing on both public and private banks. The review is divided into three sections: a theoretical review of literature that defines concepts and discusses theories and models; an empirical review of studies on CRM applications and outcomes in the banking industry, particularly in Ethiopia; and a conceptual framework that depicts the relationships between the dependent and independent variables in this study.

2.1 Theoretical Review

The theoretical review section builds upon the definitions offered in the preceding chapter, providing a more in-depth grasp of key concepts. This section also explores key theories and models, offering a comprehensive foundation for discussing the issue.

2.1.1 Conceptual Definitions

A. Customer Relationship Management Definition

CRM integrates people, processes, and technology to increase customer satisfaction and revenue. "CRM systems enhance understanding of customer behavior to provide tailored services" (Buttle & Maklan, 2019). Understanding the customer journey enables businesses to create tailored experiences at all touchpoints, hence enhancing overall satisfaction and retention. (Lemon, K. N. & Verhoef, P. C. 2016)

CRM systems are used by organizations to collect, analyze, and utilize essential customer data at various phases of the customer lifecycle. Businesses that evaluate this data can provide timely and relevant answers, thereby improving consumer experiences. According to researches, understanding client behaviors allows organizations to predict preferences and address their requirements more proactively. This predictive ability ensures that clients obtain services or products that meet their expectations, increasing loyalty and trust (Blattberg et al., 2001).

The growing use of digital technologies such as mobile apps, social media platforms, and cloud-based systems has changed traditional CRM processes. These advancements allow businesses to maintain real-time engagement and seamless communication across multiple

channels (Buttle, 2004). Furthermore, aligning CRM methods with organizational values promotes increased customer connection. CRM integration into an organization's culture improves operational efficiency and develops the emotional bond between businesses and their customers, resulting in long-term loyalty (Berry, 2002).

B. Definition of Customer Retention

Any business strategy must include customer retention since it focusses on building enduring relationships with current clients by consistently meeting or beyond their expectations. By improving customer loyalty and lowering the expenses of obtaining new clients, effective retention raises lifetime value and ensures long-term profitability. Furthermore, establishing trust, keeping lines of communication open, and providing value-driven interactions that are suited to the needs of the client are also common retention tactics. Customers' emotional and intellectual ties to the company are strengthened by these initiatives. Additionally, companies that use cutting-edge CRM technologies, such predictive analytics, are able to predict client preferences and offer highly customized services that increase engagement. In the end, a strong retention plan not only guarantees recurring business but also encourages favorable word-of-mouth, enhancing brand reputation and assisting in the company's overall expansion (Kumar, V., & Reinartz, W. 2016).

Retention depends on a company's ability to comprehend and adapt to changing client needs. According to research, satisfied consumers are more likely to engage in business-enhancing behaviors such as repeat purchases and positive word-of-mouth. Additionally, emotional relationships play an important role. When firms continually build trust and surpass expectations, customers acquire deep emotional relationships, lessening the possibility of defection (Blattberg et al., 2008).

Retention is critical in competitive businesses like banking because of high switching costs and established client connections. For example, Burnham et al. (2003) show how focused retention measures can provide a competitive advantage by lowering churn rates and increasing client lifetime value. Furthermore, in industries requiring relationship interactions, such as banking, traits like empathy and proactive communication have a considerable impact on retention rates (Homburg, Müller, & Klarmann, 2009).

2.1.2 Evolution of CRM

CRM evolved from pre-industrial societies, when firms relied on personal customer interactions. Early traditions emphasized local craftspeople building strong relationships with their clients by providing bespoke items and personalized services. However, with the introduction of mass production during the industrial revolution, transactional marketing took over these relationship-driven methods, prioritizing volume and efficiency over personalized client service (Berry, 2002).

CRM methods have been changed in response to technological improvements. The rise of direct marketing in the twentieth century allowed corporations to avoid intermediaries and communicate directly with customers. CRM systems became increasingly complex as computer and telecommunications capabilities advanced, allowing businesses to embrace relationship marketing strategies that prioritize long-term involvement over one-time transactions. (Buttle 2004).

CRM has evolved beyond simple data collection to include artificial intelligence, predictive analytics, and omnichannel communication. Cloud-based solutions and customer data platforms have enabled real-time interactions and improved customer experiences across a wide range of touchpoints (Goldenberg, 2008). These advancements have converted CRM into a comprehensive approach that combines technology and customer-centric business objectives.

These days, CRM trends prioritize personalization, data security, and smooth customer interactions. Data privacy is becoming a crucial part of effective CRM strategy due to regulations like GDPR. Additionally, companies are utilizing AI-powered data to predict customer needs and offer highly customized services, guaranteeing enduring loyalty and gaining a competitive edge. (Davenport and Ronanki, 2018).

Customer relationship management (CRM) has developed and evolved quickly in recent years for a number of reasons. The increasing de-intermediation in many industries, made possible by developments in computer and telecommunications technology, is one important factor. Marketing is evolving as a result of these technologies' ability to connect companies with consumers directly. Software, home appliances, insurance, airlines, banks, and consumables are just a few of the businesses that must adapt their marketing strategies and prioritize relationship marketing as they quickly become disintermediated. For instance, US software companies have adopted relationship marketing and are using databases, CRM systems, and

direct marketing technology to customize their marketing efforts (Chen & Popovich, 2003). Because consumers are more willing to perform operations like direct ordering and self-merchandising on their own with little assistance, manufacturers are less reliant on middlemen for a variety of jobs.

The growing need for data security and personalization has had a big impact on how CRM solutions have developed. In order to analyze client data and produce actionable insights, modern CRM systems use artificial intelligence (AI) and machine learning. This allows organizations to offer more customized services. Regulations like GDPR have made data security a key component of CRM architecture, guaranteeing client confidence in data handling procedures. Additionally, by integrating predictive analytics, businesses may proactively anticipate client wants, increasing customer happiness and loyalty. These developments show how companies are becoming more customer-centric and prioritizing individualized experiences while upholding stringent data privacy regulations (Jaiswal, A. K., & Kaushal, V. (2021).

2.1.3 Components of CRM

In general, CRM solutions' key components are intended to manage all elements of customer engagement, which are listed below:

- Lead generation and management.
- Salesforce and marketing automation
- Customer Service and Support
- Omni-channel communication

These components help organizations achieve success and growth by automating and optimizing procedures that improve customer connection, pleasure, and retention (Buttle & Maklan, 2019).

a. Lead generation

By allowing companies to segment their prospects, prioritize lead, and automate nurturing workflows, CRM technologies are crucial for optimizing lead management procedures. In order to ensure that sales and marketing efforts are focused on prospects with the highest conversion potential, these systems enable organizations to select high-value leads based on predetermined criteria. Businesses can schedule timely follow-ups, send customized email campaigns, and track engagement at every point of the customer journey using automated workflows. These features not only increase productivity but also strengthen relationships with potential customers, boosting conversion rates and allocating resources as efficiently as possible (Payne, A., & Frow, P. 2017). Lead scoring, for example, can automatically rate prospects based on pre-defined criteria such as demographics or behavior, ensuring that resources are used efficiently.

CRM solutions are essential for improving lead management tactics because they provide comprehensive information about the preferences and behaviors of customers. By analyzing data from many touchpoints, these technologies help organizations make more focused and successful marketing campaigns (Ngai, E. W. T., Xiu, L., & Chau, D. C. K. 2009). Sales teams can concentrate their resources on the most promising prospects by using features like lead scoring and predictive analytics to assist identify high-priority prospects. CRM technologies also make it easier to track the progress of leads over time, allowing for prompt strategy modifications for higher conversion rates. The ensuing optimization improves overall sales performance and client engagement in addition to raising return on investment (ROI)

b. Sales Force & Marketing Automation

By automating repetitive processes like lead tracking, follow-ups, and performance monitoring, sales force automation (SFA) in CRM systems dramatically increases operational efficiency. Sales personnel may efficiently manage resources and prioritize their efforts by using SFA technologies, which give them real-time data on the status of leads. Sales teams can concentrate more on establishing rapport with clients and closing agreements by automating administrative duties. Furthermore, these systems offer predictive insights that aid in sales pipeline optimization, such as revenue forecasting and client segmentation. Through prompt and tailored interactions, the integration of SFA with CRM improves customer satisfaction while also boosting productivity. (Hunter, G. K., & Perreault, W. D. (2006).

Marketing automation, on the other hand, enhances CRM by automating repetitive marketing tasks such as sending promotional emails, maintaining social media material, and tracking consumer behavior. This allows organizations to use targeted marketing strategies on a broad scale while exploiting client data stored in the CRM system. The integration of these two components—sales and marketing—helps to build integrated data-driven and customer-centric strategies, leading in higher sales conversion rates and customer retention (Buttle & Maklan, 2019).

c. Customer Service & Support

By giving customer service representatives thorough access to client history, including previous interactions, preferences, and purchase patterns, CRM systems improve the quality of services. This makes it possible for agents to provide customized solutions that cater to particular client requirements, encouraging a feeling of care and individualization. Service teams can solve issues more quickly and effectively with tools like issue tracking and real-time data retrieval, which lowers response times and boosts customer satisfaction. Additionally, CRM systems offer proactive support features like customized message templates and automated reminders, guaranteeing constant interaction throughout the client lifecycle. These qualities play a key role in establishing credibility and encouraging enduring loyalty (Buttle, F., & Maklan, S. 2015).

CRM solutions, which provide tools that allow firms to proactively address consumer demands, are essential to modern customer care. Routine chores like assigning service tickets and issuing reminders are made more efficient by automated workflows, which guarantee that no problems are overlooked. Service teams may monitor ongoing issues and priorities crucial ones using real-time issue tracking, which speeds up response times. Additionally, CRM systems offer statistics that spot any problems before they become serious, enabling companies to take preventative action. CRM platforms lay the groundwork for long-term success by providing prompt, proactive support that increases client trust, lowers attrition, and cultivates loyalty (Kotler, P., & Keller, K. L. 2016).

d. Omni-channel Communication

Customer interactions across several communication channels, including social media, email, phone calls, and in-store visits, are intended to be unified via omni-channel CRM systems. These solutions eliminate communication gaps and guarantee that customers feel valued by combining data from all touchpoints to create a seamless customer experience. For example, if a customer initiates a chat session on the website and continues it through email, the CRM makes sure that agents can access the complete history. Businesses may better customize responses and recommendations to meet the needs of each individual because to this uniformity. Better customer happiness, greater engagement, and higher retention rates are the outcomes, especially in sectors like banking and retail (Lemon, K. N., & Verhoef, P. C. 2016).

e. Analytics & Reporting

CRM systems come with strong analytical capabilities that offer useful information on key performance indicators (KPIs) including lead conversion rates, customer lifetime value (CLV), churn rates, and sales growth. These technologies let companies to measure the success of their marketing and sales campaigns and spot trends by combining data from several channels. Organizations can optimize campaigns and resource allocation by swiftly adjusting their strategies thanks to real-time reporting. Additionally, predictive analytics, which detect at-risk accounts and project future consumer behaviors, are integrated into sophisticated CRM platforms, enabling firms to take proactive measures to retain customers. These skills improve organizational effectiveness and encourage data-driven decision-making (Zahay, D., & Griffin, A. 2010).

CRM solutions with predictive analytics have revolutionized how companies anticipate and respond to client needs. These algorithms can spot trends and forecast future actions, such buying patterns or the chance of churn, by examining past data. Predictive algorithms, for example, can identify which clients are most likely to leave and suggest focused retention tactics, such customized communications or discounts. Predictive analytics may also aid with demand forecasting, which enables companies to match their resources and inventories to anticipated client demands. Businesses may increase customer satisfaction, foster loyalty, and promote sustainable growth by anticipating problems and providing tailored experiences (Rust, R. T., Lemon, K. N., & Zeithaml, V. A. 2004).

2.1.4 Theories, Models and Type

2.1.4.1 Theories in Customer Relationship Management (CRM)

a. Relationship Marketing Theory

Relationship marketing theory states that long-term partnerships are more important than one-time purchases. Relationship marketing prioritizes enduring loyalty and trust over one-time deals. Research indicates that customer-centric tactics greatly increase retention and satisfaction (Morgan & Hunt, 1994). By investing in the connection rather than just focusing on acquiring new customers, businesses can improve recurring business, decrease churn, and increase customer lifetime value.

Relationship marketing theory states that businesses should manage their connections with customers proactively by getting to know their needs, desires, and habits. This means tailoring marketing strategies and customer service to the needs of individual customers. Businesses may better cultivate long-lasting loyalty by doing this, which is essential for maintaining a competitive edge in the contemporary economy. Strong relationships are associated with higher consumer advocacy, retention rates, and profitability (Berry, 2002).

b. Customer Lifetime Value (CLV) Theory

One important CRM concept that looks at the long-term profitability of client connections is customer lifetime value, or CLV. According to this theory, businesses should prioritize keeping valuable clients above acquiring new ones. Optimizing client connections to increase long-term profitability is the main goal of customer lifetime value, or CLV. Retention rates are higher for companies that provide priority to high-value customers (Kumar & Reinartz, 2018).

This tactic has emerged as a key component of contemporary CRM techniques, especially for companies where keeping existing clients is more economical than continuously acquiring new ones.

In order to deliver personalized experiences that boost customer loyalty, the CLV hypothesis highlights the importance of researching consumer behavior and preferences. CRM systems, for instance, can be used by businesses to divide up their clientele and identify those who are most likely to contribute significantly over the course of their lives. As a result, companies can concentrate their marketing efforts, enhance customer service, and ultimately build stronger,

more lucrative relationships (Blattberg et al., 2001). Businesses can achieve long-term growth and lower turnover rates by concentrating on high-value customers.

c. Social Exchange Theory

Because it describes how customers establish and maintain relationships based on perceived benefits and costs, Social Exchange Theory (SET) is significant in CRM. The theory states that people weigh the advantages of entering into business partnerships against the disadvantages. Customers' satisfaction and retention may be impacted by their assessment of the value of customized services, loyalty programs, or product quality in CRM. Customers are more inclined to stick with a business when they feel they get more value than they give, which encourages long-term involvement, claims ,Molm, L. D. (2010).

Additionally, reciprocity and mutual benefit—two essential elements of successful CRM strategies—are emphasized by social exchange theory. Meeting or beyond customer expectations boosts trust and loyalty, which promotes customer retention and repeat business. CRM systems that use customer data to offer tailored services and incentives demonstrate this dynamic. Cropanzano and Mitchell (2005) assert that effective CRM systems help manage these interactions, guaranteeing that the relationship is advantageous to both businesses and customers. Because of this, CRM based on SET highlights the ongoing balance between giving and receiving value, which promotes customer satisfaction and organizational success.

d. Commitment-Trust Theory

The Commitment-Trust Theory, put out by Morgan and Hunt (1994), maintains that trust and relationship commitment are crucial elements of successful long-term CRM collaborations. This idea holds that consumers are more likely to show loyalty and make repeat purchases from a business when they feel invested in it and think it will fulfil its commitments. While commitment guarantees that the collaboration will persist even in the face of competition or market shifts, trust is crucial for establishing a sense of security in the alliance. Organizations can create solid, enduring relationships with their customers by putting a combined emphasis on commitment and trust (Morgan & Hunt, 1994).

e. Technology Acceptance Model (TAM)

Since Davis (1989) developed the Technology Acceptance Model (TAM), which describes how people adopt and use technology, it is crucial to CRM, particularly as the use of CRM tools and software grows. Perceived utility and ease of use are the two main factors that TAM recognizes as having an impact on technology adoption. A CRM system is more likely to be adopted and integrated into the organization's practices if it is easy to use and seen as beneficial for managing customer relationships. The effectiveness of CRM systems to enhance customer interactions depends on employee involvement, which may be better understood with the help of this paradigm (Venkatesh & Bala, 2008).

In CRM research, the TAM is frequently used to evaluate the variables influencing the sector-wide adoption of CRM technologies. Knowing these factors enables businesses to modify the way their CRM systems are implemented in order to increase user adoption and ensure that employees make the most of the system in order to effectively handle customer contacts. According to Venkatesh et al. (2012), the TAM provides valuable insights into how businesses may align their CRM strategy with technological advancements.

2.1.4.2 Theories in Customer Retention

a. Expectancy Disconfirmation Theory

Expectancy Disconfirmation Theory (EDT) states that customer satisfaction is determined by the difference between expected and perceived service. When a product or service fulfils or surpasses their expectations, customers experience positive disconfirmation and satisfaction. Negative disconfirmation, which occurs when the service falls short of expectations, leads to dissatisfaction. According to Oliver (1980), customers who consistently obtain positive disconfirmation are more likely to remain loyal. This idea emphasizes how important it is to manage customer expectations and deliver outstanding customer service in order to retain customers.

Additionally, in industries where client interactions are frequent, such as banking and retail, anticipation disconfirmation may have a higher impact on retention. Both prior experiences and industry standards set by competitors may have an impact on customers' expectations in these situations. Expectancy disconfirmation is a dynamic process in which customers' initial expectations are continuously changed in reaction to their subsequent interactions with the

business, according to Spreng and Mackoy (1996) research. If businesses anticipate this and adjust their strategy accordingly, they will have better long-term customer retention.

b. Equity Theory

CRM's Equity Theory focusses on how customers assess the fairness of company transactions. Customers who perceive an imbalance—where their inputs (money, time, and effort) exceed the apparent returns—may become dissatisfied and defect. People are motivated to create more egalitarian encounters, according to Adams (1965). This concept is particularly important in-service sectors because of the frequency and closeness of consumer encounters. For instance, if customers feel their loyalty is not being adequately rewarded in comparison to new customers, they may become disillusioned and look for alternatives, which could ultimately lead to a decline in customer retention.

Building on this, Homburg et al. (2009) emphasized the importance of perceived fairness in CRM systems, arguing that perceived justice in pricing, product offerings, and customer service contacts can have a significant impact on customer loyalty and retention. Because they value the reciprocal nature of their interactions, customers who feel they are treated fairly are more likely to form long-lasting, loyal connections with a company. Because of this, businesses must ensure that their CRM systems are designed to provide fair and transparent interactions that foster trust and long-term retention.

c. Switching Cost Theory

Customers are less likely to move to competitors if they think switching costs are high, claims the Switching Cost Theory. These expenses serve as a barrier to client attrition and might be monetary, time-based, or effort-related (Burnham et al. 2003). The theory states that businesses can keep customers by making moving more expensive through contracts, loyalty programs, or specialized services. Making switching more expensive or difficult can provide businesses with a competitive edge and improve customer retention. In industries where consumers face large switching costs, such as banking and telecommunications, this concept is particularly important.

Sustaining high client retention rates requires constant value delivery. If customers believe the advantages of staying outweigh the disadvantages of switching, they are more likely to stay

loyal. This emphasizes how crucial customized value delivery is, including personalized services and loyalty incentives (Jones, T. O., & Sasser, W. E. 1995).

d. Customer Satisfaction Theory

According to customer satisfaction theory, which holds that satisfied customers are more likely to act loyally and remain with a business over time, there is a direct correlation between customer happiness and retention. According to Zeithaml et al. (1996), customers' perceptions of a company's goods are influenced by their experiences, and retention is significantly higher if these experiences consistently meet or exceed their expectations. In this case, a business's CRM strategy centers on factors that affect customer satisfaction, such as service quality, product reliability, and efficient communication.

Furthermore, as satisfied customers are more likely to refer a business favorably, which reduces the need for additional marketing expenditures, it has been shown that customer satisfaction enhances client retention (Anderson & Sullivan, 1993). As CRM systems collect and analyze customer feedback, businesses can adjust their strategies to increase customer satisfaction levels, such as through customized discounts, loyalty programs, and prompt issue resolution. When consumer needs and expectations are regularly satisfied, stronger emotional bonds are formed; these bonds are essential for boosting client retention and lowering attrition.

2.1.4.3 Theories in Ownership

A. Stakeholder Theory

The interests of all parties affected by an organization's operations, such as customers, employees, shareholders, and the general public, are taken into account under stakeholder theory. Businesses must provide value for all stakeholders, not just shareholders, according to Freeman (1984). Stakeholder theory states that both public and private banks should consider the needs and preferences of different groups when developing customer contact methods. The concept states that by considering the interests of a variety of stakeholders, businesses can build stronger and more durable customer connections (Freeman, 1984).

The reasons why public and private banks may prioritize customer pleasure differently are explained by the banking stakeholder theory. While public banks may prioritize the welfare of the broader public, profit-driven private banks may place greater focus on satisfying the needs

of particular clients in order to boost client loyalty and retention. By understanding the trade-off between profitability and stakeholder satisfaction, banks may develop CRM strategies that align with their distinct ownership structure and overall goals (Donaldson & Preston, 1995).

B. Agency Theory

Agency theory focusses on the relationship between principals (owners) and agents (managers) and tackles the issues that arise when there is a conflict of interest between the two parties. Jensen and Meckling (1976) assert that agency costs arise when agents do not act in the best interests of the principals. In the context of bank CRM, agency theory aids in the explanation of how ownership arrangements influence decision-making. Since ownership of private banks is concentrated among a limited number of stakeholders, there may be more direct oversight of management's client relationship strategies. However, at public banks, where ownership is broadly dispersed, agency problems may arise, leading to poor customer relationship management (Jensen & Meckling, 1976).

The theories suggest that because public banks typically serve a greater range of interests and stakeholders, it may be challenging to align customer relationship management practices with profit-maximizing objectives. On the other hand, because they have more concentrated ownership and fewer stakeholders, private banks can increase customer satisfaction and retention rates by simplifying CRM operations to be more responsive to client needs (Eisenhardt, 1989).

2.1.4.4 Models in Customer Relationship Management (CRM)

A. The AIDA Model

One of the earliest and most widely used models in marketing and customer relationship management was the Attention, Interest, Desire, and Action (AIDA) model. It outlines the procedures a buyer follows prior to deciding to buy. When it comes to organizing communication methods, the Attention, Interest, Desire, and Action (AIDA) paradigm is still applicable. Businesses can monitor client journeys and adjust their outreach by using CRM systems (Kotler & Keller, 2015). This method can help businesses organize their sales and communication strategies in CRM such that customers are moved through each cycle smoothly, increasing the possibility of customer engagement and retention.

Because it teaches companies the need of great communication at every customer touchpoint, the AIDA model is still very relevant in CRM today. For instance, a CRM system can track how clients respond to various marketing messages and adjust subsequent correspondence to suit their requirements and preferences. Companies can increase customer satisfaction and foster enduring loyalty by using this model to modify consumer interactions (Kotler & Keller, 2015).

B. The Customer Pyramid Model

The Customer Pyramid Model, developed by Reichheld and Sasser (1990), places clients into tiers according to their profitability and relationship with the company. Platinum customers are the most profitable and devoted, according to the notion, which divides clients into four levels: Platinum, Gold, Iron, and Lead. This paradigm states that companies should focus their CRM efforts on Platinum clients since they are the most valuable over the long term (Reichheld & Sasser, 1990). The idea is that companies should concentrate their resources on the most devoted and lucrative markets because not all customers are equally significant.

Businesses can better define priorities and tailor services to meet the needs of different clientele groups by using this CRM technique.

Companies frequently use tactics that give their most valuable consumers specialized experiences. For example, they may give high-priority customers extra attention while concentrating on retention programs for customers with moderate potential. This focused strategy can boost overall company performance and greatly increase client loyalty (Peppers & Rogers, 1999).

C. The CRM Value Chain Model

The CRM Value Chain Model provides a structured approach to understanding how customer relationship management contributes value, claim Payne and Frow (2005). It comprises using technology, human resources, and integrated processes to deliver value while coordinating customer strategy. According to the concept, there are six primary phases of CRM: strategy development, value generation, multi-channel integration, performance evaluation, customer relationship development, and relationship maintenance through customer insights. By focusing on these stages, organizations may maximize their CRM efforts and foster long-lasting client loyalty.

Payne (2006) expands on the CRM Value Chain Model by emphasizing the importance of a strategic perspective, demonstrating that CRM is a dynamic strategy that aligns customer needs with organizational objectives rather than just a set of processes. Integrating technology is essential for monitoring and enhancing client relationships. Analytics and CRM software are two examples of this. This idea has proven advantageous in a variety of industries, such as banking, retail, and telecommunications, by helping companies create customized customer experiences that foster loyalty and increase lifetime value.

2.1.4.5 Models in Customer Retention

A. Loyalty Ladder model

From the first purchase to becoming a brand ambassador, the Loyalty Ladder Model illustrates a sequence of stages of consumer loyalty. Customers go through four stages of increasing loyalty, according to Dick and Basu (1994): action loyalty (when they promote the brand), conative loyalty (when they plan to repurchase), affective loyalty (when they develop emotional bonds), and cognitive loyalty (when they are happy with a product). This idea helps companies figure out where their customers are on the loyalty ladder and put in place the right retention strategies to move them up the loyalty scale.

Because it highlights the significance of delivering exceptional client experiences throughout their journey, the notion is very useful in client Relationship Management (CRM). Businesses can establish loyalty programs to promote repeat business or personalize encounters to deepen emotional ties. Organizations can improve retention rates and increase each customer's long-term worth by guiding them through various loyalty stages (Morgan & Rego, 2006).

Recent studies demonstrate the need for customized experiences and incentives at each ladder section. Loyalty programs that consider individual preferences and behaviors, for instance, increase engagement and career advancement (Kumar and Reinartz, 2018). These programs should include digital tools to ensure consistent and seamless interactions across touchpoints.

B. RFM (Recency, Frequency, Monetary) Model

Three key metrics—frequency, recency, and monetary worth of transactions—are the center of the RFM model, a well-liked technique for client segmentation. It assists businesses in

identifying valuable customers and effectively tailoring retention strategies. According to research, customers are more likely to remain loyal to a brand if they spend more money and engage with it more frequently (Rust & Verhoef, 2005). By favoring customers who score highly on criteria, businesses can boost the customer's lifetime value.

The functionality of RFM models has been greatly improved by recent developments in artificial intelligence and machine learning. Automation now makes real-time segmentation and predictive analytics possible, enabling businesses to predict customer behaviors and customize strategies to reduce attrition and increase customer satisfaction (Wedel, M., & Kannan, P. K. 2016).

C. Switching Cost Theory

The Switching Cost Model outlines a number of barriers, such as monetary, procedural, and interpersonal ones, that deter clients from switching service providers. These expenses decrease the chance of switching and foster dependency. For instance, in the banking industry, individualized service relationships or laborious account closures might serve as successful retention tactics (Kim, Kliger, & Vale, 2003).

According to research, switching costs lower churn by erecting obstacles to leaving, but in order to keep customers' confidence and loyalty, they must be combined with excellent service quality. Transparency and value creation are examples of ethical approaches that make sure these expenses are not seen as punishing (Burnham, T. A., Frels, J. K., & Mahajan, V. 2003).

D. Customer Equity Model

The Customer Equity Model focusses on the entire value generated by three components: value equity, brand equity, and retention equity. Businesses that measure these can deploy resources to maximize client lifetime value (Blattberg et al., 2008). Retention equity emphasizes loyalty programs, personalization, and customer contact as methods for retaining valuable customers.

When cutting-edge technology like artificial intelligence (AI) and big data analytics are incorporated into CRM systems, the Customer Equity Model performs better. These tools let businesses better analyze client data, forecast behavior, and improve retention tactics. Algorithms powered by AI, for instance, are able to recognize clients who are at risk and suggest customized treatments to keep them. Businesses may create more individualized

experiences that increase equity and loyalty by using big data to obtain deeper insights into client preferences. In addition to optimizing retention efforts, these solutions match long-term economic objectives with customer relationship strategies (Rust, R. T., Lemon, K. N., & Zeithaml, V. A. 2004)

2.1.4.6. Type of Ownership

A. Public Ownership

In banking, "public ownership" refers to establishments run and owned by the government those priorities social goals over maximizing profits. Because they give underserved communities fair access to financial services, public banks are essential to promoting financial inclusion. Through controlled operations, these organizations promote national growth and give priority to economic stability. For instance, state-owned banks priorities the common good over shareholder profits by implementing initiatives that support rural finance, poverty reduction, and small company expansion (Micco, A., Panizza, U., & Yañez, M. 2007).

Public ownership may limit the freedom and innovation available in private banks, but it can also bring financial stability and inclusivity. According to the theoretical frameworks of Stewardship Theory (Davis et al., 1997) and Agency Theory (Jensen & Meckling, 1976), public ownership influences managerial behavior by encouraging more risk-averse and bureaucratic organizations. Public banks take longer to make judgements than private banks because they are held accountable by the public. As a result, public ownership's emphasis on stability may occasionally prevent quick technological changes, such as the inclusion of CRM systems designed to increase client experience and retention.

B. Private Ownership

In the banking industry, private ownership promotes efficiency, shareholder value, and profit maximization. To boost client satisfaction and competitive positioning, private banks, such as Ethiopia's Dashen Bank, are more inclined to use aggressive strategies and cutting-edge technologies. These organizations usually place a high emphasis on flexibility and swift decision-making, allowing them to embrace new CRM technologies faster and boost customer interaction (Berger, 2007). These banks may experiment with digital banking services and customized solutions because of the flexibility that comes with private ownership, which allows them to remain competitive in a rapidly changing financial landscape.

According to Agency Theory (Jensen & Meckling, 1976), private ownership typically leads to more successful management approaches since the interests of owners and managers are aligned. This technique promotes market responsiveness by increasing the relationship between management and stakeholders. As consumer expectations shift towards more personalized and seamless banking experiences. Although CRM technique flexibility is beneficial to private banks, the drive of profit maximization may result in a reduced emphasis on high-margin customer groups, thus impeding efforts to increase financial inclusion more broadly.

2.1.5 Dimensions of Customer Relationship Management

A. Behaviors of Employees

Customer loyalty and satisfaction are significantly shaped by employee behavior. Long-term retention is facilitated by proactive, sympathetic, and well-trained staff members who greatly improve client experiences. CRM-focused training programs, for instance, give staff members the skills they need to offer individualized services and successfully handle problems, building loyalty and trust (Lemon, K. N., & Verhoef, P. C. 2016).

When employee behavior supports the company's customer-centric objectives, it can foster enduring loyalty and positive customer experiences. Through efficient CRM procedures, employee behavior has a major impact on client retention in the banking sector. For example, responsive and attentive employees build trust, which is crucial for keeping clients. Additionally, training courses emphasizing CRM integration and first-rate customer service can assist in bringing employee behavior into line with consumer expectations. Businesses that make investments in employee training and behavior management offer a more seamless and fulfilling customer experience, bolstering their CRM initiatives and boosting enduring client loyalty (Lassar, Manolis, & Winsor, 2000).

B. Interaction Management

Businesses may guarantee consistent and customized communication across all client touchpoints by using effective interaction management. Businesses may keep an eye on consumer interactions and modify their strategy in response to preferences and behaviors by utilizing CRM technologies. This involves creating individualized customer experiences and

boosting loyalty through smooth coordination across channels like social media, email, and face-to-face contacts (Payne, A., & Frow, P. 2005).

Effective interaction management allows businesses to keep an eye on customer interactions and modify their approach based on historical preferences and behaviors. CRM solutions give organizations the ability to develop individualized and smooth communications by providing tools to track client interactions across many channels. These systems enable businesses to determine client preferences and adjust interactions in accordance with those findings by evaluating past data. Relationships are further strengthened by aggressively attending to client requests and promptly resolving complaints, which promotes loyalty and trust. CRM solutions also help businesses anticipate the demands of their clients, which keeps communications interesting and relevant (Verhoef, P. C., Reinartz, W. J., & Krafft, M. 2010).

C. Relationship development

Strong customer relationships are built on shared values, good communication, and mutual understanding. Over time, establishing emotional bonds with clients promotes dedication, loyalty, and trust. Relationship growth in CRM also entails using data-driven insights to provide individualized services, resolve client issues, and raise satisfaction levels. In addition to improving client retention, strong connections open doors for upselling, cross-selling, and customer lifetime value extension (Morgan, R. M., & Hunt, S. D. 1994).

Furthermore, relationship development in CRM aims to create a deeper, more emotional connection with clients as opposed to just transactional interactions. Lemon and Verhoef (2016) state that rewarding loyalty, offering individualized services, and identifying key moments in the client journey are common ways to cultivate this relationship. In the banking sector, for example, tailored financial advice or exclusive offers tailored to a customer's financial goals may enhance the relationship. Developing a relationship with consumers is essential to keeping them around for the long term since it increases their satisfaction and trust and decreases their likelihood of switching to competition.

D. Customer engagement in technology

In today's commercial world, technology is critical to facilitating client engagement. CRM solutions that leverage technology allow organizations to communicate with customers more effectively through several channels. Technology is essential to contemporary CRM systems

because it allows companies to interact with clients in a variety of ways. CRM systems guarantee constant and tailored communication across social media, email marketing, and in-app messaging. Predictive analytics and chatbots are two AI-powered tools that improve the capacity to foresee client wants and provide customized solutions. By automating monotonous operations, these technologies also increase operational efficiency, freeing up organizations to concentrate on cultivating deep connections with clients and fostering loyalty (Boulding, W., Staelin, R., Ehret, M., & Johnston, W. J. 2005).

Customer contact technology also enables customers to communicate with businesses on their own terms. Self-service portals enable customers to execute transactions, access information, and communicate with support workers at any time. One of the main factors influencing consumer pleasure and loyalty is convenience. Customers may complete purchases and get support whenever it's convenient for them thanks to tools like chatbots, self-service portals, and mobile apps. Customers are empowered, feel appreciated, and are more likely to stay engaged over time thanks to this accessibility. Banks, for example, offer consistent experiences that satisfy contemporary client expectations and increase retention rates by utilizing mobile applications for smooth transactions and round-the-clock chatbots for problem solving (Bolton, R. N., & Saxena-Iyer, S. 2009).

2.1.6 CRM in Banking Industry

By providing individualized experiences that cater to each customer's demands, customer relationship management (CRM) solutions are essential for increasing customer satisfaction and retention. By tracking interactions, maintaining comprehensive customer profiles, and customizing services, these tools help banks build stronger bonds and increase customer loyalty. Increased revenue and client retention are just two of the quantifiable business results that have resulted from the implementation of CRM in international financial organizations (Abdullateef, A. O., Muktar, S. S. M., & Yusoff, R. Z. 2014). CRM systems have been implemented by Ethiopian banks, such as the Commercial Bank of Ethiopia, in response to consumer needs and technology developments. These systems play a key role in offering customized services that address each client's particular needs, boosting client satisfaction and loyalty. These banks hope to improve customer relationship management and operational efficiency by incorporating CRM technologies. (Tesfaye, Y, 2022).

In the current financial environment, digital banking platforms are now essential for improving customer happiness and retention. These platforms offer effective, individualized services that are tailored to each client's unique requirements. Such innovations help banks in Ethiopia remain competitive by streamlining their procedures and providing a more engaging user experience, both of which are essential for retaining customers. (Negassa, G. J. 2023).

CRM in banking emphasizes effective service delivery and personalization. Banks can predict client requirements and adjust services by employing data analytics and consumer segmentation. Predictive analytics, for instance, enables banks to provide clients with pertinent goods according to their transaction histories, greatly improving the client experience (Goldenberg, 2008).

By automating repetitive procedures and enhancing decision-making, artificial intelligence (AI) and machine learning are revolutionizing the banking industry. With the use of these technologies, banks can now analyze vast amounts of data in real time, yielding insights that can improve customer satisfaction and personalize experiences. By automating repetitive operations, employees may concentrate on more complicated client needs, increasing overall responsiveness and service efficiency. (Davenport & Ronanki, 2018).

Additionally, delivering consistently exceptional customer service is a cornerstone of client retention strategies in the banking sector. Banks that prioritize superior service quality create a more satisfying experience for customers, thereby boosting loyalty. Such customer-centric approaches align with CRM goals of building enduring relationships through continuous engagement and personalized service, leading to sustained customer satisfaction and retention. (Habte, D. 2023).

Dashen Bank's successful use of CRM technologies has allowed it to stand out in the private banking industry by providing exceptional customer service that is customised to meet the needs of each individual client. This emphasis on quality and customisation has allowed Dashen Bank to improve customer engagement, strengthen client relationships, and differentiate itself in a crowded market. (Nigussie, H. 2021).

Two essential CRM tactics that banks use to increase their financial performance are client segmentation and lifecycle management. Banks can improve service delivery, optimize resource allocation, and create focused marketing campaigns by segmenting their client base. By ensuring that clients receive pertinent offers and services at every stage of their journey,

these strategies help businesses boost customer engagement and profitability. (Sharma, V., Sharma, V., & Kumar, D. 2024).

2.1.7 CRM Technologies

CRM technology, such as cloud-based solutions and customer interaction tracking systems, are essential to modern banking. According to Lemon and Verhoef (2016), cloud-based CRM systems play a crucial role in guaranteeing scalability and accessibility, which allows banks to provide consistent service across channels.

Through the introduction of technologies that improve data management, customer interactions, and strategic decision-making, technological improvements have completely transformed CRM. For example, cloud-based CRM solutions offer accessibility and flexibility, allowing companies to function effectively across several locations (Goldenberg, 2008).

CRM capabilities have been significantly improved by predictive analytics made possible by AI and machine learning. Businesses can anticipate consumer behavior and take proactive measures to satisfy their requirements by leveraging these technologies. AI-powered chatbots, for instance, provide real-time customer service, increasing user engagement and happiness (Adam, Wessel, & Benlian, 2021).

For the organization to have a consistent picture of customer data, integration with other business systems, such as enterprise resource planning (ERP) and supply chain management (SCM), is essential. This connection facilitates smooth information sharing across many departments, ensuring the accuracy and consistency of customer-related data. Businesses can enhance customer insights, streamline operations, and provide a more seamless customer experience by connecting CRM with other business systems (Payne, Frow 2005).

Customer loyalty and trust are increased by data privacy policies and adherence to laws like the GDPR. According to Davenport and Ronanki (2018), By automating repetitive procedures and enhancing decision-making, artificial intelligence (AI) and machine learning are revolutionizing the banking industry. With the use of these technologies, banks can now analyze vast amounts of data in real time, yielding insights that can improve customer satisfaction and personalize experiences. By automating repetitive operations, employees may concentrate on more complicated client needs, increasing overall responsiveness and service efficiency.

2.1.8 Factors Influencing Customer Retention

Client retention is significantly impacted by customer satisfaction and service excellence. High satisfaction and perceived service quality promote lower attrition rates and recurring business. Customer retention is influenced by a number of factors, such as switching prices, service quality, and trust. One essential component that promotes enduring client relationships is trust. Companies that exhibit dependability and moral behavior have a higher chance of keeping devoted clients (Berry, 2002).

Retaining customers requires both brand loyalty and trust. Customers are more likely to stick with a reliable brand and turn down offers from competing companies. Open communication and trustworthy, moral corporate practices are the foundations of trust. Long-term retention and brand loyalty may be ensured by establishing close emotional bonds and exhibiting a dedication to customer satisfaction (Morgan, Hunt 1994). Establishing client trust in the banking sector is based on transparency and moral behavior. To combat skepticism and cultivate enduring relationships with customers, Ethiopian banks are placing an increased emphasis on these characteristics. Such actions not only improve the bank's standing but also help it attract more devoted clients who respect honesty and transparency (Mekonnen, N. E., & Woldetsadik, T. K. 2024).

Communication and contact with customers are crucial for retention. Customers remain interested and invested in the company when they are engaged through interactive and personalized communication channels. Frequent updates, loyalty plans, and tailored discounts may improve client happiness and promote repeat business. Fostering brand loyalty and improving the overall customer experience depend heavily on effective communication. Businesses are able to offer customized information, loyalty plans, and discounts by interacting with clients through individualized communication channels. This fosters a feeling of community, which encourages repeat business and raises consumer satisfaction. Stronger customer relationships and a greater chance of keeping clients in the cutthroat banking industry are the outcomes of these interactions taken together (Verhoef 2009). Companies that facilitate consumer interaction and transactions have a higher chance of keeping clients (Burnham, Mahajan 2003). By providing customers with simple and convenient banking options, service convenience—especially through mobile banking—plays a big part in keeping customers. Customers may complete a variety of transactions whenever it is most convenient for them

thanks to mobile banking, which not only improves their banking experience but also raises the possibility that they will stick with the bank (Awulewu, D. 2023)

Another important factor in keeping customers is changing expenses. Customers are more inclined to stick with their existing service provider when moving to a competitor is viewed as being expensive. Exclusive perks and loyalty schemes raise switching costs even further, which encourages retention (Burnham et al., 2003).

2.1.9 Future Trends in CRM and Customer Retention

Banks can collect data on customer behavior and preferences in real time by integrating IoT into CRM systems. A more responsive and engaging customer experience results from this technology's improved capacity to anticipate client demands and personalize interactions. In the current banking environment, these developments are essential to preserving a competitive edge (Nguyen, B., Jaber, F., & Simkin, L. 2022).

Customer expectations are changing, and this is shaping the future of CRM and client retention. Customers of today desire multichannel, streamlined, and customized experiences. They want companies to be proactive, respond quickly, and communicate consistently across all platforms. Businesses must use cutting-edge CRM solutions that connect multiple client touch points and offer a seamless experience in order to meet these demands. Meeting and surpassing changing customer expectations is crucial to keeping customers in a cutthroat market (Lemon Verhoef 2016). Because it caters to the individual demands of each client, personalized service gives banks a major competitive edge. Because customers feel appreciated and understood, this strategy not only improves the customer experience but also encourages loyalty. In a competitive industry, personalized interactions set banks apart and increase client satisfaction and retention rates (Moragudi, K. K. 2024).

Data security and privacy are becoming more and more important for CRM and customer retention. Customers are demanding more control and transparency over their personal data as they grow more conscious of the risks related to data privacy. To draw in and keep consumers, businesses need to have strong data security procedures and adhere to laws like GDPR. In the digital age, data security and privacy have grown more and more important, particularly in sectors like banking where client trust is crucial. Customers can feel secure knowing that their personal information is protected thanks to robust data protection standards and open data policies. In addition to encouraging client loyalty, this establishes banks as reliable

organizations in a cutthroat industry. Long-term engagement and customer confidence are increased when strict data protection regulations, like the GDPR, are followed (Westin, A. F. 2003).

Future developments in CRM and customer retention depend on personalization and client-centric tactics. Businesses may provide highly customized experiences based on the tastes and behavior of individual customers by utilizing big data and advanced analytics. Long-term loyalty requires customer-centric strategies, which put the client at the center of business operations. To successfully retain customers, personalization initiatives need to be continuous and genuine (Kumar, Reinartz 2018).

By allowing banks to predict client wants and preferences with astonishing accuracy, hyper-personalization and predictive analytics are revolutionizing customer relationship management (CRM). Omnichannel CRM systems provide smooth customer service across digital and physical touchpoints by merging data from several channels. Cloud-based CRM solutions are being used by Ethiopian banks more and more to get around infrastructure constraints and offer scalable, future-proof systems. By guaranteeing that clients obtain specialized services, these developments raise client happiness and encourage loyalty (Choudhury, M. M. 2023).

Blockchain technology and gamification in CRM provide creative approaches to improve client trust and engagement. Blockchain offers safe and transparent transaction processes, while gamification makes services more engaging for users. When combined, these technologies give consumers a more engaging and reliable experience (Zichermann, G., & Linder, J. 2013).

In order to match CRM goals with customer expectations, employee training is essential. Ethiopian banks have shown that encouraging workers' empathy and proactive involvement greatly improves customer retention. Thorough training programs guarantee that staff members are prepared to deliver individualized and responsive services, which has a direct effect on client trust and satisfaction. These programs build enduring relationships with clients in addition to increasing CRM effectiveness (Solomon, D. T. 2018).

CRM systems are being revolutionized by blockchain technology, which guarantees safe and transparent transactions. Every transaction is traceable and unchangeable, creating a safe environment that boosts client confidence. Simultaneously, virtual reality (VR) provides immersive experiences that can greatly increase consumer engagement and interaction. When integrated, these technologies provide a thorough method for enhancing client encounters'

emotional connection and operational security (Chen et al., 2020). Ethiopian public banks encounter several obstacles while implementing contemporary CRM procedures, such as technological and regulatory constraints. More investigation is required to close these gaps and improve CRM.

2.2 Empirical Evidence

In order to match CRM goals with customer expectations, employee training is essential. Ethiopian banks have shown that encouraging workers' empathy and proactive involvement greatly improves customer retention. Thorough training programs guarantee that staff members are prepared to deliver individualized and responsive services, which has a direct effect on client trust and satisfaction. These programs build enduring relationships with clients in addition to increasing CRM effectiveness (Solomon, D. T. 2018).

For banks and their clients to build trust, responsiveness and problem-solving abilities are essential. Research indicates that continuous professional development programs are necessary to close gaps in the provision of services, especially in areas like individualized care and contemporary service techniques. This kind of training guarantees that staff members continue to be skilled at efficiently handling customer complaints, coordinating CRM tactics with more general organizational objectives (Teklemariam, H. A. 2018).

According to comparative research, Ethiopian private banks are better at using dynamic feedback channels to successfully interact with their clientele. Traditional approaches, suggestion boxes, are frequently used by public banks, which restricts their capacity for real-time communication. Customers also prefer banks that proactively answer questions and quickly fix problems, according to research. Customer interactions at regional banks show that responsiveness and constant communication are essential components in fostering loyalty (Hussain, S. R. 2021).

Relationship marketing, especially in the banking industry, relies heavily on trust and empathy. Ethiopian banks have used these ideas to increase client retention and loyalty. According to empirical research, banks that priorities relationship-driven tactics—like proactive help and tailored communication—see an increase in client satisfaction. These procedures guarantee sustained client connection in addition to enhancing trust. (Nguyen & Simkin, 2020).

Respecting cultural norms and matching bank services to client expectations are essential to creating great customer relationships. A crucial part of this procedure is effectively handling consumer complaints, which shows a bank's dedication to satisfying customer needs. According to research, banks that place a high priority on culture fit and prompt complaint handling build stronger client loyalty and trust, which promotes long-term success (Homburg, C., Jozić, D., & Kuehnl, C. 2017).

Technological advancements have revolutionized CRM procedures by enabling client connections through digital platforms. In Ethiopia's banking industry, digital technologies like mobile banking apps and internet portals have greatly increased consumer convenience and loyalty. These platforms give users easy access to financial services, including safe transactions and real-time account management. Banks have improved customer experiences by incorporating these technologies into their CRM systems, which has led to increased relationships and trust (Kebede and Tegegne 2018). Innovative approaches and human-computer interfaces are essential for closing the gap between organizational performance and technology CRM solutions. Research highlights that by offering smooth, intuitive, and user-friendly experiences, the effective integration of cutting-edge digital tools into CRM procedures can improve customer relations. These developments help banks stay ahead of the competition, increase client happiness, and streamline operations (Wirtz, J., & Zeithaml, V. A. 2024).

Retaining confidence in CRM initiatives requires adherence to laws and moral principles. To protect their customers, Ethiopian banks, such as Dashen Bank and the Commercial Bank of Ethiopia (CBE), place a high priority on data privacy and consumer safety. These banks promote loyalty and establish enduring trust by placing a strong emphasis on equity, transparency, and moral behavior (Smith & Jones, 2020). In order for banks to provide exceptional customer experiences while abiding by legal and regulatory frameworks, it has been determined that ongoing employee training is a crucial component in coordinating CRM tactics with ethical banking standards. (Kebede & Tegegne, 2018).

The importance of CRM tactics in promoting customer happiness and loyalty is highlighted by comparative studies conducted in Ethiopian banking. According to Negassa, G. J. (2023) research, private banks have embraced modern CRM systems more quickly than public banks, which frequently depend on wide branch networks to retain customers. This disparity emphasizes how public banks must update their systems and adopt cutting-edge CRM

techniques in order to stay competitive. Private banks show how technology-driven CRM strategies can greatly improve client experiences and foster loyalty through their proactive strategies.

Customer relations in Ethiopia have been completely transformed by Dashen Bank and CBE's implementation of digital banking technologies. Financial services are now more widely available thanks to online portals and mobile banking apps, which facilitate smooth transactions and real-time account management. By offering effective, user-friendly services that meet contemporary customer expectations, these innovations not only increase convenience but also boost client happiness and loyalty. Both banks have shown their dedication to providing exceptional client experiences by incorporating these technologies into their CRM systems. (Dashen Bank Annual Report, 2023; CBE Annual Report, 2023). When it comes to improving customer retention and satisfaction, effective CRM techniques are revolutionary.

In relationship management, Nguyen and Simkin (2020) stress the value of trust, communication, and reciprocity. Banks may establish stronger ties with their customers and guarantee loyalty and sustained involvement by encouraging open and regular communication. CRM's influence is further increased by proactive communication and personalized services, which help businesses better meet the demands and expectations of their clients. (Nguyen & Simkin, 2020).

Effective CRM tactics in Ethiopian banks depend on adherence to ethical banking values like responsibility, equity, and openness. Organizations such as Dashen Bank and the Commercial Bank of Ethiopia (CBE) cultivate client loyalty and confidence by placing a high priority on adherence to consumer protection legislation, banking rules, and data privacy. In addition to guaranteeing the welfare of customers, ethical compliance lays the groundwork for long-term success and sustainable growth (Beck, T., & Brown, M. 2020).

Integration of digital technology has revolutionized customer interaction strategies by enabling companies to communicate with clients via a variety of online platforms. Lemon & Verhoef (2016) discuss the increasing frequency of customer contact on digital platforms such as websites, mobile apps, and social media. These platforms enhance customer experiences and foster stronger bonds by offering opportunities for tailored communication, real-time feedback, and targeted marketing (Harrigan et al. 2017).

One important CRM statistic is customer satisfaction, which shows how effectively a product or service meets or surpasses the expectations of the consumer. Because consumers are more inclined to promote a company they trust, high satisfaction levels frequently result in improved advocacy, loyalty, and retention. Banks may improve overall customer satisfaction and fortify their CRM efforts by emphasizing personalized offerings and high-quality interactions (Anderson, E. W., & Fornell, C. 2020)

The customer experience in Ethiopia's banking industry has changed as a result of the implementation of digital banking technologies. Banks now provide easy access to financial services through mobile banking apps and internet portals, facilitating account administration and real-time transactions. These innovations have enhanced customer satisfaction by providing convenience, efficiency, and secure platforms for financial interactions, ultimately driving loyalty and long-term retention (Dashen Bank publications 2023) (Commercial Bank of Ethiopia 2023). Customers are more satisfied and loyal when they use digital banking channels since they are effective and convenient (Harrigan et al. 2017).

Research on Ethiopian banking reveals both significant opportunities and persistent challenges in implementing Customer Relationship Management (CRM) principles. Banks face difficulties integrating advanced CRM technologies due to infrastructural and regulatory constraints. However, private banks are more agile in adopting innovative CRM practices, such as personalized interactions and real-time customer insights, which significantly enhance client retention and satisfaction (Beck, T., & Brown, M. 2020).

Nguyen and Simkin (2020) conducted a comprehensive meta-analysis of the relationship between CRM strategies and client retention across industries. They demonstrated how personalized solutions, such as customer segmentation and predictive analytics, improve loyalty and reduce attrition rates. By tailoring interactions to meet individual customer needs, banks can effectively maximize customer lifetime value while achieving measurable improvements in retention metrics, such as churn rates.

2.3 Summary of Literature Review and Research Gap

The examined literature highlights the value of CRM in boosting customer satisfaction and retention across a range of industries, especially banking. It highlights important subjects including the importance of tailored interactions, the strategic use of technology, and the necessity of custom services to build loyalty. According to Payne and Frow (2005) and Nguyen

and Simkin (2020), effective CRM strategies can significantly increase customer satisfaction and retention by enhancing relationship management through reciprocity, communication, and trust.

Research on Ethiopian banking reveals both significant opportunities and persistent challenges in implementing Customer Relationship Management (CRM) principles.

With an emphasis on banking specifically, the studied literature emphasizes CRM's critical role in promoting customer happiness and loyalty across industries. The difference in CRM adoption between public and commercial banks in Ethiopia highlights serious deficiencies in both infrastructure and strategic planning. Research shows that through increased personalization, technological integration, and trust-building activities, CRM-driven tactics can get beyond these obstacles (Kebede & Tegegne, 2018).

According to research's, CRM-driven banking strategies improve client retention and satisfaction, particularly when including digital platforms for individualized services (Kumar & Reinartz, 2018).

Although CRM systems are becoming more widely accepted, there are still differences in how they are applied across businesses. Private Banks in Ethiopia are setting the standard for technological innovation, integrating AI-powered tools and real-time data analytics into their CRM systems. Conversely, public banks tend to rely on traditional approaches, limiting their ability to engage with customers dynamically. Research indicates that trust, empathy, and proactive communication are vital components of effective CRM strategies, fostering loyalty and long-term relationships (Anderson & Fornell, 2020). Additionally, ethical CRM practices, emphasizing transparency and accountability, play a key role in preserving client trust and satisfaction (Nguyen & Simkin, 2020).

Research comparing Ethiopia's commercial and state banks is conspicuously lacking, despite advancements in CRM use. Finding best practices and areas that need improvement requires an understanding of the particular opportunities and difficulties that each industry encounters. Additional research might examine how cutting-edge technology like artificial intelligence (AI) and big data are changing CRM tactics and how regulatory frameworks affect consumer loyalty and trust. Both practitioners and policymakers would benefit from targeted study (Ahmed, M. K., & Seman, M. 2023). Artificial intelligence (AI), digital platforms, and big data

are just a few of the quickly developing technologies that provide CRM both opportunities and difficulties. These subjects haven't, however, been fully explored in the Ethiopian setting.

To fill these gaps, targeted, context-specific research is needed to analyze the relative efficacy of CRM strategies in public and private banks, the impact of regulatory frameworks, and the integration of cutting-edge technologies. Practitioners and lawmakers can benefit from the insights these studies can offer in order to increase customer retention, expedite CRM processes, and create sustainable competitive advantages.

CRM strategies can significantly boost customer satisfaction and loyalty, per research like that conducted by Kumar and Reinartz (2018). The significance of digital technology and sophisticated analytics in improving customer engagement and retention in Ethiopia is highlighted by empirical studies. Banks can anticipate client demands, customize experiences, and maximize operational efficiency with the use of tools like predictive analytics and AI-driven insights. Studies do, however, show enduring issues such as inadequate staff training, opposition to change, and a lack of infrastructure. These obstacles were highlighted by Gebre (2010) and Alemu and Zewdu (2018), who urged banks to concentrate on putting into practice sustainable CRM strategies backed by strong training and technical integration.

There are still important gaps in our knowledge of CRM's performance and use in developing countries like Ethiopia, despite tremendous progress in the field. There is a lack of context-specific insights for regions with particular constraints, such as inadequate digital infrastructure, varied customer expectations, and changing regulatory frameworks, because the majority of the current research has concentrated on developed economies (Nguyen & Simkin, 2020; Ahmed & Seman, 2023). The optimization of CRM tactics in these contexts is hampered by the dearth of specialized research.

The lack of thorough studies comparing public and private banks is one significant gap. Private banks like Dashen Bank are frequently quicker to embrace cutting-edge CRM systems, while public banks like the Commercial Bank of Ethiopia (CBE) enjoy the advantages of wide branch networks and government assistance. The effects of these ownership structures on CRM effectiveness and customer retention results, however, have not been thoroughly studied empirically. Closing this gap could yield practical insights on areas for improvement and best practices in both industries (Ahmed & Seman, 2023).

Additionally, CRM strategies are changing globally due to the quick development of legal frameworks and technical breakthroughs like blockchain, mobile banking, and artificial intelligence. Nevertheless, there is little empirical data on how these changes affect CRM practices in Ethiopian banks, where digital transformation and regulatory compliance are still in their infancy (Davenport & Ronanki, 2018; Kebede & Tegegne, 2018). In order to create CRM strategies that satisfy regional demands and international norms, practitioners and legislators must have a thorough understanding of these dynamics.

Ethiopian banks also confront particular challenges, such as disparities in digital infrastructure, disjointed customer expectations, and uneven application of legislative frameworks. These difficulties require CRM methods that are relevant to the Ethiopian banking industry, to close these gaps and create CRM models that maximize customer retention, improve service delivery, and guarantee regulatory compliance, specialized research is necessary (Choudhury, 2023).

In conclusion, despite global advancements in CRM research, little is known about Ethiopia's banking industry. Not much research has been done on the moderating effect of ownership on the relationship between CRM and customer retention, especially when it comes to Ethiopia's public and private banks. Furthermore, more research is needed to determine how new regulations and developing technology affect CRM success in Ethiopia. Closing these gaps will yield vital information to improve CRM efficacy in Ethiopia's distinct banking environment.

2.4 Conceptual Framework

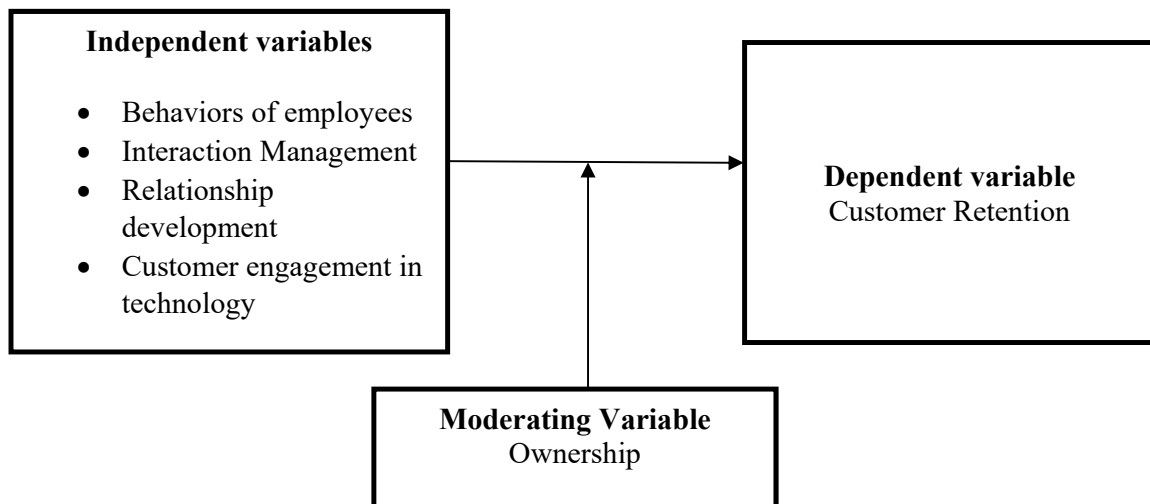


Figure 2.1 Conceptual Framework

2.5 Research Hypothesis

In order to achieve the purpose of this study the following hypotheses were tested,

H1: Behaviors of employees has a positive and significant effect on customer retention

H2: Interaction Management has a positive and significant effect on customer retention

H3: Relationship development has a positive and significant effect on customer retention

H4: Customer engagement in technology has a positive and significant effect on customer retention

H5: Ownership moderates the relationship between customer relationship management and customer retention

CHAPTER THREE

Research Methodology

This chapter outlines the research design and methodology employed in the study. It comprehensively covers the research design, target population, sampling designs and techniques, data sources, data collection methods, and data analysis procedures. This structured approach ensures the study's thoroughness and reliability in exploring the moderating effect of ownership in the relation between customer relationship management and customer retention within the context of Dashen Bank S.C and Commercial Bank of Ethiopia (CBE) in Addis Ababa.

3.1 Study Area

It is crucial to understand the organizational and geographic background of Dashen Bank S.C. and Commercial Bank of Ethiopia (CBE) in Addis Ababa in order to examine their CRM procedures and the effect they have on client retention. The largest and oldest bank in Ethiopia, CBE was founded in 1942 and currently has 1,940 branches around the country, including approximately 300 in Addis Ababa (Commercial Bank of Ethiopia, 2023; Annual Reports). It is a state-owned enterprise that is well-known for its extensive branch network and large customer base, and it is a major player in the Ethiopian banking industry. In contrast, Dashen Bank, a prominent private bank, has more than 500 branches across the nation, including about 204 in Addis Ababa (Dashen Bank, 2023; Annual Reports). Known for its customer-centric approach and innovative banking services, Dashen Bank offers a competitive advantage in the private banking market, making both banks important players in the Ethiopian financial landscape, particularly in Addis Ababa.

Customer Relationship Management (CRM) practices are critical because they serve as the primary interface between banks and their customers, where CRM strategies are actively implemented. Branches are where policies have a direct impact on consumer engagement, satisfaction, and retention, as opposed to head offices, which concentrate on policy development. The purpose of this study is to examine how CRM is implemented practically at the branch level, where frontline employees, such as branch managers and CRM officers, implement head office strategies (Zeithaml, Bitner, & Gremler, 2020).

The following standards are used for branch selection in order to guarantee that the study concentrates on the most relevant and representative branches:

- **Grade Classification:**
The branches selected must be classified as Grade 3 or higher, indicating they have greater operational capacity, larger customer bases, and more developed facilities. This ensures that the study is focused on branches with more significant customer interactions and better CRM implementation.
- **Geographic Location:**
The study focuses on branches located within the Addis Ababa Eastern District, which encompasses branches that are geographically convenient to access and can provide diverse operational dynamics. This district is chosen for its strategic location, which includes commercial, residential, and government offices, ensuring a diverse pool of customers.
- **Customer Interaction Volume:**
Priority is given to branches that experience higher volumes of customer interactions (e.g., high transaction volumes, frequent customer visits). These branches are more likely to have well-established CRM practices and will provide relevant data for assessing customer retention.

3.2 Research Design

According to Cooper and Schindler (2003), a research design serves as the roadmap for an investigation, outlining its structure and plan to address research questions effectively. It encompasses the framework from hypothesis formulation to data analysis, guiding the inquiry to gather empirical insights into the relationships under study. In this study, both descriptive and explanatory research designs are employed to comprehensively address the research questions and meet the research objectives.

The descriptive design provides a comprehensive overview of current CRM practices and customer retention rates at Dashen Bank S.C and Commercial Bank of Ethiopia (CBE), offering a detailed picture of the existing landscape. Meanwhile, the explanatory design investigates deeper into the relationships between CRM strategies and customer retention, exploring causal links and identifying differences between the approaches of the two banks.

This combination of methods ensures a robust and holistic understanding of how CRM influences customer retention in the banking sector.

To achieve this, a comparative cross-sectional survey design is adopted. This design facilitates the collection and comparison of data from two distinct groups at a single time point. The study aims to evaluate the impact of various CRM practices on customer retention while also examining how ownership type (public vs. private) may moderate this relationship. By employing a comparative approach, the study seeks to highlight differences and similarities in the CRM strategies of Dashen Bank S.C and CBE, shedding light on their effectiveness in retaining customers.

3.3 Research Approach

This research employs a quantitative approach to provide a comprehensive analysis of Customer Relationship Management (CRM) practices at Dashen Bank S.C. and the Commercial Bank of Ethiopia (CBE). The study focuses on measurable data related to customer retention and CRM effectiveness, enabling a robust comparison of CRM practices across Dashen Bank and CBE. This quantitative design ensures a clear understanding of CRM practices and their impact on customer retention, making it possible to draw meaningful conclusions based on statistical trends (Creswell, 2014; Johnson & Onwuegbuzie, 2004).

3.4 Data and Data Collection Method

Data collection for this study involves both primary and secondary sources to ensure a comprehensive analysis. Primary data is gathered through 5-point Likert scale questionnaires. Secondary data is sourced from a variety of reliable sources. Annual reports, CRM performance reports, and customer service records from Dashen Bank S.C. and Commer Bank of Ethiopia are reviewed to provide context and additional data points. Academic journals are examined to gather insights from existing literature and studies related to CRM and customer retention in the banking sector. Industry reports are consulted to compare the banks' CRM performance against industry benchmarks. Furthermore, access to internal databases and CRM systems of the banks is sought to retrieve historical data on customer interactions and retention.

3.5 Target Population and Sampling Design

Target Population

The target population consists of:

1. **Customers:** Active customers from selected Grade 3 and above branches of Dashen Bank S.C. and Commercial Bank of Ethiopia (CBE) within the Eastern District of Addis Ababa. This population represents a diverse group directly impacted by the banks' Customer Relationship Management (CRM) practices.

For Dashen Bank S.C. in the Eastern District of Addis Ababa, operates 10 branches of Grade Three and above. The researcher has selected the top three branches with the highest customer interaction, each serving more than 15,000 customers. These branches are Bole Branch, Bole Medhanialem Branch, and Imperial Akababi Branch. Therefore, the target population for Dashen Bank S.C. customers is 45,000, with 15,000 customers from each of the three selected branches. Same wise for CBE in the Eastern District (Bole District) of Addis Ababa, operates 21 branches of Grade Three and above. The researcher has selected the top three branches with the highest customer interaction, each serving more than 15,000 customers. These branches are ECA Branch, Meskel Flower Branch, and China Africa Square Branch. Therefore, the target population for CBE customers is 45,000, with 15,000 customers from each of the three selected branches.

2. **Employees:** Relevant branch-level staff, specifically Relationship Managers (RMs), Relationship Officers (ROs), and branch managers. These employees are actively involved in implementing CRM strategies.

Bank tellers were left off of the employee list of respondents because of the type and extent of customer interactions needed for this study. With an emphasis on strategic interactions and relationship-building initiatives, the study examines customer relationship management (CRM) and its impact on client retention. Due to their direct responsibility for creating, fostering, and overseeing long client connections, branch managers and relationship managers are essential in various domains.

Bank tellers, on the other hand, mostly deal with standard transactions like payments, withdrawals, and deposits. Their contacts with clients are usually quick, transactional, and less strategic relationship management oriented, despite the fact that their function is crucial for operational efficiency. Because tellers' customer involvement does not closely match the CRM characteristics under analysis, including them might reduce the quality of insights

pertinent to the study's goals. Thus, by excluding bank tellers, the sample stays concentrated on workers whose jobs directly affect the dynamics of client relationships, improving the findings' validity and applicability.

Dashen Bank S.C. operates 10 branches of Grade Three and above in the Eastern District of Addis Ababa, while the Commercial Bank of Ethiopia (CBE) operates 21 branches of Grade Three and above in the Bole District of Addis Ababa. For the purpose of selecting employees, the researcher has chosen 10 branches from the 21 CBE branches, ensuring a balanced representation from both banks. By keeping the two banks proportionate, this method establishes a fair foundation for comparison and analysis. An equal number of branches reduces the possibility of bias brought on by unequal representation, which would otherwise distort the findings and call into question the validity of the comparison analysis. Additionally, the CBE branches that were picked were deliberately chosen to represent a wide range of client demographics, geographic regions, and operational traits, guaranteeing that the sample accurately reflects the larger bank network. The study achieves a reasonable scale while preserving the integrity of the research findings by restricting the sample size to 10 branches for each bank. This allows for significant and balanced insights into the link between CRM practices and customer retention across the two banks. Each selected branch consists of three (3) staff members directly involved with the relevant concepts: one branch manager, one relationship manager, and one relationship officer. As a result, the total employee population for the study will consist of 30 employees from each bank, calculated as 3 staff members per branch across 10 branches ($3 \times 10 = 30$ employees per bank). Therefore, the total target population for both banks will be 60 employees (30 from Dashen Bank S.C. and 30 from CBE).

Sampling Technique:

The Researcher used Convenience Sampling from non-probability sampling technique for the customers and Purposive Sampling from non-probability sampling technique for the employees.

Sample Size Calculation:

For Customers

The Yamane (1967) formula is used to calculate the customer sample size:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

- n: Required sample size
- N: Total population size (90,000 customers across both banks; 45,000 customers per bank).
- e: Margin of error (0.05 for 95% confidence level).

Calculation for One Bank:

$$n = \frac{45,000}{1 + 45,000(0.05)^2} = \frac{45,000}{113.5} = 396.4757 \approx 396$$

Total Sample Size for both banks: $396 \times 2 = 792$ customers.

For Employees

The Yamane (1967) formula is used to calculate the employee sample size:

$$n = \frac{N}{1 + N(e)^2}$$

Where:

- n: Required sample size
- N: Total population size (60 employees across both banks; 30 employees per bank).
- e: Margin of error (0.05 for 95% confidence level).

Calculation for One Bank:

$$n = \frac{30}{1 + 30(0.05)^2} = \frac{30}{1.075} = 27.909 \approx 28$$

Total Sample Size for both banks: $28 \times 2 = 56$ employees.

3.6 Measurement of Variables

To ensure accurate and meaningful analysis, the variables in this study are meticulously measured as follows:

A. Independent Variables:

- **Employee Behaviors:** This variable is assessed using a Likert scale (1-5) to measure employee professionalism, friendliness, and responsiveness.
- **Interaction Management:** Evaluated through questions regarding the frequency, quality, and overall satisfaction with employee-customer interactions.
- **Relationship Development:** Measured by assessing trust, commitment, and the depth of relationships developed over time between customers and bank employees.
- **Customer Engagement with Technology:** Measured by examining the adoption rates and satisfaction levels with digital banking services, including mobile and online banking.

B. Dependent Variable:

- **Customer Retention:** Measured by assessing the likelihood of continued use of the bank's services, customer loyalty metrics, and the duration of the customer relationship with the bank.

C. Moderating Variable:

- **Ownership:** Distinguishes between public and private ownership of the banks, coded as a binary variable (0 for Commercial Bank of Ethiopia (CBE), 1 for Dashen Bank S.C.).

Table 3.1: Operational Variables and Expected Results

Variable Type	Variable	Explanation	Measurement	Expected Result
Dependent Variable	Customer Retention	Likelihood of continued use of the bank's services, customer loyalty metrics, and duration of the customer relationship	Likert Scale (1-5)	Positive (+)

Variable Type	Variable	Explanation	Measurement	Expected Result
Independent Variables	Behaviors of Employees	Customer perceptions of employee professionalism, friendliness, and responsiveness	Likert Scale (1-5)	Positive (+)
	Interaction Management	Frequency, quality, and satisfaction with customer interactions	Likert Scale (1-5)	Positive (+)
	Relationship Development	Trust, commitment, and the depth of relationships developed over time	Likert Scale (1-5)	Positive (+)
	Customer Engagement in Technology	Adoption and satisfaction with digital banking services (mobile banking, online banking)	Likert Scale (1-5)	Positive (+)
Moderating Variable	Ownership	Public vs. private ownership	Binary variable (0 for CBE, 1 for Dashen Bank)	Positive (+)

3.7 Method of Data Analysis

The researcher employed both descriptive and inferential statistical methods to analyze the data collected from respondents through questionnaires. Descriptive statistics were utilized to summarize and present the characteristics of the dataset by employing measures such as frequencies, percentages, means, and standard deviations. This approach provided a clear and concise overview of respondents' personal and professional profiles, as well as the responses related to the independent and dependent variables.

Inferential statistics were applied to analyze relationships and test hypotheses, enabling generalizations from the sample data to the broader population. The statistical tool for social sciences (SPSS) version 25 facilitated data processing and analysis. Correlation analysis was conducted to determine the strength and direction of relationships between independent and

dependent variables, while regression analysis was performed to show the relationship between variables.

Multiple Regression analysis is used to examine the moderating relationship used as follows:

$$Y = \beta_0 + \beta_1(X_1) + \beta_2(X_2) + \beta_3(X_3) + \beta_4(X_4) + \varepsilon$$

$$Y = \beta_0 + \beta_1(X_1) + \beta_2(X_2) + \beta_3(X_3) + \beta_4(X_4) + \beta_5(Z) + \beta_6(X_1 \times Z) + \beta_7(X_2 \times Z) + \beta_8(X_3 \times Z) + \beta_9(X_4 \times Z) + \varepsilon$$

Where:

- Y represents the dependent variable, Customer Retention, measured separately for Dashen Bank and the Commercial Bank of Ethiopia.
- β_0 is the constant term (intercept).
- $X_1 - X_4$ are the independent variables: behavior of employees, interaction management, relationship development, and customer engagement in technology.
- Z is the moderating variable, ownership (private for Dashen Bank and public for CBE).
- $X_1 \times Z$, $X_2 \times Z$, etc. represent the interaction terms, showing how the relationship between CRM dimensions and customer retention is influenced by ownership.
- ε is the error term.

3.8 Reliability and Validity

Reliability and validity are critical to ensuring the accuracy of a research instrument. Reliability refers to the consistency of results, commonly measured using Cronbach's alpha, with values above 0.7 indicating acceptable reliability (Tavakol & Dennick, 2011).

Validity ensures the instrument measures what it intends to. Content validity confirms the instrument covers all aspects of the concept, while construct validity examines theoretical alignment, including convergent and discriminant validity. (Bolarinwa, 2015).

3.9 Ethical Considerations

The researcher addressed ethical considerations regarding confidentiality and privacy. The respondents who participated in the questionnaire provided their full agreement to participate in this study and also, they were not required to write their names on the questionnaire and

were assured their responses would remain confidential and used for only academic purpose. The response provided by the participants is analyzed by the researcher without any change. Additionally, the reference works of other researchers and authors are cited properly.

CHAPTER FOUR

Data Analysis, Presentation and Discussion

This chapter provides a detailed analysis of the data collected from employees and customers of Dashen Bank S.C. and Commercial Bank of Ethiopia. The findings are presented through statistical tests and visualizations, followed by concise interpretations and discussions to address the research objectives and hypotheses. The data was analyzed using SPSS version 25.

4.1 Response Rate

To collect the data and extract findings, questionnaire was prepared and distributed to customers and employees of commercial bank of Ethiopia and Dashen bank. Out of the 792 questionnaires distributed to customers of both CBE and Dashen Bank (in three selected branches in Addis Ababa for both), 651 completed responses were returned, resulting in a response rate of 82.19%. Additionally, none of the questionnaires were rejected due to missing data. Out of the 56 questionnaires distributed to employees of both CBE and Dashen Bank (in ten branches that are located in Addis Ababa), the researcher received all 56 completed questionnaires, resulting in a 100% response rate.

4.2 Respondents demographic Characteristics

This section explores the demographic characteristics of the employee and customer respondents who participated in the study, representing both Dashen Bank and Commercial Bank of Ethiopia (CBE). The demographic attributes analyzed include gender, age, education, the work experience of the employees, years as customers of the bank, the bank the employees represent and the bank the customer prefers.

Table 4.1: Respondents Demographic Characteristics

No	Description	Employee Data(n=56)			Customer Data(n=651)		
			Frequency	Percent (%)		Frequency	Percent (%)
1	Gender						
		Male	40	71.4	Male	371	57.0
		Female	16	28.6	Female	280	43.0
2	Age Group		Frequency	Percent (%)		Frequency	Percent (%)
		26-35	41	73.2	18-25	141	21.7
		36-45	10	17.9	26-35	235	36.1
		46-55	5	8.9	36-45	126	19.4
					46-55	106	16.3
					56 and above	43	6.6
3	Educational Background		Frequency	Percent (%)		Frequency	Percent (%)
		Degree	39	69.6	Primary	50	7.7
		Masters	17	30.4	Secondary	100	15.4
					Diploma	162	24.9

					Degree	237	36.4
					Masters	102	15.7
4	Work Experience/ Years as customers of the bank		Frequency	Percent (%)		Frequency	Percent (%)
		2-5 years	36	64.3	Less than 1 year	50	7.7
		6-10years	13	23.2	1-5 years	184	28.3
		Above 10 years	7	12.5	6-10 years	174	26.7
					11-15 years	145	22.3
					16-20 years	98	15.1
5	Bank (the respondent works for/prefers)		Frequency	Percent (%)		Frequency	Percent (%)
		CBE	28	50.0	CBE	308	47.3
		Dashen	28	50.0	Dashen	343	52.7

Source: own survey, 2024

As presented in the above table, the gender of the employee respondents, shows that the majority, 71.4% (40 individuals), are male, while the remaining 28.6% (16 individuals) are female. This implies a male-dominated workforce within the sample. A distribution like this could influence interactions at work and viewpoints on CRM, providing a window through which to view gender-related issues in the banking industry. Among customers, the gender gap is narrower, with 57.0% (371 individuals) male and 43.0% (280 individuals) female. This indicates a relatively balanced gender representation among customers, with a slight majority of male respondents.

When examining the age distribution in the table, it can be seen that the majority of employees, 73.2% (41 individuals), are aged between 26 and 35 years. This group is followed by those aged 36-45, who represent 17.9% (10 individuals), and those aged 46-55, who make up 8.9% (5 individuals). These figures show a workforce that is largely youthful and likely in its most active and productive phase. Customers, however, show a broader age spread, with the 26-35 group making up the largest proportion 36.1% (235 individuals). This is followed by 21.7% (141 individuals) in the 18-25 age group and 19.4% (126 individuals) aged 36-45. Additionally, 16.3% (106 individuals) are aged 46-55, while 6.6% (43 individuals) are 56 years or older. This demographic profile suggests a customer base that is likely familiar with modern banking practices and digital engagement tools.

The level of education among the employee respondents, as outlined in the table, reveals a qualified workforce. A significant portion, 69.6% (39 individuals), hold a bachelor's degree, while 30.4% (17 individuals) have a master's degree. This high level of education implies that employees are equipped with the knowledge and skills needed to engage effectively with CRM practices. When it comes to customers data from the table reveals that the largest group of

customers, 36.4% (237 individuals), hold a degree, followed by 24.9% (162 individuals) with a diploma. Those with a master's degree constitute 15.7% (102 individuals), while 15.4% (100 individuals) have completed secondary education, and 7.7% (50 individuals) have only a primary-level education. These findings indicate that a substantial portion of customers are well-educated, with more than three-quarters (77.0%) having at least a diploma. This suggests that most customers are likely to appreciate and utilize advanced CRM systems and services. Work experience among employee respondents, as detailed in the table, indicates that the largest segment, 64.3% (36 individuals), have 2-5 years of experience. Employees with 6-10 years of experience constitute 23.2% (13 individuals), while those with over 10 years of experience make up 12.5% (7 individuals). This distribution suggests that while a majority of the workforce is relatively early in their careers, there is a notable representation of experienced professionals who bring valuable insights and stability to the banking sector.

The analysis of years as a customer of the bank, as detailed in the table, indicates that 28.3% (184 individuals) have been with their respective banks for 1-5 years, followed closely by 26.7% (174 individuals) who have been customers for 6-10 years. Additionally, 22.3% (145 individuals) have banked with their institution for 11-15 years, while 15.1% (98 individuals) have been customers for 16-20 years. A smaller group, 7.7% (50 individuals), have been with their bank for less than one year. These findings suggest that the majority of customers (77.4%) have had a banking relationship spanning more than one year, reflecting a mix of both long-term loyalty and relatively new customers.

As shown in the table, employee representation of the two banks in the sample is balanced, with 50% (28 individuals) from Dashen Bank and 50% (28 individuals) from CBE. This equal distribution ensures that the perspectives of employees from both institutions are fairly captured, allowing for meaningful comparisons between the two bank's approaches to CRM and customer retention.

The final demographic attribute analyzed, bank preference, reveals a slight preference for Dashen Bank, with 52.7% (343 individuals) of respondents favoring it, compared to 47.3% (308 individuals) who prefer CBE. This relatively balanced distribution ensures a comparative perspective on customer satisfaction and retention strategies employed by the two banks.

4.3 Descriptive Statistics of Customer Relationship Management and Customer Retention

Descriptive statistics is useful to summarize the data collected through the 5-point Likert scale questionnaire administered to the employees and customers in this study. This section presents the mean and standard deviation for the key variables, providing an overview of the central tendency and variability of the responses. These statistics offer valuable insights into the general trends and patterns within the data, helping to better understand the factors influencing customer relationship management and retention in the context of the study.

Table 4.2: Descriptive Statistics of Variables

EMPLOYEE RESPONSES				CUSTOMER RESPONSES			
Behaviour of Employees				Behaviour of Employees			
	N	Mean	Std.Deviation		N	Mean	Std.Deviation
Dealing sincerely with customers makes them happy with the bank.	56	4.18	0.811	The bank's employees deal sincerely with you.	651	3.79	1.167
Being helpful with customers makes them loyal to the bank.	56	3.32	0.716	Receiving helpful service makes you more loyal to the bank.	651	3.81	1.161
Being kind with customer makes them satisfied.	56	3.77	0.713	Being treated kindly by bank staff makes you feel satisfied with the bank's services.	651	3.73	1.209
Highly skilled and experienced employees are necessary to provide good banking service.	56	3.54	0.713	Highly skilled and experienced employees are necessary for providing good banking services.	651	3.88	1.160
Aggregate		3.703	0.73825	Aggregate		3.803	1.17425
Interaction Management				Interaction Management			
	N	Mean	Std.Deviation		N	Mean	Std.Deviation
The bank deals effectively with customer problems.	56	3.86	0.616	The bank keeps in touch constantly with its customers.	651	3.80	1.177
The bank reviews complaints regularly.	56	3.50	0.714	The bank tries very hard to establish a long term relationship with its customers.	651	3.85	1.151
The bank officers respond directly to problems.	56	3.70	0.737	The bank works in close cooperation with its customers.	651	3.77	1.197

Customers give greater attention to bank reaction to complaints filled.	56	4	0.688	Employees of the bank know you very well.	651	3.85	1.147
				Your achievement flourish on the solid relationship you have with the bank.	651	3.80	1.188
Aggregate		3.765	0.68875	Aggregate		3.814	1.172
Relationship Development				Relationship Development			
	N	Mean	Std.Deviation		N	Mean	Std.Deviation
Trust between the bank and customers is essential for long-term relationships.	56	4.30	0.464	Trust between you and the bank is essential for a long-term relationship.	651	3.84	1.192
Regular communication with customers strengths the relationship.	56	4.02	0.646	Regular communication with the bank strengthens your relationship with the bank.	651	3.82	1.185
The bank's relationship- building efforts improve customer retention rates.	56	4.11	0.562	The bank's efforts to build relationships with you improves your loyalty to the bank.	651	3.82	1.182
Personalized services offered by the bank contribute to customer loyalty.	56	4.04	0.660	The personalized services offered by the bank contribute to your loyalty as a customer.	651	3.92	1.145
The bank frequently seeks feedback to improve its relationship with customers.	56	3.87	0.764	The bank frequently seeks your feedback to improve its relationship with you.	651	3.82	1.171
Aggregate		4.068	0.6192	Aggregate		3.844	1.175
Customer Engagement in Technology				Customer Engagement in Technology			
	N	Mean	Std.Deviation		N	Mean	Std.Deviation
Sending e-messages to customers enhance customer satisfaction.	56	4.00	0.714	Sending e-messages to customers enhance customer to retain.	651	3.90	1.117
Providing e-promotion foster customer satisfaction.	56	4.04	0.713	Providing e-promotion promote customer retention.	651	3.81	1.233
Providing e-information is essential for customer satisfaction.	56	3.89	0.679	Providing e-information is essential for customer retention.	651	3.79	1.177
Web site availability gives competitive advantage to the bank.	56	4.27	0.447	The bank interacts with its customers by providing E-banking service.	651	3.92	1.145

Customers frequently use the banks mobile application or online banking service.	56	3.70	0.829	The Bank gives technology based service to its customers.	651	3.76	1.144
Customers find the interbank transfer process of the bank user friendly.	56	4.43	0.499				
Customers are satisfied with the range of services available at out ATMs (e.g. cash withdrawal, deposit, balance checks...)	56	4.29	0.456				
Customers are confident in the security of our virtual banking services.	56	4.70	0.464				
Aggregate		4.165	0.600125	Aggregate		3.836	1.1632
Customer Retention				Customer Retention			
	N	Mean	Std.Deviation		N	Mean	Std.Deviation
Good relationship between CRM and customer is essential for customer satisfaction.	56	4.16	0.458	I am giving positive word of mouth witnesses to others about this bank confidently.	651	3.90	1.146
The bank has established clear strategy to retain customers.	56	3.91	0.611	I am not intending to leave this bank in the future.	651	3.79	1.153
The bank measures customer retention rate regularly.	56	4.16	0.654	I got that it is difficult to change to other banks due to what I receive from this bank.	651	3.82	1.131
The bank tries very hard to establish a long term relationship with its customers.	56	4.55	0.570	I will always choose this bank over any other bank.	651	3.77	1.160
Most of your banks customers consider us as their primary operator.	56	3.95	0.616	The Bank effectively deals with my Problems.	651	3.86	1.176
The bank keeps its promises.	56	4	0.714	The bank provides accessible web site for me.	651	3.86	1,178
Aggregate		4.122	0.603833333	Aggregate		3.833	1.157333333

Source: own survey, 2024

The descriptive statistics reveal notable differences between employee and customer perceptions regarding the **Behavior of Employees**. The largest difference is observed in perceptions of helpfulness. While employees rated "Being helpful with customers makes them loyal to the bank" at 3.32 (SD = 0.716), customers rated "Receiving helpful service makes you more loyal to the bank" higher at 3.81 (SD = 1.161). This indicates that customer's value helpfulness more than employees perceives their actions to impact loyalty.

Similarly, employees gave the highest rating to "Dealing sincerely with customers makes them happy with the bank" (4.18, SD = 0.811), emphasizing the importance they place on sincerity. However, customers rated the corresponding item, "The bank's employees deal sincerely with you," lower at 3.79 (SD = 1.167), highlighting a potential gap between employee intentions and customer perceptions.

For employees, "Being kind with customers makes them satisfied" is rated 3.77 (SD = 0.713), reflecting a strong belief in the role of kindness in fostering satisfaction. Customers rated the corresponding item, "Being treated kindly by bank staff makes you feel satisfied with the bank's services," similarly at 3.73 (SD = 1.209), showing alignment between employee intentions and customer perceptions, though the higher variability among customers indicates that not all have experienced consistent kindness.

Both groups aligned closely on the importance of skilled and experienced employees. Customers rated this the highest (3.88, SD = 1.16), slightly above employee's rating (3.54, SD = 0.713), confirming shared recognition of expertise as a critical aspect of good service.

The aggregate mean for employees (3.703, SD = 0.73825) indicates that employees view their behavior positively, with consistent responses across items. For customers, the aggregate mean is slightly higher (3.803, SD = 1.17425), suggesting a more favorable overall perception of employee behavior. However, the higher standard deviation among customers reflects greater variability in their experiences. This difference highlights a potential perception gap, where employees may underestimate how their behavior is perceived by customers, emphasizing the need for more consistent service delivery.

The descriptive statistics for **Interaction Management** highlight several important findings. Among the specific items, employees rated "customers give greater attention to bank reaction to complaints filed" the highest (4.0, SD = 0.688), indicating a strong agreement among employees that customers pay significant attention to how the bank reacts to complaints. Customers placed equal emphasis on "the bank tries very hard to establish a long-term relationship with its customers" and "employees of the bank know you very well" (both 3.85, SD = 1.151 and 1.147, respectively), highlighting the importance of relationship-building and

personal recognition. On the other hand, on the questions, the bank deals effectively with customer problems and the bank keeps in touch constantly with its customers the employee and customer show (3.86, SD = 0.616) and (3.80, SD = 1.177) respectively, indicating a relatively high level of agreement among employees that the bank handles customer issues effectively and moderate agreement among customers that the bank maintains regular contact, with some variability in responses. However, both groups rated certain areas lower. Employees gave the lowest score to "the bank reviews complaints regularly" (3.5, SD = 0.714), while customers rated "the bank works in close cooperation with its customers" slightly lower (3.77, SD = 1.197). These areas indicate opportunities for improvement, particularly in maintaining consistent complaint review practices and fostering closer collaboration with customers. The aggregate mean for employee responses is 3.765 (SD = 0.68875), while the aggregate mean for customer responses is slightly higher at 3.814 (SD = 1.172). These results indicate a generally positive perception of interaction management by both groups, with slightly greater variability in customer responses.

When we come to **Relationship development**, Employees rated "trust between the bank and customers is essential for long-term relationships" the highest (4.3, SD = 0.464), emphasizing trust as a foundation for relationship development. Similarly, customers gave their highest score to "the personalized services offered by the bank contribute to your loyalty as a customer" (3.92, SD = 1.145), highlighting the value of customized services in fostering loyalty. Both groups rated "the bank frequently seeks feedback to improve its relationship with customers" relatively lower, with employees scoring it at 3.87 (SD = 0.764) and customers at 3.82 (SD = 1.171). This suggests an area where banks can improve by proactively collecting and utilizing customer feedback to strengthen relationships. The aggregate mean for employee responses is 4.068 (SD = 0.6192), while for customers, the aggregate mean is slightly lower at 3.844 (SD = 1.175). Both groups exhibit positive perceptions of relationship development, with employees showing stronger consistency in their evaluations as reflected by the lower standard deviation.

Customer engagement in technology received positive ratings from both employees and customers. Employees rated "customers are confident in the security of our virtual banking services" the highest (M = 4.70, SD = 0.464), emphasizing the critical importance of security in digital banking. Customers similarly acknowledged the importance of e-messages but rated it slightly lower (3.9, SD = 1.117). Both groups also highlighted the ease of interbank transfer processes (4.43, SD = 0.499) and satisfaction with the range of ATM services and e-promotion (employees: 4.29, SD = 0.456; customers: 3.81, SD = 1.233) as strengths.

On the other hand, both employees and customers gave slightly lower scores to mobile and online banking service usage (employees: 3.70, SD = 0.829; customers: 3.76, SD = 1.144), suggesting this is an area where banks can further enhance accessibility or functionality. Additionally, while employees rated "website availability gives a competitive advantage to the bank" highly (4.27, SD = 0.447), customers rated its counterpart ("the bank interacts with customers by providing e-banking services") slightly lower (3.92, SD = 1.145). The aggregate mean for employee responses was 4.165 (SD = 0.600125), while the customer aggregate was slightly lower at 3.836 (SD = 1.1632), indicating general satisfaction with technology-enabled banking services but with more variability in customer perceptions.

Customer retention was also positively rated by both employees and customers. Employees rated "the bank tries very hard to establish a long-term relationship with its customers" the highest (4.55, SD = 0.57), showcasing the bank's emphasis on fostering long-term loyalty. Customers gave relatively high scores to "I am giving positive word of mouth about this bank confidently" (3.9, SD = 1.146) and "the bank effectively deals with my problems" (3.86, SD = 1.176), reflecting their appreciation for problem-solving and communication.

Lower scores were observed for "most of your bank's customers consider us as their primary operator" (employees: 3.95, SD = 0.616) and "I will always choose this bank over any other bank" (customers: 3.77, SD = 1.160). This suggests room for improvement in customer exclusivity and loyalty. The aggregate mean for employee responses was 4.122 (SD = 0.603833333), while for customers it was slightly lower at 3.833 (SD = 1.157333333), indicating overall satisfaction but with greater variability in customer perceptions.

Table 4.3: Ownership type of the bank distribution

Respondents	Bank Type	Count	Percentage (%)
Employees	Dashen (Private)	28	50%
	CBE (Public)	28	50%
Customers	Dashen (Private)	343	52.70%
	CBE (Public)	308	47.30%

Source: own survey, 2024

The study sampled an equal number of employees from Dashen Bank (private) and Commercial Bank of Ethiopia (public), with 28 responses from each bank, representing 50% each. Among customers, responses leaned toward Dashen Bank, with 343 responses (52.7%), while CBE customers accounted for 308 responses (47.3%). This distribution reflects a balanced representation of employees across both banks and a slightly larger proportion of customer responses from Dashen Bank.

4.4 Inferential statistics

This section presents the results of inferential statistical analysis, which aims to draw conclusions about the relationships between variables based on the data collected. By utilizing techniques such as correlation and regression analysis, this section explores the strength and direction of relationships among the independent, dependent, and moderating variables in the study, allowing for the testing of hypotheses and the generalization of findings to the broader population.

4.4.1 Reliability Test

The reliability test evaluates the consistency and stability of the measurement instruments used in this study, ensuring that the items in the questionnaire reliably measure the intended variables. Cronbach's Alpha, a commonly used statistic, is employed to assess the internal consistency of the scales used for the various constructs. A higher value of Cronbach's Alpha indicates that the items within a particular scale are measuring the same underlying concept, providing confidence in the reliability of the data collected from both employees and customers.

Table 4.4: Reliability Test for Customer and employee data

Reliability Statistics	
Cronbach's Alpha	N of Items
0.7958	5

No	Variables	Cronbach's Alpha(Employees)	N of items(Employees)	Cronbach's Alpha(Customers)	N of items (Customers)
1	Behaviour of Employees	.907	4	.668	4
2	Interaction Management	.828	4	.814	5
3	Relationship Development	.770	5	.863	5
4	Customer Engagement in Technology	.819	8	.780	5
5	Customer Retention	.793	6	.721	6

Source: own SPSS output, 2024

4.4.2 Correlation analysis

Correlation analysis examines the strength and direction of the relationships between the various variables in the study. The analysis will be conducted for both employee and customer variables. The correlation coefficient "r" indicates the strength and direction of the relationship between two variables, with positive values representing a direct relationship and negative values indicating an inverse relationship.

Table 4.5: Correlation Test

		Ownership type of the bank	Behaviour	Interaction	Relationship	Technology	Retention
Ownership type of the bank	Pearson Correlation	1	-0.059	-.119**	-.137**	-.100**	-.181**
	Sig. (2-tailed)		0.116	0.001	0.000	0.008	0.000
	N	707	707	707	707	707	707
Behaviour	Pearson Correlation	-0.059	1	.092*	0.018	-0.005	.099**
	Sig. (2-tailed)	0.116		0.015	0.636	0.892	0.009
	N	707	707	707	707	707	707
Interaction	Pearson Correlation	-.119**	.092*	1	0.004	-.266**	-0.029
	Sig. (2-tailed)	0.001	0.015		0.914	0.000	0.437
	N	707	707	707	707	707	707
Relationship	Pearson Correlation	-.137**	0.018	0.004	1	.119**	.087*
	Sig. (2-tailed)	0.000	0.636	0.914		0.001	0.020
	N	707	707	707	707	707	707
Technology	Pearson Correlation	-.100**	-0.005	-.266**	.119**	1	.216**
	Sig. (2-tailed)	0.008	0.892	0.000	0.001		0.000
	N	707	707	707	707	707	707
Retention	Pearson Correlation	-.181**	.099**	-0.029	.087*	.216**	1
	Sig. (2-tailed)	0.000	0.009	0.437	0.020	0.000	
	N	707	707	707	707	707	707

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

* . Correlation is significant at the 0.05 level (2-tailed).

Source: own survey, 2024

The correlation analysis reveals several important relationships among the variables. Ownership type of the bank is negatively correlated with retention ($r = -0.181$, $p < 0.01$), indicating that the type of ownership (public or private) may impact customer loyalty. Additionally, ownership type is negatively associated with interaction management ($r = -0.119$, $p < 0.01$), relationship development ($r = -0.137$, $p < 0.01$), and customer engagement in technology ($r = -0.100$, $p < 0.01$). These findings suggest that bank ownership might influence

key customer relationship management dimensions. However, ownership type does not have a significant relationship with employee behavior.

Employee behavior is positively correlated with retention ($r = 0.099$, $p < 0.01$), highlighting its role in fostering customer loyalty. It also has a weak but significant relationship with interaction management ($r = 0.092$, $p < 0.05$). Interaction management, while not directly related to retention, shows a negative relationship with technology engagement ($r = -0.266$, $p < 0.01$), suggesting potential trade-offs between these aspects. Relationship development is positively linked to both customer retention ($r = 0.087$, $p < 0.05$) and technology engagement ($r = 0.119$, $p < 0.01$), emphasizing its importance in strengthening customer ties. Technology engagement exhibits the strongest positive correlation with retention ($r = 0.216$, $p < 0.01$), underlining the critical role of technological integration in enhancing customer loyalty. These results collectively highlight the interconnected nature of customer relationship management dimensions and their influence on customer retention.

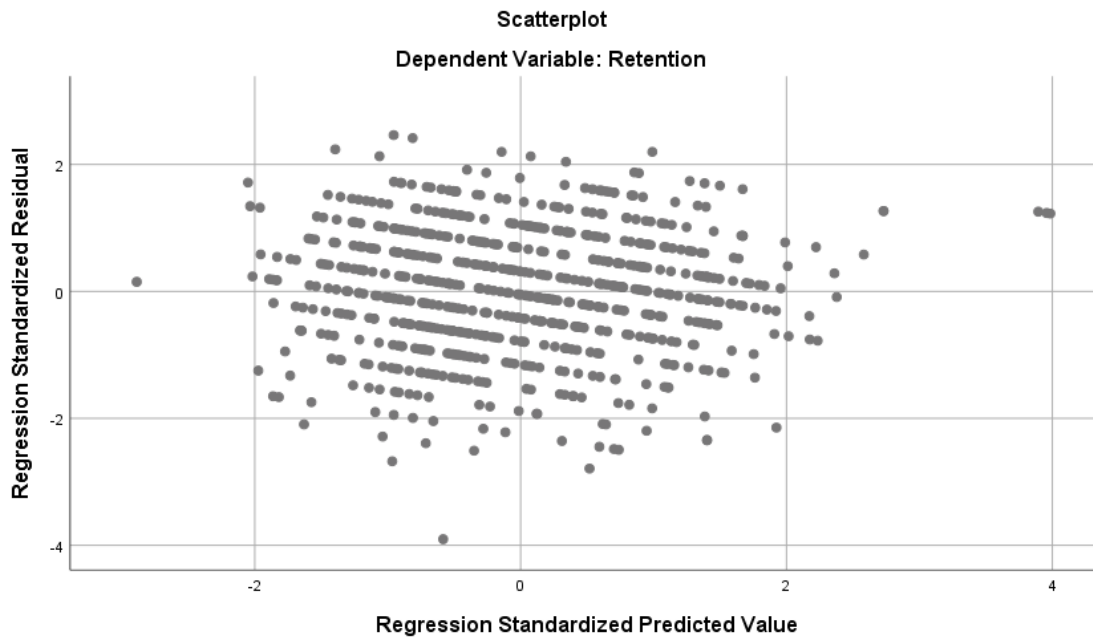
In conclusion, ownership type demonstrates significant negative correlations with several CRM dimensions and retention, suggesting its influence on how banks manage relationships and retain customers. Employee behavior, interaction management, relationship development, and customer engagement in technology each play distinct roles in enhancing customer retention, with technology engagement showing the strongest positive association. These findings highlight the importance of integrating effective employee practices, relationship-building efforts, and technological innovations to improve customer loyalty, while also recognizing the potential influence of ownership structure on these dynamics. Overall, the results emphasize the need for tailored strategies in public and private banks to maximize customer retention through comprehensive CRM initiatives.

4.4.3 Regression analysis

Regression analysis is a statistical method used to examine the relationship between one dependent variable and one or more independent variables. Multiple regression model is used in this study to examine the relationships between the independent variables (such as employee behavior, interaction management, relationship development, and customer engagement in technology) and the dependent variable (customer retention) among employees and customers. Additionally, the analysis tests the influence of ownership type as a moderating variable in the model. Assumptions like Homoscedasticity, Normality, Linearity, Multicollinearity and Autocorrelation are tested under this section.

A. Homoscedasticity Test

Figure 4.1: Homoscedasticity Test



Source: own survey, 2024

The assessment of homoscedasticity was made by examining the scatterplot of residuals to check for any patterns that might indicate a violation of the constant variance assumption. The residuals in the scatterplot appear to follow some curvature or a slight funneling effect. This suggests potential evidence of heteroscedasticity, where the spread of residuals is not constant across all levels of the predicted values.

However, after conducting the Breusch-Pagan test for heteroscedasticity, the results showed a p-value of 0.096, which is greater than the typical significance level of 0.05. This means that the test failed to reject the null hypothesis, indicating that there is no significant evidence of heteroscedasticity in the model. Therefore, based on the formal test, we conclude that the variance of the residuals appears to be constant, supporting the assumption of homoscedasticity.

Figure 4.2: Breusch-Pagan test

Breusch-Pagan Test for Heteroskedasticity^{a,b,c}

Chi-Square	df	Sig.
2.769	1	.096

a. Dependent variable: Retention

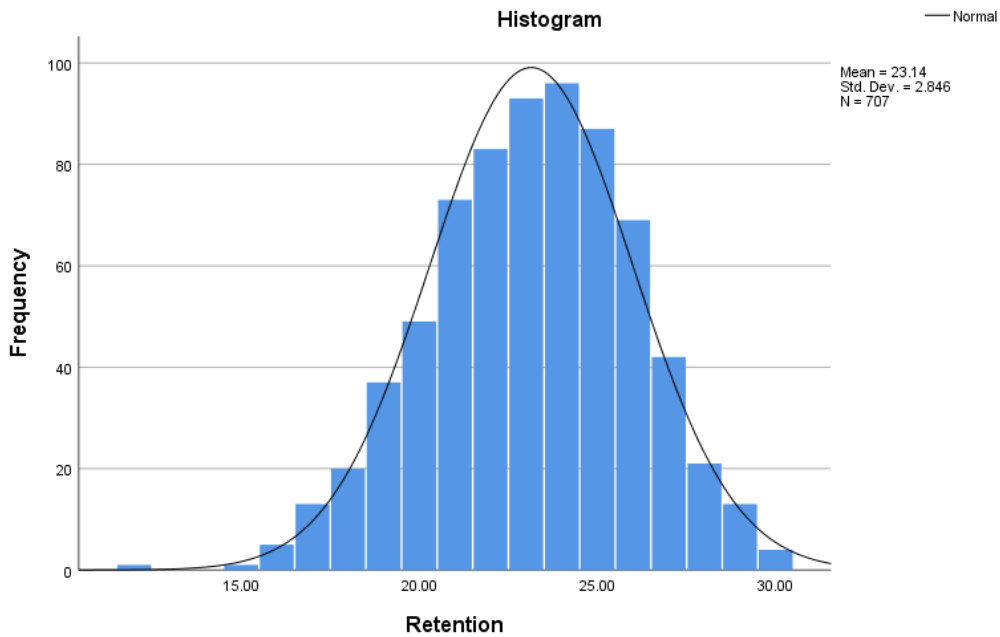
b. Tests the null hypothesis that the variance of the errors does not depend on the values of the independent variables.

c. Predicted values from design: Intercept + Behaviour + Interaction + Relationship + Technology + Behaviour * Interaction + Behaviour * Relationship + Behaviour * Technology + Interaction * Relationship + Interaction * Technology + Relationship * Technology + Behaviour * Interaction * Relationship + Behaviour * Interaction * Technology + Behaviour * Relationship * Technology + Interaction * Relationship * Technology + Behaviour * Interaction * Relationship * Technology

Source: own survey, 2024

B. Normality Test

Figure 4.3: Normality Test

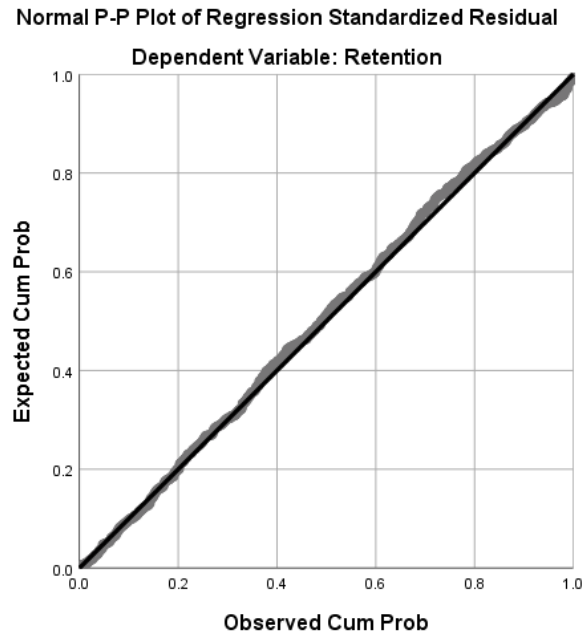


Source: own survey, 2024

This test is conducted to see if the data is normally distributed or not. As seen in the above figure, the histogram for retention displays a bell-shaped curve. This means the data has a normal distribution.

C. Linearity Test

Figure 4.4: Linearity Test



Source: own survey, 2024

A key assumption of a linear regression model is that the mean value of the dependent variable has a linear relationship with each predictor while keeping other variables constant. This implies that the connection between the independent and dependent variables can be represented by a straight line. Based on the above graph, it is clear that the linearity assumption has been satisfied.

D. Multicollinearity Test

Table 4.6: Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	Behaviour of Employees	0.989	1.011
	Interaction Management	0.901	1.110
	Relationship Development	0.970	1.031
	Customer Engagement in Technology	0.901	1.110
	Ownership	0.951	1.052
a. Dependent Variable: Retention			

Source: own survey, 2024

The multicollinearity test assess whether there is a high correlation among the independent variables. The results indicate that there is no multicollinearity among the variables.

Specifically, the VIF values are well below the commonly accepted threshold of 10, and the Tolerance values are above the minimum threshold of 0.1.

E. Autocorrelation Test

Table 4.7: Autocorrelation Test

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.287 ^a	0.082	0.076	2.73595	1.852
a. Predictors: (Constant), Ownership, Behaviors, Interaction, Relationship, Technology					
b. Dependent Variable: Retention					

Source: own survey, 2024

The autocorrelation test was conducted to examine whether residuals in the regression model are independent. The Durbin-Watson (DW) statistic was used to assess the presence of autocorrelation. The DW statistic is 1.852, which falls within the acceptable range of 1.5 to 2.5. This indicates that there is no significant autocorrelation in the residuals.

F. The regression analysis model summary

Table 4.8: The regression analysis model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.246 ^a	0.061	0.055	2.76594
2	.310 ^b	0.096	0.085	2.72275
a. Predictors: (Constant), Technology, Relationship, Behaviors, Interaction				
b. Predictors: (Constant), Technology, Relationship, Behaviors, Interaction, Integrationmoxtech, Integrationmoxbeh, Integrationmoxrela, Integrationmoxintera, Ownership				
c. Dependent variable: Retention				

Source: own survey, 2024

The regression analysis provides insights into how the independent variables and the moderating variable influence customer retention

In **Model 1**, the correlation between the predictors (Technology, Relationship, Behaviors, and Interaction) and retention is weak ($R = 0.246$), and the model explains only 6.1% of the variance in retention ($R^2 = 0.061$). In **Model 2**, with the addition of moderating variables like

Ownership and integration variables, the correlation improves slightly to 0.310, and R² increases to 9.6%.

The modest Adjusted R Square values (0.055 and 0.085) reflect the complexity of customer retention, a behavioral outcome influenced by numerous unobservable and external factors. Such values are consistent with literature in the field, where models addressing customer retention and CRM often explain only a fraction of the variance due to the multifaceted nature of these phenomena. For instance, Verhoef (2003) highlights that while CRM strategies significantly impact retention, external market conditions, customer emotions, and competitor actions also play critical roles, limiting the explanatory power of statistical models. Similarly, Boulding et al. (2005) argue that low R Square values are common in customer-centric studies and emphasize that practical insights and significant predictors are more crucial than high explanatory power. In this study, the significant p-values for technology and behaviors underscore their importance in enhancing customer retention, reinforcing findings from Garrido-Moreno and Padilla-Meléndez (2011), who stress the value of customer-centric behaviors in building long-term relationships.

G. ANOVA Table

Table 4.9: ANOVA Table

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	347.266	4	86.816	11.348	.000 ^b
	Residual	5370.590	702	7.650		
	Total	5717.856	706			
2	Regression	550.735	9	61.193	8.254	.000 ^c
	Residual	5167.120	697	7.413		
	Total	5717.856	706			
a. Dependent Variable: Retention						
b. Predictors: (Constant), Technology, Relationship, Behaviors, Interaction						
c. Predictors: (Constant), Technology, Relationship, Behaviors, Interaction, Integrationmoxtech, Integrationmoxbeh, Integrationmoxrela, Integrationmoxintera, Ownership						

Source: own survey, 2024

The ANOVA results for the employee dataset assess the overall significance of the regression models in explaining customer retention.

In **Model 1**, the ANOVA results show that the regression model is statistically significant, with a p-value of 0.000, indicating that the independent variables (Technology, Relationship,

Behaviors, and Interaction) collectively explain a significant amount of variance in customer retention. The F-value of 11.348 is relatively high, which further supports the model's significance.

In **Model 2**, which includes additional moderating variables (such as Ownership and integration variables), the regression is still statistically significant with a p-value of 0.000. The F-value decreases to 8.254, suggesting that while the added predictors improve the model, the increase in explanatory power is modest. The R² for Model 2 is 9.6%, showing a small increase in the proportion of variance explained compared to Model 1. This suggests that while the moderating variable contributes to the model, it does not drastically change the overall explanation of retention. Therefore, while both models are significant, the moderating variables offer only a modest improvement in explaining customer retention.

H. Coefficients Table

Table 4.10: Coefficients Table

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.052	1.332		12.801	0.000
	Behaviors	0.119	0.045	0.097	2.642	0.008
	Interaction	0.019	0.039	0.019	0.492	0.623
	Relationship	0.065	0.040	0.060	1.625	0.105
	Technology	0.131	0.023	0.215	5.613	0.000
2	(Constant)	15.806	4.145		3.813	0.000
	Behaviors	0.357	0.138	0.290	2.584	0.010
	Interaction	0.195	0.118	0.191	1.649	0.100
	Relationship	-0.174	0.121	-0.160	-1.434	0.152
	Technology	0.142	0.073	0.233	1.934	0.054
	Ownership	1.795	2.753	0.315	0.652	0.515
	Integrationmoxbeh	-0.170	0.090	-0.488	-1.890	0.059
	Integrationmoxintera	-0.140	0.079	-0.480	-1.765	0.078
	Integrationmoxrela	0.150	0.082	0.520	1.836	0.067
	Integrationmoxtech	-0.018	0.047	-0.075	-0.382	0.703

a. Dependent Variable: Retention

Source: own survey, 2024

In **Model 1**, the analysis shows that Behaviors and Technology are significant predictors of customer retention, with p-values of 0.008 and 0.000, respectively. Specifically, Technology has the strongest effect, with a coefficient of 0.131, indicating that an increase in technology is

associated with an increase in retention. However, Interaction and Relationship do not show statistically significant effects, as their p-values are 0.623 and 0.105, respectively, suggesting they do not meaningfully contribute to retention in this model.

In **Model 2**, which includes additional moderating variables, Behaviors remains a significant predictor with a coefficient of 0.357, while Technology is close to being significant with a p-value of 0.054. However, the moderating variables, including Ownership and the interaction terms, do not significantly affect retention, as evidenced by high p-values (e.g., 0.515 for Ownership). Overall, the moderating variables contribute only weakly to the prediction of retention. This suggests that while Behaviors and Technology are strong factors, the additional variables have limited impact on retention.

4.5 Hypothesis testing

Table 4.11: Summary of Hypothesis Testing

Hypothesis	Statement	Sig.	Status
H1	Behaviors of employees has a positive and significant effect on customer retention	0.008	Accepted
H2	Interaction Management has a positive and significant effect on customer retention	0.623	Rejected
H3	Relationship development has a positive and significant effect on customer retention	0.105	Rejected
H4	Customer engagement in technology has a positive and significant effect on customer retention	0.000	Accepted
H5	Ownership moderates the relationship between customer relationship management and customer retention	0.515	Rejected

Source: own survey, 2024

H1: Behaviors of employees has a positive and significant effect on customer retention.

The p-value is 0.008, which is less than 0.05, so the hypothesis is accepted, meaning that employee behaviors have a positive and significant effect on customer retention.

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

The p-value is 0.623, which is greater than 0.05, so the hypothesis is rejected, indicating that Interaction Management does not have a significant effect on customer retention.

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

The p-value is 0.105, which is above 0.05, so the hypothesis is rejected, suggesting that Relationship development does not significantly impact customer retention.

H4: Customer engagement in technology has a positive and significant effect on customer retention.

The p-value is 0.000 in Model 1, which is significant, so this hypothesis is accepted, showing that customer engagement in technology positively influences customer retention.

H5: Ownership moderates the relationship between customer relationship management and customer retention.

The p-value for Ownership is 0.515, which is greater than 0.05, so the hypothesis is rejected, indicating that Ownership does not significantly moderate the relationship between CRM and customer retention.

CHAPTER FIVE

Summary of the Finding, Conclusion and Recommendation

This chapter presents the discussion of key findings, conclusions drawn from the analysis, and practical recommendations for improving customer relationship management and retention.

5.1 Summary of the Major Findings

This study analyzed the impact of various customer relationship management (CRM) factors, including employee behaviors, interaction management, relationship development, and customer engagement in technology, on customer retention. It also examined the moderating effect of ownership.

The descriptive statistics revealed important differences between employee and customer perceptions. For instance, employees rated the helpfulness of their behavior at 3.32 (SD = 0.716), while customers rated receiving helpful service higher at 3.81 (SD = 1.161). Both groups recognized the importance of skilled employees, with customers rating this aspect highest at 3.88 (SD = 1.16) compared to employees' rating of 3.54 (SD = 0.713). Similar trends were observed in interaction management, relationship development, and technology engagement, with customers generally rating their experiences slightly higher but with greater variability than employees. Aggregate means for employee and customer ratings also showed slight differences: employee behavior (3.70 vs. 3.80), interaction management (3.77 vs. 3.81), relationship development (4.07 vs. 3.84), and technology engagement (4.17 vs. 3.84).

Correlation analysis indicated significant relationships between variables. Ownership showed a negative correlation with retention ($r = -0.181$, $p < 0.01$), interaction management ($r = -0.119$, $p < 0.01$), and other CRM dimensions, suggesting its influence on customer perceptions. Technology engagement had the strongest positive correlation with retention ($r = 0.216$, $p < 0.01$), while employee behavior ($r = 0.099$, $p < 0.01$) and relationship development ($r = 0.087$, $p < 0.05$) also showed positive but weaker correlations.

The regression analysis further supported these findings. In Model 1, employee behavior ($\beta = 0.119$, $p = 0.008$) and technology engagement ($\beta = 0.131$, $p = 0.000$) were significant predictors of retention, with technology having the strongest effect. In Model 2, employee behavior remained significant ($\beta = 0.357$, $p = 0.010$), while technology engagement approached

significance ($\beta = 0.142$, $p = 0.054$). Moderating variables, including ownership and interaction terms, were not significant, with ownership showing a high p-value of 0.515.

5.2 Conclusion

In summary, this study employed ownership as a moderating variable to investigate the correlations between customer retention and key customer relationship management (CRM) aspects, including employee behaviors, interaction management, relationship development, and customer participation in technology. The results provided important new information on CRM procedures and how Dashen Bank and Commercial Bank of Ethiopia affected client loyalty. There is a need for better alignment in service delivery as customers regularly ranked CRM attributes like helpfulness, sincerity, and friendliness higher than workers' assessments of their own actions. Inconsistencies in customer responses exposed service experience gaps that need to be addressed, even if staff members showed trust in their honesty and abilities.

Employee behavior and technology involvement were found to be important factors in retaining customers through regression and correlation analysis, with technology having the biggest impact on loyalty. Despite their importance, connection building and interaction management did not show up as significant predictors, indicating that these areas require further improvement in order to effectively sustain customer loyalty. Ownership affected customer perceptions of interaction management, relationship building, and technology engagement, suggesting an indirect effect of ownership structure (public vs. private) on CRM effectiveness, even though it did not significantly moderate the relationship between CRM practices and retention.

All things considered, this study emphasizes how crucial it is to improve employee behaviors, take use of cutting-edge technology engagement, and close perception gaps in order to increase customer retention. Although ownership had little direct moderating effect on CRM attitudes, its impact necessitates customized approaches to deal with the particular opportunities and problems faced by the public and private banking sectors. Ethiopian banks may enhance client experiences, encourage loyalty, and succeed over the long run in a field that is becoming more and more competitive by putting a high priority on reliable CRM procedures and consistent service delivery.

5.3 Recommendation

The findings highlight perception gaps between employees and customers regarding CRM dimensions, with customers generally rating their experiences higher but showing greater variability. Accordingly, the following recommendations are suggested:

- Banks should put in place staff training programs aimed at enhancing helpfulness, genuineness, and friendliness in interactions in order to close these gaps. These initiatives ought to match client expectations with employee attitudes. Systems for performance reviews that incorporate information from customers can also guarantee that staff members are conscious of and actively filling in these gaps.
- Banks should make investments in cutting-edge digital platforms that improve accessibility and customization, as there is a strong positive correlation between technological engagement and client retention. Organizing training sessions for staff members and clients will promote improved use of these resources.
- The necessity of proactive communication techniques is highlighted by the significance of relationship development, which is demonstrated by its positive link with retention. To strengthen ties with clients, this should include frequent updates and prompt problem solving. Additionally, by addressing the various demands of various client segments, customized CRM methods can enhance general customer happiness and loyalty.
- Ownership is an area that needs attention because it has a negative correlation with CRM and retention dimensions. In order to reduce the heterogeneity brought on by ownership variations, public and private banks should work together to standardize CRM methods and share best practices. This strategy will guarantee uniform client experiences and service quality in both industries.
- The necessity for uniform service delivery techniques is also indicated by the variation in client evaluations. Uniformity in client interactions can be ensured by establishing explicit operational processes.
- The overall importance of employee behavior and technology involvement in predicting retention supports the need for ongoing CRM practice development. A sense of ownership and alignment with company objectives can be promoted by fortifying

customer feedback systems and including staff members in conversations about CRM strategy.

- Finally, even though ownership had few moderating impacts, more research is advised to fully understand its complex role in CRM procedures and customer retention. A customer-centric culture should also be fostered by banks, with leadership setting an example of desired conduct and rewarding staff members who continuously provide outstanding customer service.

5.4 Theoretical Contribution and Policy implications

Particularly in the context of Ethiopian banking, this paper offers a number of theoretical advances in the areas of client retention and customer relationship management (CRM). The focus on technological engagement as a key factor in customer retention is one noteworthy addition. By emphasizing the value of incorporating digital tools and technology-driven initiatives into CRM operations, the findings broaden theoretical frameworks and show that technology has a tremendous predictive capacity in creating loyalty.

Additionally, the study clarifies how employees and customers perceive different aspects of CRM. By highlighting the need to align internal (employee) and external (customer) viewpoints to improve CRM effectiveness, these findings add to the body of knowledge on service quality and customer satisfaction. Furthermore, the study shows that ownership has a minimal impact on the link between CRM aspects and customer retention, challenging preconceived notions about its moderating influence. By implying that CRM activities themselves have a greater direct impact on retention than structural elements like ownership, this improves theoretical understandings.

Finally, the study concludes by finding technology engagement as the most important predictor and establishing favorable links between CRM dimensions—such as employee behavior and relationship development—and retention, supporting preexisting hypotheses. These revelations help us comprehend the relationship between CRM elements and client loyalty in a more complex way.

The findings of this study offer several actionable policy implications for regulators and decision-makers in the banking industry. Policymakers should encourage banks to adopt advanced CRM technologies.

In order to reduce differences in customer experiences between ownership types, regulators ought to create standards for uniform CRM procedures in both public and private banks. This will increase client trust and guarantee constant service quality. Policies requiring bank staff to participate in continuous training and development initiatives can also aid in closing perception gaps and enhancing service quality. These courses might be included in a certification program for the entire industry that aims for CRM excellence.

Additionally, policymakers ought to mandate that banks set up reliable systems for gathering and evaluating consumer input. Effective use of these measures to promote advancements in CRM practices can be ensured by regulatory control. Additionally, rewarding relationship-building tactics like outreach campaigns and loyalty programs will encourage sustained client happiness and involvement.

Finally, regulatory support for knowledge-sharing platforms should be used to promote cooperation between public and private banks. The banking industry as a whole can gain from these platforms' ability to promote the sharing of creative CRM strategies and best practices. When combined, these legislative actions will improve client retention, fortify CRM tactics, and foster long-term expansion of the Ethiopian banking sector.

5.5 Limitations and future Research Directions

This study, while providing valuable insights into the relationship between CRM dimensions and customer retention in the Ethiopian banking sector, has several limitations.

- To start, the study used cross-sectional data, which records opinions at a certain moment in time. This makes it more difficult to evaluate how CRM procedures and client retention have changed over time. A longer-term method might offer a more thorough comprehension of causal connections.
- Secondly, due to time and situational limits, the study was limited to two banks: Dashen Bank S.C. and Commercial Bank of Ethiopia. This could potentially impact the finding's applicability to other banks or industries. In other circumstances, variations in client profiles, market dynamics, and company culture may result in different outcomes.
- Third, the study mostly concentrated on quantitative information obtained from Likert-scale surveys due to time and situational limits, which might not adequately represent the complex viewpoints and experiences of staff members and clients. Deeper insights

might be obtained by incorporating qualitative techniques like focus groups and interviews.

- Moreover, this study indicated that ownership's moderating role had little effect; nevertheless, this could be because of unquantifiable elements such differences in service policies, operational priorities, or outside market forces. Future research examining these variables may provide a more thorough insight.
- Finally, the results might have been impacted by Ethiopian-specific contextual and cultural factors. To improve the insights' global applicability, future studies could examine CRM techniques in various geographic and cultural contexts.

Future researches should consider:

- Using a longitudinal strategy to monitor how CRM procedures and client retention evolve over time. This would provide a more thorough comprehension of the relationships between CRM attributes and client loyalty, as well as the long-term efficacy of particular tactics.
- Adding more banks to the study's scope, both inside and outside of Ethiopia, might improve the findings' generalizability. Studies that compare different industries or geographical areas may shed light on how organizational or cultural settings affect CRM practices.
- Using qualitative research techniques, including focus groups or in-depth interviews, may provide more complex, nuanced data. These techniques might enhance quantitative results and offer a more thorough comprehension of the real-world experiences of workers and clients.
- In order to comprehend their impact on the relationship between CRM dimensions and retention, future research should also examine other moderating factors, such as service quality, customer demographics, or rates of technological adoption.
- Lastly, studies might look into how CRM procedures incorporate cutting-edge technologies like machine learning and artificial intelligence. For banks looking to stay competitive in a technologically driven market, knowing how these advancements affect client happiness and retention would be insightful.

These directions will advance a more thorough comprehension of CRM and its vital function in cultivating client loyalty in diverse settings.

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APPENDIX 1
ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MASTER OF BUSINESS ADMINISTRATION

Questionnaire to be filled by employees of CBE and Dashen Bank S.C.

Dear Respondent,

My name is Redeat Goshu and I am currently pursuing my Masters of Business Administration (MBA) at Addis Ababa University. As partial fulfillment towards the completion of my postgraduate degree, this research titled as “**The moderation effect of ownership in the relationship between customer relationship management and customer retention (A comparative study of Dashen Bank S.C and Commercial Bank of Ethiopia)**” is undertaken. Hence, I kindly request you to fill in this questionnaire while assuring you that the information that you provide will be treated with confidentiality and shall only be used for the purpose of this academic research. I would also like to remind you that your fair and impartial feedback will make this research a very successful one.

Thank you for your cooperation and assistance.

Instruction for filling the questionnaire

Please read each statement carefully and put the tick (✓) mark under the choice and no need of writing your name.

Part I. Demographic Information

1. Gender

Male Female

2. Age group

18- 25 26-35 36-45 46-55 56 and above

3. Educational Background

Certificate Diploma Degree Masters PhD

Others, please specify.....

4. Work experience (in approximate years)

1- 2 Years 2-5 Years 6-10 Years above 10 Years

5. Which bank do you work?

CBE Dashen

Part II- Customer Relationship Management components

The following questions are constructed using the 5-point Likert-scale. If the item strongly matches with your response choose 5 (Strongly Agree), if you moderately agree on the idea choose 4(Agree), if you do not have any idea or information on the point choose 3 (Neutral), if you moderately disagree with the point choose 2 (Disagree) and if you completely disagree with the point choose 1 (Strongly Disagree).

Instruction: Please indicate your level of agreement with each statement by ticking (✓) under the number which is more applicable to you.

No	Behaviors of Employees	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	Dealing sincerely with customers makes them happy with the bank.					
2	Being helpful with customers makes them loyal to the bank.					
3	Being kind with customer makes them satisfied.					
4	Highly skilled and experienced employees are necessary to provide good banking service.					
	Interaction Management					
1	The bank deals effectively with customer problems.					
2	The bank reviews complaints regularly.					
3	The bank officers respond directly to problems.					

4	Customers give greater attention to bank reaction toward complaints filled.					
Relationship Development						
1	Trust between the bank and customers is essential for long-term relationships.					
2	Regular communication with customers strengths the relationship.					
3	The bank's relationship- building efforts improve customer retention rates.					
4	Personalized services offered by the bank contribute to customer loyalty.					
5	The bank frequently seeks feedback to improve its relationship with customers.					
Customer Engagement in Technology						
1	Sending e-messages to customers enhance customer satisfaction.					
2	Providing e-promotion foster customer satisfaction.					
3	Providing e-information is essential for customer satisfaction.					
4	Web site availability gives competitive advantage to the bank.					
5	Customers frequently use the banks mobile application or online banking service.					
6	Customers find the interbank transfer process of the bank user friendly.					
7	Customers are satisfied with the range of services available at out ATMs (e.g. cash withdrawal, deposit, balance checks...)					
8	Customers are confident in the security of our virtual banking services.					
Customer Retention						
1	Good relationship between CRM and customer is essential for customer satisfaction.					
2	The bank has established clear strategy to retain customers.					
3	The bank measures customer retention rate regularly.					
4	The bank tries very hard to establish a long term relationship with its customers.					
5	Most of your banks customers consider us as their primary operator.					
6	The bank keeps its promises.					

ADDIS ABABA UNIVERSITY
COLLEGE OF BUSINESS AND ECONOMICS
MASTER OF BUSINESS ADMINISTRATION

Questionnaire to be filled by customers of CBE and Dashen Bank S.C.

Dear Respondent,

My name is Redeat Goshu and I am currently pursuing my Masters of Business Administration (MBA) at Addis Ababa University. As partial fulfillment towards the completion of my postgraduate degree, this research titled as “**The moderation effect of ownership in the relationship between customer relationship management and customer retention (A comparative study of Dashen Bank S.C and Commercial Bank of Ethiopia)**” is undertaken. Hence, I kindly request you to fill in this questionnaire while assuring you that the information that you provide will be treated with confidentiality and shall only be used for the purpose of this academic research. I would also like to remind you that your fair and impartial feedback will make this research a very successful one.

Thank you for your cooperation and assistance.

Instruction for filling the questionnaire

Please read each statement carefully and put the tick (✓) mark under the choice and no need of writing your name.

Part I. Demographic Information

1. Gender

Male Female

2. Age group

18-25 26-35 36-45 46-55 56 and above

3. Educational Background

Primary Secondary Diploma Degree Masters

PhD

Others, please specify.....

4. How long have you been customer of the bank? (In years)

Less than 1 Year 1-5Years 6-10 Years 11-15Years

16-20 Years More than 20 years

5. Which bank do you prefer?

CBE Dashen

Part II- Customer Relationship Management components

The following questions are constructed using the 5-point Likert-scale. If the item strongly matches with your response choose 5 (Strongly Agree), if you moderately agree on the idea choose 4(Agree), if you do not have any idea or information on the point choose 3 (Neutral), if you moderately disagree with the point choose 2 (Disagree) and if you completely disagree with the point choose 1 (Strongly Disagree).

Instruction: Please indicate your level of agreement with each statement by ticking (✓) under the number which is more applicable to you.

No	Behaviors of Employees	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
1	The bank's employees deal sincerely with you.					
2	Receiving helpful service makes you more loyal to the bank.					
3	Being treated kindly by bank staff makes you feel satisfied with the bank's services.					
4	Highly skilled and experienced employees are necessary for providing good banking services.					

	Interaction Management					
1	The bank keeps in touch constantly with its customers.					
2	The bank tries very hard to establish a long term relationship with its customers.					
3	The bank works in close cooperation with its customers.					
4	Employees of the bank know you very well.					
5	Your achievement flourish on the solid relationship you have with the bank.					
	Relationship Development					
1	Trust between you and the bank is essential for a long-term relationship.					
2	Regular communication with the bank strengthens your relationship with the bank.					
3	The bank's efforts to build relationships with you improves your loyalty to the bank.					
4	The personalized services offered by the bank contribute to your loyalty as a customer.					
5	The bank frequently seeks your feedback to improve its relationship with you.					
	Customer Engagement in Technology					
1	Sending e-messages to customers enhance customer to retain.					
2	Providing e-promotion promote customer retention.					
3	Providing e-information is essential for customer retention.					
4	The bank interacts with its customers by providing E-banking service.					
5	The Bank gives technology based service to its customers.					

	Customer Retention					
1	I am giving positive word of mouth witnesses to others about this bank confidently.					
2	I am not intending to leave this bank in the future.					
3	I got that it is difficult to change to other banks due to what I receive from this bank.					
4	I will always choose this bank over any other bank.					
5	The Bank effectively deals with my Problems.					
6	The bank provides accessible web site for me.					

Questionnaire (Amharic Format - የአማርኛ መጠይቅ)

አዲስ አበባ ዩኒቨርሲቲ

የቢዝነስ እና ኢኮኖሚክስ ኮሌጅ

ማስተር ኦፍ ቢዝነስ አድሚኒስትሬሽን

በ ሲቢኢ እና ዳሽን ባንክ ኢ.ማ ደንበኞች የሚሞላ መጠይቅ

የተከበራችሁ የባንክ ደንበኞች

እኔ ረድኤት ጐሹ በአዲስ አበባ ዩኒቨርሲቲ የድህረ ምረቃ ተማሪ ነኝ ። የድህረ ምረቃ ድግሪዬን በከፊል ለማሟላት እና ለማጠናቀቅ “በደንበኛ ግንኙነት የስራ አመራር እና ደንበኛን ይዞ በማቆየት መካከል የባለቤትነት ቁጥጥር ውጤት (የዳሽን ባንክ ኢ.ማ እና የኢትዮጵያ ንግድ ባንክ ንጽጽራዊ ጥናት)” በሚል ርዕስ ይህንን ምርምር በመስራት ላይ እገኛለሁ። ስለዚህ ይህንን መጠይቅ እንድትሞሉ በአክብሮት እየጠየቅኳችሁ እርስዎ የሚሰጡት መረጃ በሚስጢራዊነት የሚስተናገድ እና ለ ትምህርታዊ ምርምር አለማ ብቻ ጥቅም ላይ የሚውል ነው። በተጨማሪም ፍትሃዊ እና የማያዳላ ግብረ መልስ ይህንን ጥናት በጣም የተሳካ እንዲሆን እንደሚያደርገው ላሳስብ እወዳለሁ። በዚህ ረገድ ለትብብራችሁ እና ድጋፋችሁ አመሰግናለሁ።

መጠይቁን ለመሙላት የተሰጡ መመሪያዎች

እባክዎ እያንዳንዱን መግለጫ በጥንቃቄ ያንብቡ እና በምርጫው ስር (✓) ምልክት ያድርጉ እና ስምዎን መፃፍ አያስፈልግዎትም።

ክፍል 1. ዲሞግራፊክ/ስነ ህዝብ መረጃ

1. ፆታ

ወንድ ሴት

2. የሚገኙበት እድሜ ክልል

18- 25 26-35 36-45 46-55 ከ56 በላይ

3. የትምህርት ደረጃ

አንደኛ ደረጃ ሁለተኛ ደረጃ ዲፕሎማ የመጀመሪያ ዲግሪ

ማስተርስ ዲግሪ ፒ.ኤች.ዲ ድግሪ

ሌላ ካለ ይግለጹ

4. የዚህ ባንክ ደንበኛ ሆነው ለምን ያህል ጊዜ ቆዩ? /በአመታት/

ከ1አመት በታች ከ1-5 አመታት ከ 6-10 አመታት
 ከ11-15 አመታት ከ 16-20 አመታት ከ20 አመት በላይ

5. የትኛውን ባንክ ይመርጣሉ

ሲቢኢ ዳሽን ባንክ

ክፍል 2: የደንበኛ ግንኙነት የስራ አመራር ክፍሎች

የሚከተሉት ጥያቄዎች በሊከርት ስኬል የአምስት ነጥብ በመጠቀም የተዘጋጁ ናቸው። ጥያቄው ከሚመረጡት ምላሽ ጋር አጥብቆ የሚዘመድ ከሆነ የምርጫ ነጥብ 5 (አጥብቄ እስማማለሁ) ፣ በመካከለኛ ደረጃ በሀሳቡ የሚስማሙ ከሆነ የምርጫ ነጥብ 4 (እስማማለሁ) ምንም አይነት ሀሳብ ወይም መረጃ በምርጫው ነጥብ ላይ የሌለዎት ከሆነ የምርጫ ነጥብ 3 (ገለልተኛ)፣ በመካከለኛ ደረጃ የማይስማሙበት ከሆነ የምርጫዎ ነጥብ 2 (አልስማማም) እና ሙሉ በሙሉ የማይስማሙ ከሆነ የሚሰጡት የምርጫ ነጥብ 1 (አጥብቄ አልስማማም) በማለት ይመልሱ።

መመሪያ:- በእያንዳንዱ መግለጫ ይበልጥ ለአርስዎ ተፈፃሚነት ያለው ወይም ተስማሚ ለሆነው ቁጥር (✓) ምልክት ያድርጁ

ቁ	የሰራተኞች ባህሪ	አጥብቄ አልስማማም (1)	አልስማማም (2)	ገለልተኛ (3)	እስማማለሁ (4)	አጥብቄ እስማማለሁ (5)
1	የባንኩ ሰራተኞች በአክብሮት ያስተግድዎታል ።					
2	ጠቃሚ የሆኑ አገልግሎቶችን ማግኘት እርስዎ ለባንኩ ይበልጥ ታማኝ እንዲሆኑ ያደርገታል ።					
3	በባንክ ሰራተኞች በቀናነት መስተናገድ ባንኩ በሚሰጣቸው አገልግሎቶች እርካታ እንዲሰማዎት ያደርጋል ።					
4	በእጅግ ክህሎት ያላቸው እና ልምድ ያካበቱ ሰራተኞች መልካም/ጥሩ የባንክ አገልግሎት ለመስጠት አስፈላጊ ናቸው ።					
የስራ አመራር መስተጋብር						
1	ባንኩ ከደንበኞቹ ጋር ወጥ የሆነ ግንኙነት አለው።					
2	ባንኩ ከደንበኞቹ ጋር የረጅም ጊዜ ግንኙነት እንዲኖር ይተጋለ።					
3	ባንኩ ከደንበኞቹ ጋር በቅርብ በመተባበር ይሰራል ።					

4	የባንኩ ሰራተኞች እርስዎን በደንብ ያውቁዎታል ።					
5	ስኬትዎ ከባንኩ ጋር ባለዎት ጠንካራ ግንኙነት ላይ ያብባል ።					
የማጎልበቻ ግንኙነት						
1	በባንኩ እና በእርስዎ መካከል የረጅም ጊዜ የመተማመን ግንኙነት ጠቃሚ ነው ።					
2	ከባንኩ ጋር መደበኛ የሆነ ተግባራት ከባንኩ ጋር ያለዎትን ግንኙነት ያጠናክራል ።					
3	ባንኩ ከእርስዎ ጋር ግንኙነቶችን ለመፍጠር የሚያደርገው ጥረት ለባንክ ያለዎትን ታማኝነት ያሻሽላል።					
4	በባንኩ የሚሰጡት የግለሰብ ተኮር አገልግሎቶች እንደ ደንበኛ ላለዎት ታማኝነት አስተዋጽኦ አድርጓል።					
5	ባንኩ ከእርስዎ ጋር ያለውን ግንኙነት ለማሻሻል በተደጋጋሚ የእርስዎን ግብረ መልስ ይፈልጋል።					
የደንበኛው ቴክኖሎጂ የመጠቀም ሁኔታ						
1	ኢ-መልእክቶችን ለደንበኞች መላክ ደንበኛው እንዲቆይ ያደርገዋል።					
2	ኢ-ፕሮሞሽን መስጠት የደንበኞችን ማቆየት ያበረታታል።					
3	ደንበኛን በደንበኝነት ይዞ ለማቆየት የኢ-መረጃ ማቅረብ ጠቃሚ ነው።					
4	ባንኩ የኢ-ባንኪንግ አገልግሎት በመስጠት ከደንበኞቹ ጋር ይገናኛል።					
5	ባንኩ ለደንበኞቹ ቴክኖሎጂ ተኮር አገልግሎቶችን ይሰጣል ።					
ደንበኛን በደንበኝነት ይዞ ማቆየት						
1	ስለዚህ ባንክ በልበ ሙሉነት ለሌሎች አዎንታዊ የአፍ ምስክር እሰጣለሁ።					
2	እኔ ወደፊት ይህንን ባንክ የመልቀቅ አላማ የለኝም ።					
3	ወደሌሎች ባንኮች ደንበኝነቴን ለመቀየር አዳጋች የሆነብኝ ምክንያት ከዚህ ባንክ በማገኘው የላቀ አገልግሎት ምክንያት ነው ።					
4	እኔ ሁልጊዜም ይህንን ባንክ ከሌሎች ባንክ ይልቅ እመርጠዋለሁ።					

5	ባንኩ ውጤታማ በሆነ መልኩ ለችግሮቹ መፍትሔ ይሰጣል።					
6	ባንኩ ለእኔ ተደራሽ የሆነ ድህረ ገጽ ያቀርብልኛል።					

APPENDIX 2

Table 4.1: Employee Respondents Demographic Characteristics

No		Description	Frequency	Percent (%)
1	Gender	Male	40	71.4
		Female	16	28.6
		Total	56	100
2	Age Group	26-35	41	73.2
		36-45	10	17.9
		46-55	5	8.9
		Total	56	100
3	Educational Background	Degree	39	69.6
		Masters	17	30.4
		Total	56	100
4	Work Experience	2-5 years	36	64.3
		6-10years	13	23.2
		Above 10 years	7	12.5
		Total	56	100
5	Bank Respondent works for	CBE	28	50.0
		Dashen	28	50.0
		Total	56	100

Source: own survey, 2024

Table 4.2: Customer Respondents Demographic Characteristics

No		Description	Frequency	Percent (%)
1	Gender	Male	371	57
		Female	280	43
		Total	651	100
2	Age Group	18-25	141	21.7
		26-35	235	36.1
		36-45	126	19.4
		46-55	106	16.3
		56 and above	43	6.6
		Total	651	100
		Total	651	100
3	Educational Background	Primary	50	7.7
		Secondary	100	15.4
		Diploma	162	24.9
		Degree	237	36.4
		Masters	102	15.7
		Total	651	100
4	Years as customers of the bank	Less than 1 year	50	7.7
		1-5 years	184	28.3
		6-10 years	174	26.7

		11-15 years	145	22.3
		16-20 years	98	15.1
		Total	651	100
5	Bank Respondent prefers	Dashen	343	52.7
		CBE	308	47.3
		Total	651	100

Source: own survey, 2024

Employee respondents Responses

Table 4.3: Responses towards Behaviour of Employees

Behaviour of Employees			
	N	Mean	Std.Deviation
Dealing sincerely with customers makes them happy with the bank.	56	4.18	.811
Being helpful with customers makes them loyal to the bank.	56	3.32	.716
Being kind with customer makes them satisfied.	56	3.77	.713
Highly skilled and experienced employees are necessary to provide good banking service.	56	3.54	.713

Source: own survey, 2024

Table 4.4: Responses towards Interaction Management

Interaction Management			
	N	Mean	Std.Deviation
The bank deals effectively with customer problems.	56	3.86	.616
The bank reviews complaints regularly.	56	3.50	.714
The bank officers respond directly to problems.	56	3.70	.737
Customers give greater attention to bank reaction toward complaints filled.	56	4.00	.688

Source: own survey, 2024

Table 4.5: Responses towards Relationship Development

Relationship Development			
	N	Mean	Std.Deviation
Trust between the bank and customers is essential for long-term relationships.	56	4.30	.464
Regular communication with customers strengthens the relationship.	56	4.02	.646
The bank's relationship- building efforts improve customer retention rates.	56	4.11	.562
Personalized services offered by the bank contribute to customer loyalty.	56	4.04	.660
The bank frequently seeks feedback to improve its relationship with customers.	56	3.87	.764

Source : own survey, 2024

Table 4.6: Responses towards Customer Engagement in Technology

Customer Engagement in Technology			
	N	Mean	Std.Deviation
Sending e-messages to customers enhance customer satisfaction.	56	4.00	.714
Providing e-promotion foster customer satisfaction.	56	4.04	.713
Providing e-information is essential for customer satisfaction.	56	3.89	.679
Web site availability gives competitive advantage to the bank.	56	4.27	.447
Customers frequently use the banks mobile application or online banking service.	56	3.70	.829
Customers find the interbank transfer process of the bank user friendly.	56	4.43	.499
Customers are satisfied with the range of services available at out ATMs (e.g. cash withdrawal, deposit, balance checks...)	56	4.29	.456
Customers are confident in the security of our virtual banking services.	56	4.70	.464

Source : own survey, 2024

Table 4.7: Responses towards Customer Retention

Customer Retention			
	N	Mean	Std.Deviation
Good relationship between CRM and customer is essential for customer satisfaction.	56	4.16	.458
The bank has established clear strategy to retain customers.	56	3.91	.611
The bank measures customer retention rate regularly.	56	4.16	.654
The bank tries very hard to establish a long term relationship with its customers.	56	4.55	.570
Most of your banks customers consider us as their primary operator.	56	3.95	.616
The bank keeps its promises.	56	4.00	.714

Source : own survey, 2024

Customer respondents Responses

Table 4.9: Responses towards Behaviour of Employees

Behaviour of Employees			
	N	Mean	Std.Deviation
The bank's employees deal sincerely with you.	651	3.79	1.167
Receiving helpful service makes you more loyal to the bank.	651	3.81	1.161

Being treated kindly by bank staff makes you feel satisfied with the bank's services.	651	3.73	1.209
Highly skilled and experienced employees are necessary for providing good banking services.	651	3.88	1.160

Source : own survey, 2024

Table 4.10: Responses towards Interaction Management

Interaction Management			
	N	Mean	Std.Deviation
The bank keeps in touch constantly with its customers.	651	3.80	1.177
The bank tries very hard to establish a long term relationship with its customers.	651	3.85	1.151
The bank works in close cooperation with its customers.	651	3.77	1.197
Employees of the bank know you very well.	651	3.85	1.147
Your achievement flourish on the solid relationship you have with the bank.	651	3.80	1.188

Source : own survey, 2024

Table 4.11: Responses towards Relationship Development

Relationship Development			
	N	Mean	Std.Deviation
Trust between you and the bank is essential for a long-term relationship.	651	3.84	1.192
Regular communication with the bank strengthens your relationship with the bank.	651	3.82	1.185
The bank's efforts to build relationships with you improves your loyalty to the bank.	651	3.82	1.182
The personalized services offered by the bank contribute to your loyalty as a customer.	651	3.92	1.145
The bank frequently seeks your feedback to improve its relationship with you.	651	3.82	1.171

Source : own survey, 2024

Table 4.12: Responses towards Customer Engagement in Technology

Customer Engagement in Technology			
	N	Mean	Std.Deviation
Sending e-messages to customers enhance customer to retain.	651	3.90	1.117
Providing e-promotion promote customer retention.	651	3.81	1.233
Providing e-information is essential for customer retention.	651	3.79	1.177
The bank interacts with its customers by providing E-banking service.	651	3.92	1.145

The Bank gives technology based service to its customers.	651	3.76	1.144
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Source : own survey, 2024

Table 4.13: Responses towards Customer Retention

Customer Retention			
	N	Mean	Std.Deviation
I am giving positive word of mouth witnesses to others about this bank confidently.	651	3.90	1.146
I am not intending to leave this bank in the future.	651	3.79	1.153
I got that it is difficult to change to other banks due to what I receive from this bank.	651	3.82	1.131
I will always choose this bank over any other bank.	651	3.77	1.160
The Bank effectively deals with my Problems.	651	3.86	1.176
The bank provides accessible web site for me.	651	3.86	1,178

Source: own survey, 2024

Table 4.15: Employee data Reliability Test

Variable Name	Cronbach's Alpha	No. of items
Independent Variables		
Behaviour of Employees	.907	4
Interaction Management	.828	4
Relationship Development	.770	5
Customer Engagement in Technology	.819	8
Dependent Variable		
Customer Retention	.793	6

Source: own SPSS output, 2024

Customer data Reliability Test

Variable Name	Cronbach's Alpha	No of items
Independent Variables		
Behaviour of Employees	.668	4
Interaction Management	.814	5
Relationship Development	.863	5
Customer Engagment in Technology	.780	5
Moderator		
Ownership		
Dependent Variable		
Customer Retention	.721	6

Source: own SPSS output, 2024

Table 4.17: Employee data Correlation Test

		Ownership type of the bank(moderation variable)	Behaviour	Interaction	Relationship	Technology	Retention
Ownership type of the bank(moderation variable)	Pearson Correlation	1	0.156	-0.010	0.168	-0.020	-0.025
	Sig. (2-tailed)		0.250	0.944	0.216	0.883	0.857
	N	56	56	56	56	56	56
Behaviour	Pearson Correlation	0.156	1	.684**	.545**	.706**	.593**
	Sig. (2-tailed)	0.250		0.000	0.000	0.000	0.000
	N	56	56	56	56	56	56
Interaction	Pearson Correlation	-0.010	.684**	1	.588**	.556**	.620**
	Sig. (2-tailed)	0.944	0.000		0.000	0.000	0.000
	N	56	56	56	56	56	56
Relationship	Pearson Correlation	0.168	.545**	.588**	1	.537**	.679**
	Sig. (2-tailed)	0.216	0.000	0.000		0.000	0.000
	N	56	56	56	56	56	56
Technology	Pearson Correlation	-0.020	.706**	.556**	.537**	1	.664**
	Sig. (2-tailed)	0.883	0.000	0.000	0.000		0.000
	N	56	56	56	56	56	56
Retention	Pearson Correlation	-0.025	.593**	.620**	.679**	.664**	1
	Sig. (2-tailed)	0.857	0.000	0.000	0.000	0.000	
	N	56	56	56	56	56	56

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

Source: own survey, 2024

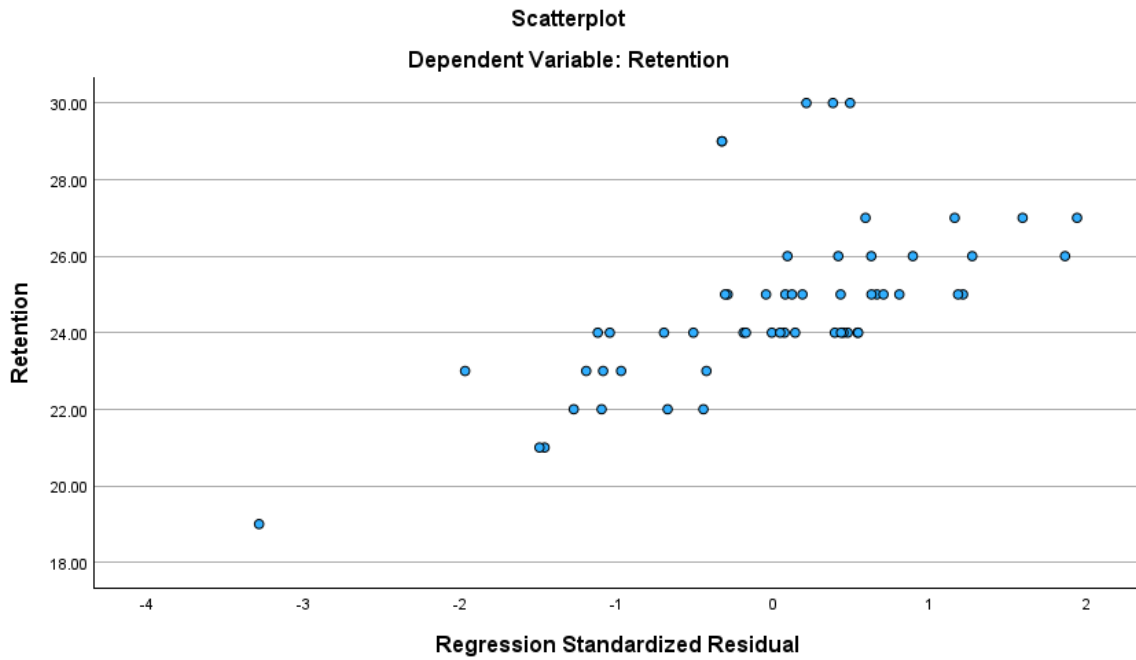
Table 4.18: Customer data Correlation Test

		Ownership type of the bank(moderation)	Behaviors	Interaction	Relationship	Technology	Retention
Ownership type of the bank(moderation)	Pearson Correlation	1	-0.074	-.131**	-.160**	-.208**	-.197**
	Sig. (2-tailed)		0.059	0.001	0.000	0.000	0.000
	N	651	651	651	651	651	651
Behaviors	Pearson Correlation	-0.074	1	0.049	-0.005	0.014	.082*
	Sig. (2-tailed)	0.059		0.214	0.901	0.721	0.037
	N	651	651	651	651	651	651
Interaction	Pearson Correlation	-.131**	0.049	1	0.029	0.072	0.011
	Sig. (2-tailed)	0.001	0.214		0.458	0.065	0.778
	N	651	651	651	651	651	651
Relationship	Pearson Correlation	-.160**	-0.005	0.029	1	0.010	0.039
	Sig. (2-tailed)	0.000	0.901	0.458		0.801	0.320
	N	651	651	651	651	651	651
Technology	Pearson Correlation	-.208**	0.014	0.072	0.010	1	.112**
	Sig. (2-tailed)	0.000	0.721	0.065	0.801		0.004
	N	651	651	651	651	651	651
Retention	Pearson Correlation	-.197**	.082*	0.011	0.039	.112**	1
	Sig. (2-tailed)	0.000	0.037	0.778	0.320	0.004	
	N	651	651	651	651	651	651

** . Correlation is significant at the 0.01 level (2-tailed).
 * . Correlation is significant at the 0.05 level (2-tailed).

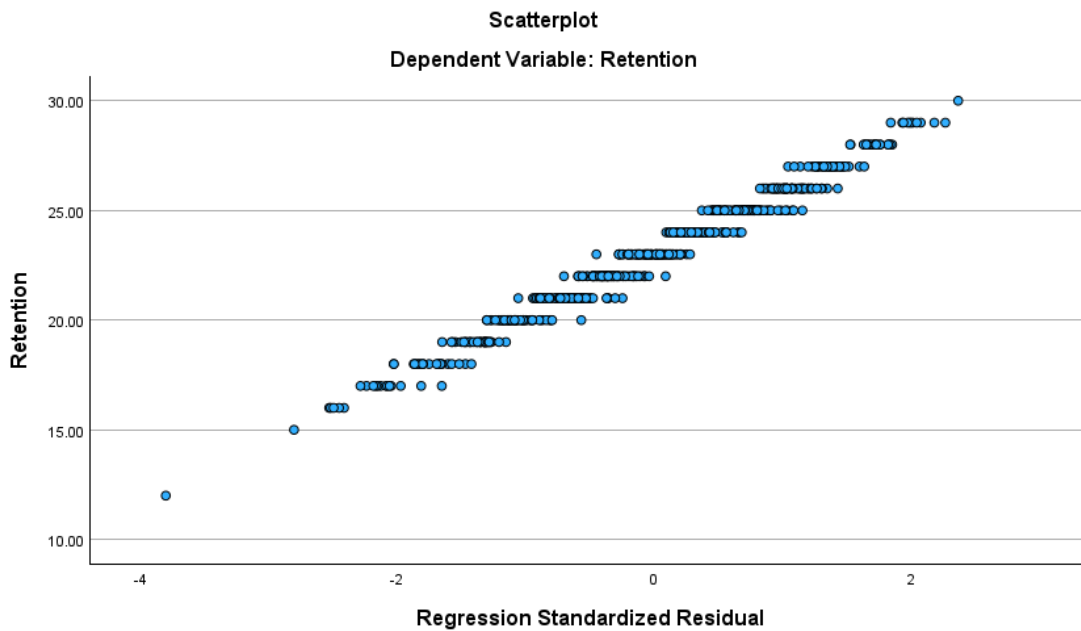
Source: own survey, 2024

Figure 4.1: Employee data Homoscedasticity Test



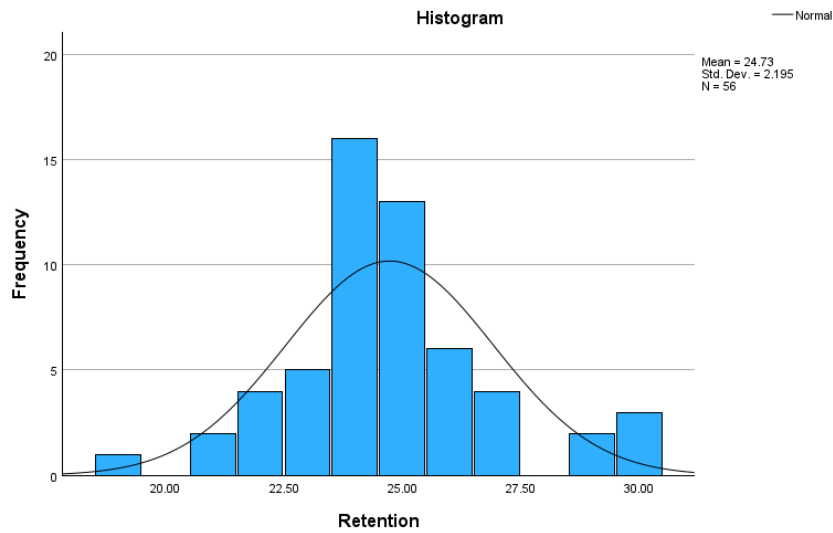
Source: own survey, 2024

Figure 4.3: Customer data Homoscedasticity Test



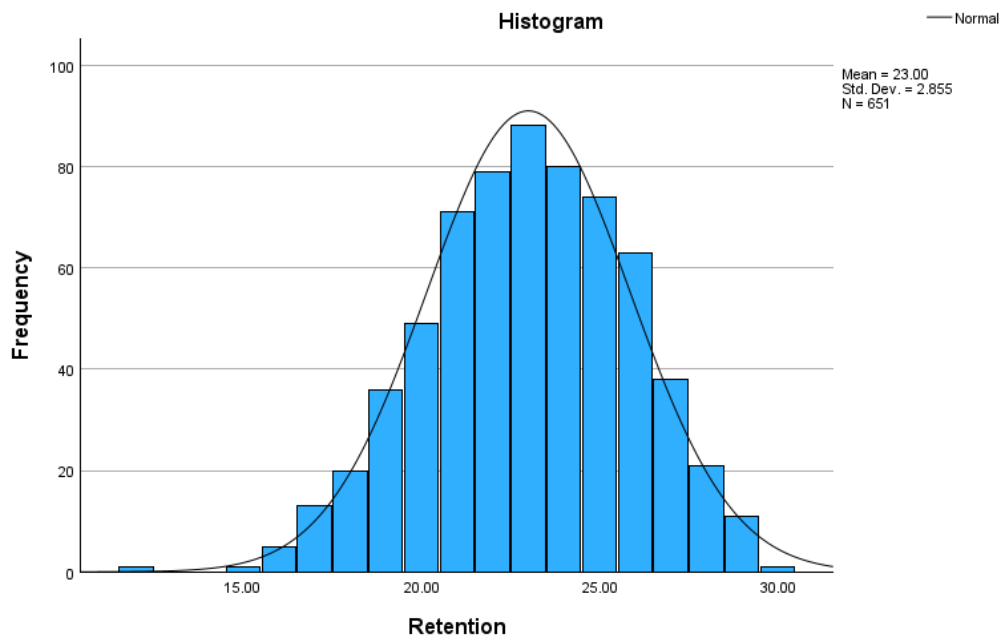
Source: own survey, 2024

Figure 4.4: Employee Normality Test



Source: own survey, 2024

Figure 4.5: Customer Normality Test



Source: own survey, 2024

Table 4.19: Employee data Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	Behaviour of Employees	0.350	2.858
	Interaction Management	0.446	2.242
	Relationship Development	0.558	1.791
	Customer Engagement in Technology	0.446	2.242

	Ownership	0.881	1.136
a. Dependent Variable: Retention			

Source: own survey, 2024

Table 4.20: Customer data Multicollinearity Test

Model		Collinearity Statistics	
		Tolerance	VIF
1	Behaviour of Employees	0.993	1.007
	Interaction Management	0.979	1.021
	Relationship Development	0.973	1.027
	Customer engagement in Technology	0.954	1.048
	Ownership	0.915	1.093
a. Dependent Variable: Retention			

Source: own survey, 2024

Table 4.21: Employee data Autocorrelation Test

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.787 ^a	0.619	0.581	1.42133	2.241
a. Predictors: (Constant), Ownership, Interaction, Technology, Relationship, Behaviour					
b. Dependent Variable: Retention					

Source: own survey, 2024

Table 4.22: Customer data Autocorrelation Test

Model Summary					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.221 ^a	0.049	0.042	2.79513	1.833
a. Predictors: (Constant), Ownership, Behaviors, Interaction, Relationship, Technology					
b. Dependent Variable: Retention					

Source: own survey, 2024

Table 4.23: Employee data regression analysis model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.782 ^a	0.612	0.581	1.42009
2	.826 ^b	0.682	0.620	1.35260
a. Predictors: (Constant), Technology, Relationship, Interaction, Behaviour				
b. Predictors: (Constant), Technology, Relationship, Interaction, Behaviour, Ownership, Integrationmoxinter, Integrationmoxbeh, Integrationmoxrela, Integrationmoxtech				
c. Dependent variable: Retention				

Source: own survey, 2024

Table 4.24: Customer data regression analysis model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.143 ^a	0.020	0.014	2.83474
2	.250 ^b	0.062	0.049	2.78395
a. Predictors: (Constant), Technology, Relationship, Behaviors, Interaction				
b. Predictors: (Constant), Technology, Relationship, Behaviors, Interaction, Integrationmoxtech, Integrationmoxbeh, Integrationmoxrela, Integrationmoxintera, Ownership				
c. Dependent variable: Retention				

Source: own survey, 2024

Table 4.25: Employee ANOVA Table

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	162.133	4	40.533	20.099	<.001 ^b
	Residual	102.849	51	2.017		
	Total	264.982	55			
2	Regression	180.824	9	20.092	10.982	<.001 ^c
	Residual	84.158	46	1.830		
	Total	264.982	55			
a. Dependent Variable: Retention						
b. Predictors: (Constant), Technology, Relationship, Interaction, Behaviour						
c. Predictors: (Constant), Technology, Relationship, Interaction, Behaviour, Ownership, Integrationmoxinter, Integrationmoxbeh, Integrationmoxrela, Integrationmoxtech						

Source: own survey, 2024

Table 4.26: Customer ANOVA Table

ANOVA						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	107.908	4	26.977	3.357	.010 ^b
	Residual	5191.079	646	8.036		
	Total	5298.986	650			
2	Regression	331.001	9	36.778	4.745	<.001 ^c
	Residual	4967.985	641	7.750		
	Total	5298.986	650			
a. Dependent Variable: Retention						
b. Predictors: (Constant), Technology, Relationship, Behaviors, Interaction						
c. Predictors: (Constant), Technology, Relationship, Behaviors, Interaction, Integrationmoxtech, Integrationmoxbeh, Integrationmoxrela, Integrationmoxintera, Ownership type of the bank(moderation)						

Source: own survey, 2024

Table 4.27: Employee data Coefficients Table

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.460	2.574		1.344	0.185
	Behaviour	0.006	0.160	0.005	0.036	0.971
	Interaction	0.241	0.149	0.206	1.614	0.113
	Relationship	0.396	0.123	0.368	3.226	0.002
	Technology	0.285	0.105	0.348	2.727	0.009
2	(Constant)	-11.355	7.605		-1.493	0.142
	Behaviour	-0.038	0.546	-0.034	-0.070	0.944
	Interaction	-0.662	0.476	-0.568	-1.392	0.171
	Relationship	1.393	0.537	1.294	2.594	0.013
	Technology	0.573	0.334	0.699	1.718	0.093
	Integrationmoxbeh	0.061	0.337	0.234	0.180	0.858
	Integrationmoxinter	0.544	0.300	1.988	1.812	0.077
	Integrationmoxrela	-0.571	0.295	-2.929	-1.939	0.059
	Integrationmoxtech	-0.231	0.214	-1.814	-1.080	0.286
	Ownership	9.759	5.120	2.243	1.906	0.063

a. Dependent Variable: Retention

Source: own survey, 2024

Table 4.27: Customer data Coefficients Table

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	18.509	1.512		12.245	0.000
	Behaviors	0.098	0.048	0.081	2.068	0.039
	Interaction	-0.002	0.043	-0.002	-0.049	0.961
	Relationship	0.042	0.042	0.038	0.986	0.325
	Technology	0.117	0.041	0.110	2.821	0.005
2	(Constant)	18.418	4.765		3.865	0.000
	Behaviors	0.315	0.145	0.258	2.169	0.030
	Interaction	0.178	0.130	0.163	1.375	0.170
	Relationship	-0.209	0.127	-0.194	-1.645	0.100
	Technology	0.100	0.131	0.094	0.761	0.447
	Integrationmoxbeh	-0.158	0.094	-0.452	-1.679	0.094
	Integrationmoxintera	-0.139	0.086	-0.479	-1.625	0.105
	Integrationmoxrela	0.154	0.086	0.525	1.789	0.074

Integrationmoxtech	-0.017	0.083	-0.058	-0.205	0.838
Ownership	1.419	3.150	0.248	0.451	0.652

a. Dependent Variable: Retention

Source: own survey, 2024

Table 4.28: Employee data Summary of Hypothesis Testing

Hypothesis	Statement	Sig.	Status
H1	Behaviors of employees has a positive and significant effect on customer retention	0.971	Rejected (Not significant)
H2	Interaction Management has a positive and significant effect on customer retention	0.113	Rejected (Not significant)
H3	Relationship development has a positive and significant effect on customer retention	0.002	Accepted (Significant)
H4	Customer engagement in technology has a positive and significant effect on customer retention	0.009	Accepted (Significant)
H5	Ownership moderates the relationship between customer relationship management and customer retention	0.063	Borderline Accepted (Borderline significance)

Source: own survey, 2024

Table 4.29: Customer data Summary of Hypothesis Testing

Hypothesis	Statement	Sig.	Status
H1	Behaviors of employees has a positive and significant effect on customer retention	0.039	Accepted (Significant)
H2	Interaction Management has a positive and significant effect on customer retention	0.961	Rejected (Not significant)
H3	Relationship development has a positive and significant effect on customer retention	0.325	Rejected (Not significant)
H4	Customer engagement in technology has a positive and significant effect on customer retention	0.005	Accepted (Significant)
H5	Ownership moderates the relationship between customer relationship management and customer retention	0.652	Rejected (Not significant)

Source: own survey, 2024