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College of Business and Economics

Department of Management

MSc in International Business

**“EFFECT OF RELATIONSHIP MARKETING ON CUSTOMER
LOYALTY: A STUDY ON WEGAGEN BANK, SOUTH DISTRICT ADDIS
ABABA, ETHIOPIA”**

**A thesis submitted to the College of Business and Economics to the Graduate
program of the Department of Management M.Sc. in International Business
and the College of Business and Economics of Addis Ababa University.**

**In partial fulfillment of the requirement for the Degree of
M.Sc. in International Business
In Management**

By:

Haftamu Hiluf Gebrerufael

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Advisor: Meskerem Mitiku Ferede (PhD)

January, 2024

Addis Ababa

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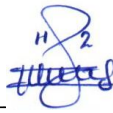
**Addis Ababa, Ethiopia
January, 2024**

STATEMENT OF DECLARATION

Under the supervision and guidance of **Meskerem Mitiku Ferede (Ph.D.)**, I, the undersigned, hereby declare that this thesis, entitled "**Effect of Relationship Marketing on Customer Loyalty: In Case of Wegagen Bank, South District Addis Ababa**," is submitted to the M.Sc. in International Business Department of the College of Business and Economics, Addis Ababa University, for the award of an MSc in International Business in Management. And it is my own work, and it hasn't been submitted to any other university or institution for consideration for another degree or award. All references and materials used in this paper have been correctly cited and verified.

Haftamu Hiluf Gebrerufael

Name



Signature

01/02/2024

Date

STATEMENT OF DECLARATION

I certify that this M.Sc. in International Business thesis entitled “**Effect of Relationship Marketing on Customer Loyalty: In Case of Wegagen Bank, South District Addis Ababa**” of (**Haftamu Hiluf**), who worked under my direction to complete the research. I also attest that, to the best of my knowledge, the work presented here has not been included in any previous project report or thesis, on the basis of which this applicant or any other candidate has previously received a degree or prize. So, I give it my acceptable to be displayed.

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As participants in the final M.Sc. in International Business thesis open defense, we, the Board of Examining, certify that we have perused and assessed **Haftamu Hiluf Gebrerufael's** thesis, **"Effect of Relationship Marketing on Customer Loyalty: In Case of Wegagen Bank, South District Addis Ababa,"** and that we recommend accepting the thesis for fulfilling the M.Sc. in International Business thesis requirement.

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The thesis must be submitted in its final copy to the Council of Graduate Studies (CGS) via the candidate's departmental or school graduate committee (DGC or SGC) in order for it to be approved and accepted in whole.

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Abstract

Any business that lacks an effective marketing staff and tactics will eventually collapse. Bankers need to attract and hold onto profitable clients to stay profitable and have a competitive edge in the market. Without a doubt, relationship marketing is used for this. This study's goal is to find out how relationship marketing affects client loyalty. In the instance of South District Addis Ababa's Wegagen Bank. The first and most significant deficiency stems from the researcher's knowledge base; so far, Wegagen Bank relationship marketing has not been the subject of any research. The dearth of research on the district level was another motivation for this study's conduct. The lack of depth in the literature on relationship marketing, in addition to the aforementioned deficiencies, inspired the investigator to conduct this study. Adding new variables is the other driving force. The researcher is therefore driven to carry out this investigation as a result of these driving forces. An explanatory research design was adopted in this study. Convenience sampling was employed by the researcher to select survey takers from the study's total population of 401. Primary data sources were employed in this investigation. A closed-ended questionnaire with a five-point Likert scale that was taken from earlier research was used to gather the primary data. Because this study takes a quantitative approach, the data was analyzed using regression and correlation models with the use of the SPSS version 26 software. The study indicated that while communication was shown to be minor, trust, commitment, empathy, and conflict resolution were found to have a substantial impact on consumer loyalty. This research suggested that to ensure trust, commitment, empathy, and dispute resolution and the bank should reevaluate its relationship marketing. To maintain and sustain sound relationship marketing, the study also suggests specific actions that should be taken by the banks, government, stakeholders, professionals, and academicians. Since relationship marketing has not been thoroughly investigated from various economic sectors, this investigation recommended additional studies to be done in this area.

Key words: Bank, Commitment, Communication, Conflict Handling, Customer Loyalty, Empathy, Relationship Marketing, Trust

ACRONYMS

C: Communication

CH: Conflict Handling

CL: Customer Loyalty

CO: Commitment

CRM: Customer Relationship Management

df: Degree of freedom

DV: Dependent Variable

E: Empathy

Ha: Alternative Hypothesis

HR: Human Resource

IV: Independent Variable

NPP: Normal Probability Plot

RM: Relationship Marketing

SPSS: Statistical Packages for Social science

T: Trust

VIF: Variance Inflation Factor

α : Alpha Coefficient of an equation

β : Beta Coefficient of an equation

μ : Stochastic disturbance

Operational Definition of Terms

Relationship marketing: is a marketing strategy that emphasizes establishing and preserving enduring connections with clients. It highlights how crucial it is to keep customers loyal and engaged by fostering tailored, win-win connections and interactions that exist between businesses and their customers.

Trust: refers as the confidence and reliance that customers have in a company or brand. When customers trust the organization, they assume the organization will fulfill its word, act in their best interests, and deliver quality products or services.

Commitment: refers to the dedication and loyalty that customers have toward a company or brand. When customers are committed, they are more likely to continue purchasing from a company, engage in repeat business, and nurturing and sustaining a lasting partnership.

Communication: refers to the exchange of information, messages, and connection among company or brand and its customers to establish and uphold robust and enduring relationships. It involves the effective transmission and reception of messages to establish trust, understanding, and engagement with customers.

Empathy: is a critical element in relationship marketing that involves understanding and sharing the feelings, perspectives, and experiences of customers. It is the capacity to empathize and understand the perspective of others, recognize their emotions, and demonstrate a genuine concern for their well-being.

Conflict handling: refers to the process of managing and resolving conflicts or disagreements that may arise in the context of relationship marketing. Conflict can occur due to differences in expectations, misunderstandings, or conflicting interests between a company and its customers. Effectively addressing and resolving conflicts is essential for maintaining positive relationships and ensuring customer satisfaction.

Customer loyalty: is used to describe how attached and committed consumers are to a brand, company, or product. Repeat business from loyal clients is more likely, choose a particular brand over competitors, and advocate for the brand by recommending it to others.

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CHAPTER ONE

Introduction

This study looked at how relationship marketing affected Wegagen Bank's South District customers' loyalty. A summary of the study's background, statement of the problem, and research question, general goal, specific goals, research hypothesis, significance, scope, limitations, and organizational structure are covered in this chapter.

1.1. Background of the study

It is obvious that a company's customers are its only source of both current profit and future expansion. Additionally, the core of any firm is attracting and retaining devoted clients (Khadka & Maharjan, 2017). Customers are therefore at the center of all global marketing activities. Without clients, it is hard to get good performance (Chakiso, 2015) One may argue that consumers are an organization's lifeblood and backbone. It's a common saying that "businesses cannot exist without customers."(Shifera, 2011). Since businesses in the same field are competing with one another to draw in the same clientele while providing comparable goods and services, today's consumers are more powerful than they have ever been. (Gaurav & Khan, 2013)

Customers must be at the center of every business' operations if it is to flourish in the fiercely competitive markets of today. Because of this customer-centered approach, businesses should recognize the critical and fundamental significance that human and subjective variables have in the relationships they have established with their clients to retain present clients and draw in new ones. (Hidayat & Idrus, 2023) Thus, building a devoted clientele is usually cited as the primary factor influencing an organization's long-term financial success, as it can result in higher prices, reduced expenses, and a rise in sales and market share. For a firm to succeed, converting unsatisfied consumers into devoted ones and building enduring partnership with them is essential (Abror et al., 2020; Alrubaiee & Al-Nazer, 2010; Bhardwaj & Soni, 2020).

Achieving customer loyalty has attracted focus recently, especially, in the service industry. Relationship marketing with customers (Hereafter, RM) has become one of the most effective means of making it so. (Jude Leon & Pathmini, 2019; Tamilarasan, 2011) Accordingly, several

market experts contend that relationship marketing can assist businesses in obtaining greater client returns (Affran et al., 2019; Christopher et al., 2013)

Morgan & Hunt (1994) provide the following definition of relationship marketing:

“Any marketing initiatives aimed at creating, fostering, and preserving fruitful relationships.”

Relationship marketing can be interpreted as a strategy mechanism that concentrates on cultivating client loyalty up on the definitions. Relationship marketing is referred to as a kind of marketing where commerce try to strengthen and expand their close connections with clients stated differently, relationship marketing aims to create enduring bonds with existing clients rather than luring in new ones. Developing enduring relationships with clients is a crucial requirement for a firm to succeed (Hoang, 2015). Furthermore, relationship marketing have a variety of angles, such as suppliers, clients, internal, and external, to get a competitive edge and fulfill customer needs (Hoang, 2015; Minculete & Chisega-Negrilă, 2014).

Customers can become devoted supporters of the company's goods and services by climbing the loyalty ladder from first-time buyers to frequent consumers, advocates who not only purchase the products but also refer them to others, and so on. Relationship-building offers businesses new chances to obtain a competitive edge (Anbesaw, 2019; Tewodros, 2019; Zeleke & Chauhan, 2022). Businesses build repeat business by turning uninterested consumers into devoted ones. Retaining current clients is significantly less expensive than acquiring new ones and these are lucrative, devoted clients. Lacey & Morgan, (2008) results imply that consumers who are more committed are in fact more eager to participate as customer advocates.

Muro et al. (2013) state that the banking industry and different service facilitator are now aware of the role of customer relationship marketing (CRM) and how it might help draw in new business, retain existing clients, and raise each client's lifetime worth is through gaining customer loyalty (Bizuwork, 2017; Bruneau et al., 2018; Kamran-Disfani et al., 2017).

Beck et al. (2015) they also mentioned that customer relationships and revenues grow naturally when financial institutions employ loyalty programs to foster brand confidence and trust. Building prologned relationships with customers is said to be the key to accelerating growth and

should be taken for granted by bankers. Therefore, In order to achieve sustainable development, banks must attend to the needs of their clients. (Pakurár et al., 2019)

A limited body of research examines the relationship between trust, commitment, conflict resolution, and consumer loyalty. When a bank uses effective relationship marketing, the data nearly always points to customer loyalty. The foundation of relationship marketing is the development of trust, commitment, conflict resolution skills, and empathy and gratitude, as demonstrated by several studies conducted over a variety of periods (Anabila et al., 2012; D. Raggio et al., 2014; Kaur et al., 2012; Morgan & Hunt, 1994; Ndubisi, 2005).

Regarding Ethiopian banking, up until 1994, the country's banking industry functioned as a monopoly (Gashayie & Singh, 2016). However since private banks started to operate in the market, the competition has increased. These days, banks have to contend with fierce competition (Carlson et al., 2022). The banking industry's rivalry and the homogeneity of services provided have increased the pressure on banks to differentiate themselves from their competitors. Advancing customer loyalty stands out as the challenging issue that each bank must deal with. Because Wegagen Bank of South District, Addis Ababa is a commercial bank like any other, this study attempts to test how relationship marketing influences customer loyalty using the most widely used paradigm of RM (trust, commitment, communication, empathy, and conflict handling).

1.2. Statement of the problem

The financing sector has been more liberalized during the past 20 years, which has allowed Ethiopia's financial institutions to develop and flourish. The competitive and quickly evolving environment in which banks operate today includes rivalry not only with other financial institutions but also with one another (Gashayie & Singh, 2016). Consumers perceive virtually there is not much variation in the banking services that banks provide, even though they provide a variety of goods and advantages to meet their needs. This is because competitors quickly match new offerings in terms of services, and a high percentage of consumers move from one bank to another (Shanka, 2012). In a circumstance such as this, Banking industry is required to analyze the effects of different marketing plots that might provide them with a better competitive edge and help them retain their current clientele (Bizuwork, 2017).

Maintaining a loyal client base that will provide long-term profits for businesses is now the sellers' most pressing concern, rather than delivering exceptional, high-quality goods or services in an increasingly volatile competitive climate. In order to remain competitive in this very dynamic and crowded industry, marketers must think beyond the conventional 4Ps of marketing strategy. The bank's whole client base should be the target of relationship marketing. The majority of banks are distinguished by having both lucrative and unprofitable clients, with the former supporting the latter (Kassahun, 2019; Kebede & Tegegne, 2018). In a cutthroat market where rival financial institutions specialize in providing alluring services and rates to this lucrative clientele, hanging on to profitable clients has grown harder. Relationship marketing frequently targets just the most lucrative markets, such as those determined by wealth and income (Leverin & Liljander, 2006).

An organization's ability to survive over the long term is mostly dependent on its commercial relationships with its clients. The quality and dependability of a company's services have a direct impact on its growth and profitability when it allocates its resources and endeavors towards achieving its goals (Johnson & Karley, 2018). This could be achieved by providing a service that improves the organization's reputation with clients. Organizations require some technique that could boost customer loyalty on a coordinated and dynamic basis in order to handle all of the aforementioned concerns. Relationship marketing is one of the technique that can provide this kind of advantage (Ogbeide et al., 2023).

Several studies around the globe confirmed the significance of relationship marketing in attaining customer loyalty (eg.) (Dam & Dam, 2021; Darmayasa & Yasa, 2021; Gupta et al., 2020; Khan et al., 2022; Nugraha & Sitio, 2020; Ogbeide & Ikande; Perišić Prodan et al., 2022; Tabrani et al., 2018; Tewodros, 2019; Walelign, 2020; Wali, 2018). These days, relationship marketing is a critical application. Due to the intense global competition and the effects of globalization, the organization will suffer significant losses if it refuses to embrace relationship marketing. These losses include losing out on potential customers and market share, damaging the organization's reputation, falling behind industry leaders, missing out on crucial customer information, having employees fail to properly understand customers, and many other consequences (Bekele, 2020; Gaurav, 2016).

So, there are fourfold drivers that triggered this researcher to carry out this particular learn. The first reason is that contextual adaptation of RM strategies even if relationship marketing is recognized as a key driver of client loyalty, there is limited knowledge about how companies can tailor their relationship marketing efforts to align with cultural preferences and expectations. Understanding how relationship marketing practices should be adapted to fit specific cultural contexts is a critical gap in the current literature. Hence this study seeks to fill the contextual gap.

The second reason is based on the researcher's scope of knowledge so far, no research has been officially published that has been conducted in Wegagen Bank at the district level with some of the previously done research conducted with this study in different organizations, and banks in Ethiopia are stated as follow (Bizuwork, 2017; Chakiso, 2015; Kassahun, 2019; Shifera, 2011; Worku, 2017). Hence this study strives to fill the geographical gap.

The third reason for conducting this learns is the resulting inconsistency of the previously done research. Many previous studies at the international and national level found a significant positive relationship between all the identified RM predictors of this study and customer loyalty (e.g.) (Bruck, 2021; Jude Leon & Pathmini, 2019; Ogbeide & Ikande, 2021; Perišić Prodan et al., 2022; Walelign, 2020). While others have found that there was an insignificant relationship between RM some identified predictors and customer loyalty at international and national (Ethiopia) (Bizuwork, 2017; Christian et al., 2017; Tewodros, 2019). Therefore, the relationship between RM predictors of this study and CL is found to be inconsistent and the findings are quite inconclusive, so, this investigation strives to narrow this void by analyzing the connection between RM with customer loyalty.

Finally, the other motive that motivated the investigator to undertake this study was based on the actual or real problem that exists in the Bank. According to the researcher's observation, the researcher had many circumstances to go to different branches of Wegagen Bank in the south district, Addis Ababa, and the researcher observed a problem of marketing relationship management, Hence, due to the aforementioned actual problems, the examiner was triggered to execute this study by examining the identified predictors of RM on customer loyalty and providing an insightful solution for the problem. By addressing these detailed gaps, this investigation tried to govern the effect of RM predictors such as trust, commitment, communication, empathy, and conflict handling, of Bank of Wegagen Bank in South District

Addis Ababa, to ascertain whether these dimensions have strengthened client loyalty in the way that was intended.

1.3. Research question

The aim of this investigation was to address the following general and specific study questions;

- What is the effect of trust on bank customers' loyalty?
- Does commitment affect customer loyalty towards the bank?
- How do communications affect customer loyalty towards the bank?
- What is the effect of empathy on customer loyalty towards the bank?
- Does conflict handling affect customer loyalty towards the bank?

1.4. Objective of the study

1.4.1. General objective

The general aim of this learn is to examine the influence of relationship marketing on customer loyalty in a study on Wegagen Bank in South District Addis Ababa.

1.4.2. Specific objectives

The specific objectives of the study are:

- To look into how trust affects a customer's fidelity to the bank.
- To determine the effect of commitment on customer loyalty towards the bank.
- To examine the effect of communication on customer loyalty towards the bank.
- Determining how empathy affects clients' fidelity to the bank.
- To test the effect of conflict handlings on customers' loyalty towards the bank.

1.5. Research Hypothesis

The study's hypotheses included the following ones.

Ha1: Trust has a significant positive effect on customer loyalty.

Ha2: Commitment has a significant and positive effect on customer loyalty.

Ha3: Communication has a significant and positive effect on customer loyalty.

Ha4: Empathy has a significant and positive effect on customer loyalty.

Ha5: Conflict handling has a significant and positive effect on customer loyalty.

1.6. Significance of the study

This investigation has a Cross-Cultural Marketing Understanding since this study play a significant role to a deeper understanding of how relationship marketing strategies interact with cultural factors, providing valuable knowledge for marketers operating in diverse cultural environments. This study also enables Banks to get a competitive advantage since Understanding the effect of relationship marketing on customer loyalty across cultures can provide companies with a distinctive competence by ensuring them to better engage and retain customers in different cultural contexts. And any institutions or companies like colleges, hotels, universities, and manufacturing industries) in general, those who can able to access and read this paper will be beneficiaries since this research identified major factors that influence relationship marketing to enhance customer loyalty. So it recommended organizations to implement them. In the largest context, the research will also benefit policy makers of bank stakeholders, academicians, and practical implications for business practice that are in charge of human resource policy-making, because the study is conducted in the private sector particularly the current most significant areas, Bank. Finally, this research will also help the coming examiners, who want to investigate research in this research area, as a secondary data source.

1.7. Scope of the study

Though doing research worldwide is not common yet. So, almost all research, regardless of by whom and where they are done, this research is delimited with two major scopes.

The first one is area scope. It is the scope of the study which refers to where the study is undertaken. Given the significance of relationship marketing in today's work environment, study regarding relationship marketing may be conducted nationally or regional-wide. However, considering major constraints the researcher of this study limited the study to be conducted on Wegagen Bank in South District in Addis Ababa.

The second scope is content scope. It is the scope that indicates the particular topic on which the researcher focuses. Research regarding relationship marketing can also be done on its various aspects such as its importance, its relation with other human resource management concepts, its determinants, and so on. However, the examiner here gives attention to detail only on the effect of RM.

1.8. Limitations of the study

The study's geographical focus was restricted to the Wegagen Bank's south district in Addis Ababa, one of the bank's many districts. As a result, the study's total participant number would not accurately represent Wegagen's desired client base as a whole, and the results of the poll could not be applied to other demographic groups. Furthermore, this study only looked at five relationship marketing predictors; therefore its conclusions might not be sufficient to draw broad conclusions regarding Wegagen Bank's relationship marketing efforts. Other relationship marketing factors like social bonding, keeping commitments, competency, etc., must be taken into account.

1.9. Organization of the paper

Like in most research, the study in this study divided the entire study's content into five separate chapters. The first chapter is the introductory section and includes the study's background, problem statement, research questions, objective, significance, scope, limitations, and organization. The review of related literature is covered in the second chapter. A theoretical review, an empirical review, the identification of variables, a conceptual framework, a mathematical framework, and the formulation of a hypothesis are possible inclusions. The methods section is covered in the third chapter. Included are the following: research design, methodology, sampling strategy, sample size and population size, data source and data collection technique, and ethical issues. The fourth chapter covers data analysis and interpretation, including a range of statistical tests and the interpretations that accompany them. Chapter 5, the final chapter, contains the conclusion, discussion, and recommendation based on the analysis.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

Introduction

This chapter constructed a conceptual framework based on the reviews of conceptual, theoretical, and empirical literature on the relationship between customer loyalty and the RM dimension. The concept and description of variables were explained during a theoretical review. There was also a discussion of the study's variables.

2.1. Theoretical review

2.1.1. Concepts of Relationship marketing

In the context of service organizations, Berry (1983) first introduced the idea of relationship marketing. Companies pay to build advantageous relationships based on optimizing client perceptions of value. Berry (1983) defines it as a business strategy to recruit, maintain, and strengthen customer interactions with technology development. Relationship marketing, according to some, is the act of locating, creating, preserving, strengthening, and, if need, ending enduring collaboration with clients and different stakeholders to achieve the goals of stakeholders (Lindberg-Repo & Grönroos, 1999). Relationship marketing is the a means of developing, preserving, and strengthening strong bonds with stakeholders and target customers (Porral & Stanton, 2017). They think that in order to establish lasting bonds with clients and other marketing networks, marketing is gradually shifting away from one-off deals (Abtin & Pouramiri, 2016) there is a paradigm shift in attention on marketing in both study and practice (Smith, 2011).

Relationship marketing theory is a very rich topic of study, despite relationship marketing being a relatively new discipline of study (Hunt et al., 2006). They pointed out that RM can take on a variety of shapes, and that relationship marketing theory can help us comprehend a wider range of company strategy topics. Additionally, they contended that the development of relationship marketing theory's explanatory underpinnings offers responses to three "why" questions:

- What makes relationship marketing so popular these days?

- What motivates businesses and consumers to form alliances with other businesses and consumers?
- Why do some relationship marketing campaigns work better than others?

The answers to these questions lay a wide basis for knowledge of relationship marketing theory. First, relationship marketing's importance is attributed to the rise of strategic network rivalry in addition to the expansion of technology-driven, information-driven, service-oriented businesses. In order to effectively compete against other networks, inter-firm cooperation is crucial, as demonstrated by the concept of strategic network competition, which involves the cooperation of independently owned and managed businesses inside a network. For the companies in a strategic network to succeed individually and collectively, they need to understand relationship marketing concepts. Second, relationship marketing theory contends that customers interact with businesses in a relational fashion when they believe the advantages of doing so exceed the drawbacks (Hunt et al., 2006). These benefits encompass:

- ✓ The conviction that a specific partner is dependable and capable of consistently delivering high-quality products or services.
- ✓ The perception that the partnering company aligns with the consumer's values.
- ✓ The reduction in search costs experienced by the customer.
- ✓ The customer's perception that the risk associated with the product or service is diminished.
- ✓ The ability to customize the offering, leading to better satisfaction of the customer's needs desires, preferences, and tastes.

Firms adopt RM practices since it enhances their advantage. According to Hunt et al. (2006), customers engage in relationship marketing when it help the organization by enabling effective market segmentation. In other words, customers do so when relationships serve as valuable resources. These relational resources have the potential to enhance a firm's position in the marketplace and subsequently improve its financial performance. Relationship marketing theory identifies key relational factors such as trust, commitment, conflict handling, and empathy that influence customer loyalty. The focus of RM theory is on these relational factors and how they

impact outcomes like customer loyalty and relational contracting.

RM originated in the 1980s as a departure from the existence perception of marketing solely as a number of exchange, this shift occurred because it became evident that numerous exchanges, particularly in the service industry, were inherently relational in nature, especially within a banking context (Berry, 1983). Relationship marketing was seen by this author as a tactic to draw in, nurture, and improve client connections. (Gummesson, 1994) relationship marketing is a strategy that involves the management of interactions, relationships, and networks. Relationship marketing is a strategy that aims to profitably build, maintain, and improve relationships with clients and other partners while making sure that everyone's goals are satisfied. The author goes on to say that building and maintaining long-lasting, mutually beneficial relationships between a business and its clients is the main objective of relationship marketing. This emphasizes how important it is to build client loyalty as one of relationship marketing's main goals (Gronroos, 1994).

Leverin and Liljander (2006) discovered that relationship marketing strives to provide better services to customers while also increasing customer profitability. They underlined that successful relationship marketing techniques ought to raise consumers' perceptions of the advantages of forming connections. Relationship marketing is promoted as a way for businesses to develop lasting, mutually beneficial connections with their clientele. Relationship marketing is said to work best when consumers are really invested in the good or service, when there is face-to-face engagement, and when they are open to taking part in relationship-building activities. Relationship marketing campaigns focused on the needs of the customer that promote communication between the bank and its clients foster favorable opinions about the bank, resulting in higher customer satisfaction and more solid partnerships (Leverin & Liljander, 2006).

There is an evident and advanced desire in the field of RM. The intense competition prevalent in recent commercial events has led to the cultivation of good relationships between firms and customers. The author observed that this concept aligns well with ongoing trends in modern business. The author also proposed that numerous companies are capitalizing robust firm-customer relationships to obtain valuable insights on how to effectively serve customers and prevent them from switching to competing brands. As a result, the process of building customer

relationships generates mutual benefits for both the firm and the customer. Additionally, by establishing relationships with customers, an organization can acquire valuable marketing intelligence to enhance the planning of marketing strategies (Lacey, 2015).

Building consumer relationships is more important in relationship marketing than in traditional or transactional marketing in order to creating enduring advantages that benefit all parties participating in the exchanges (Kotler & Armstrong, 2010). Additionally, they contended that relationship marketing is really about treating clients like partners, using a different strategy than typical transactional marketing.

2.1.2. Relationship marketing dimensions

2.1.2.1. Trust and Customer Loyalty

Based on research by (Morgan & Hunt, 1994) trust serves as a fundamental pillar of relationship marketing. They elaborated trust as the openness to count on a partner with whom one has confidence. Trust plays a crucial role in fostering mutually beneficial exchanges, as it alleviates concerns about the intentions of the involved partners. The establishment and nurturing of trust are especially advantageous for customers when engaging in service purchases (Berry, 1983).

Trust plays a significant role in the formation of firm-customer relationships and, ultimately, in cultivating customer loyalty (Ndubisi, 2009). Consequently, it is crucial for banks to actively work towards earning customers' trust. This can be accomplished through several means, such as delivering on promises made to customers, demonstrating a commitment to transaction security, providing high-quality services, showing respect for customers through frontline staff interactions, fulfilling obligations, and taking actions to instill confidence in the bank and its offerings.

Trust is conceptualized as the confidence one party has in the reliability and integrity of their exchange partner. Trust is described as a generalized expectation that an individual holds regarding the trustworthiness of another person's word. Their definition emphasizes the significance of confidence. The literature on trust suggests that the trusting party's confidence stems from a firm belief that the trusted party is dependable and possesses high integrity, which is associated with qualities such as consistency, competence, honesty, fairness, and responsibility. Trust is of utmost importance in relationship marketing, particularly in the context

of service organizations. It is closely linked with commitment and is strengthened when the deliverables meet expectations (Morgan & Hunt, 1994).

Therefore, building trust is seen as a crucial outcome of creating a successful, long-lasting relationship between all the stakeholders in real-world commercial activity. When faced with complex service markets, consumers often act and decide what to buy based on their prior consumer experiences. Developing long-term ties with customers enhances the effectiveness of a partnership to achieve shared interests and fosters customer trust (Doney & Cannon, 1997; Khadka & Maharjan, 2017).

Customers are more likely to commit to a service relationship if they have faith in the ability of service providers to live up to their expectations (Morgan & Hunt, 1994). They contended that, despite environmental changes, clients would still think that the service provider would consider their needs rather than act in a way that would impede the growth of their relationship. Three fundamental components were proposed by them to define organizational trust: the capacity, kindness, and integrity of the trustee. A relationship's cumulative process was thought to build trust based on each party's ability to fulfill its commitments continuously. Building long-term connections and increasing client loyalty are said to require a great deal of trust. Numerous writers have argued that establishing long-term relationships and winning over clients are greatly influenced by their trust (Berry, 1983; Kotler & Armstrong, 2010).

According to Clow and Kurtz (2003), the key factor in obtaining customer acceptance of service process modifications is the establishment of customer trust. The authors highlight that service modifications are more likely to be successful if customers have trust in the service providers. To achieve this, service providers need to have a deep understanding of customer behaviors, preferences, and motivations regarding when, why, and how they engage with the service. The more service providers know about customers' service usage patterns, the easier it becomes to implement changes effectively. The results of (Taylor et al., 2004) consistently demonstrate that trust is the most significant factor influencing customer loyalty.

2.1.2.2. Commitment and Customer Loyalty

Commitment is a significant factor influencing the strength of a marketing relationship, and it serves as a valuable measure for predicting customer loyalty and future purchase frequency

(Morgan & Hunt, 1994). The authors define commitment as a lasting desire to maintain a valuable relationship. This implies a heightened sense of responsibility to ensure the success and mutual satisfaction of the relationship. They also suggest that individuals who have a higher level of commitment are more likely to reciprocate effort on behalf of the firm, particularly when they perceive that they receive significant value from the relationship. In turn, highly committed firms can continue to benefit from the reciprocity of highly committed customers due to the past benefits they have received.

According to Berry (1983) in the field of services relationship marketing, mutual commitment forms the foundation of relationships. He argues that the literature consistently highlights commitment as a crucial element for achieving valuable outcomes and that parties strive to develop and maintain this essential attribute in their relationships. Therefore, commitment plays a central role in all relational exchanges between a firm and its various partners. In terms of building customer loyalty, Ndubisi (2007) emphasizes the significance of commitment. This includes accommodating customers' needs, tailoring products to their requirements, and maintaining flexibility in customer relationships. Ndubisi further suggests that banks should recognize the impact of service commitment in retaining loyal customers.

Customers who are committed to a brand exhibit positive attitudes and behaviors, and they are said to be thrilled with it. You can rely on them to make recurring purchases and to happily and positively recommend your business to other prospective clients. They can also positively impact the atmosphere of other customers' service experiences in a variety of service contexts; this is especially significant in situations where customer-to-customer interaction is a crucial component of the service experience (Rowley & Haynes, 2005).

2.1.2.3. Communication and Customer Loyalty

Sales and communication are vital components of transactional marketing. It is crucial to adapt to the communication preferences and needs of customers and initiate the communication cycle anew. This is RM at its best" (Möller & Halinen, 2000; Morgan & Hunt, 1994) that trust is established through effective communication and shared values. In the context of retail banking, communication takes place through various channels such as letters, emails, interactions on websites, automated interactions, and even personal interactions with service personnel before, during, and after transactions. When these communications are appropriate, supportive, positive,

valuable, easy to understand, and satisfying, they are considered "good." In essence, customers can derive personal benefits by interpreting the communication if the information provided by the service provider is accurate and valuable. This is particularly valuable when delivered in face-to-face interactions between individuals.

2.1.2.4. Empathy and Customer Loyalty

Empathy as defined by (Oly Ndubisi, 2004), refers to the ability to understand and share the thoughts and emotions of another individual. According to Ndubisi, the fundamental concept of empathy lies in the capacity to discern someone's emotions solely through the observation of their facial expressions, body language, or tone of voice. A widely accepted definition of empathy is the ability to mentally place oneself in another person's position, thereby experiencing their perspective and emotions within oneself. An additional advantage of empathy is that it promotes a sense of reciprocity, whereby individuals guided by empathy are more likely to treat others as they would like to be treated, reducing the reliance on legal enforcement.

According to Clow and Kurtz (2003), empathy is defined as the ability of an individual to understand and relate to the feelings or thoughts of another person. In the context of customer service, this skill is essential because customer contact personnel act as the interface between customers and the organization. When customers have special requests or encounter problems, they expect employees to understand the issue from their perspective. Additionally, (Lee, 2010) argues that it is challenging to envision an organization providing caring and personalized attention to customers without the involvement of its employees. Empathy, in this context, implies that employees are attentive, good listeners, adaptable, and flexible in meeting the individual needs of customers.

2.1.2.5. Conflict handling and Customer Loyalty

(Ndubisi, 2011) conflict handling refers to the ability of each party involved to mitigate the adverse outcomes of both apparent and potential conflicts. It involves employing methods and approaches to address conflicts in a way that minimizes negative consequences. Effective conflict handling can help parties find mutually acceptable resolutions, preserve relationships, and maintain a positive communication environment (Thomas, 2013).

Resolving major issues satisfactorily can result in a satisfied and loyal customer, while mishandling minor problems can lead to customer defection. Taking a proactive approach, such as identifying and addressing potential conflicts before they escalate, can contribute to stronger relationships and loyalty in banks or service firms, (Ndubisi, 2005, 2007) has found a significant correlation between conflict management and customer loyalty, which is indirectly influenced by factors like trust and perceived relationship quality. This suggests that effective conflict handling can enhance trust and the perceived quality of the customer-provider relationship, ultimately fostering customer loyalty.

According to Clow and Kurtz (2003), customers employ various strategies when dealing with conflicts, following a different sequence. The most common technique is avoidance, where customers choose to patronize another firm to avoid the conflict. Additionally, customers may engage in retaliation by spreading negative word-of-mouth about the service firm. Confrontation is another strategy, where customers plan to switch vendors and have nothing to lose. Psychological withdrawal and automatic behavior are used by customers when they are forced to stay with the service firm. By understanding these conflict-handling methods, managers can identify conflicts early on and determine their source. It is important to gather information from all parties involved, as well as other individuals familiar with the situation. Once the source of the conflict is identified, efforts can be made to eliminate or minimize it.

2.1.3. Customer loyalty

The primary objective of implementing relationship marketing activities is to foster customer loyalty. Oliver (1999) provides a definition of customer loyalty as a strong commitment to consistently repurchase a preferred product or service in the future, leading to continued purchasing from the same brand or brand set. This commitment remains steadfast even in the face of situational influences and marketing efforts that may attempt to induce switching behavior. It is commonly assumed that customers who exhibit behavioral loyalty towards a company also hold more positive attitudes towards that company compared to its competitors. There is a strong correlation between customer satisfaction and loyalty. Leverin and Liljander (2006) highlight that customer satisfaction with a bank relationship serves as a solid foundation for fostering loyalty, when customers are satisfied with the service and experience provided by a

bank, they are more likely to develop a loyal relationship with that bank. The results of (Briliana, 2018) is also consistent with the above research findings.

2.1.4. Customer loyalty and customer retention

These days, businesses aim to forge closer ties and greater loyalty with their final clients. Many businesses used to take their clients for granted. Either the market was expanding so quickly that the corporation did not care to fully please its consumers, or their customers had few other providers. These businesses must monitor their customer attrition rate more closely and take action to lower it. Businesses nowadays are making every effort to keep their clients. They are astounded to learn that retaining a current customer may cost five times as much as bringing in a new one (Kotler & Armstrong, 2010).

Happy customers are the result of effective customer relationship management. Happy consumers, on the other hand, stick with the business and recommend its goods to others. Research reveals significant variations in loyalty between customers who are somewhat, moderately, and highly satisfied (Kotler & Armstrong, 2010). A small deviation from perfect pleasure can result in a significant decline in loyalty. Therefore, the goal of customer relationship marketing is to generate customer delight, customer loyalty, and not just customer happiness. Businesses are starting to understand that losing a client entails losing more than just one transaction. It entails losing the full lifetime revenue stream that the client would have generated from their business.

Companies will design and support initiatives to keep their consumers returning, making larger purchases, and being devoted as they shift from a transaction-oriented to a relationship-building perspective of their clientele. The difficulty lies in forging a unique bond with the company's most devoted clients, wherein they enjoy effective communication in both directions and perceive themselves as the beneficiaries of unique benefits and recognition. Club marketing and frequency marketing initiatives are two of the most promising (Kotler, 1994). Programs for frequency marketing (FMP) are intended to reward consumers who make large or regular purchases.

Frequency marketing is the endeavor to find, retain, and grow the yield from the best clients via

long-term, interactive, and value-added interactions (Kotler, 1994). The Pareto principle, which states that 20% of a company's clients may account for 80% of its business, is acknowledged by frequency marketing. Numerous businesses have developed club concepts centered around their products for club marketing initiatives (Kotler & Armstrong, 2010) programs- many companies have created club concepts around their product (Plewa et al., 2011). Club membership may be extended automatically or as a condition of making a specific number of purchases.

2.2. Empirical review

In this section, the researcher assessed the previous research, which was conducted on relationship marketing, around the globe, by reviewing the below-mentioned studies the researcher is able to find his gap, which served as an anchor for this study.

(Perišić Prodan et al., 2022) In the setting of a luxury hotel, their study aims to identify the critical relationship marketing elements that affect customer pleasure and the effect that customer satisfaction has on customer loyalty (Croatian Citizen). A convenience sample of 311 Croatian individuals who had been in five-star hotels the year before to the study was surveyed. The findings of the study demonstrate that the relationship marketing characteristics of competence, trust, and communication have a statistically significant effect on customer satisfaction. Additionally, the results imply that client loyalty is statistically significantly impacted by customer satisfaction.

(Ogbeide & Ikande, 2021) This study looked into how customer loyalty in Nigeria's banking sector is affected by customer relationship management. The study demonstrates in detail how client loyalty in Nigeria's banking sector is impacted by trust, communication, commitment, and conflict resolution. A questionnaire was used to collect data from 367 clients of five different banks in Benin City, Edo State, Nigeria. Both descriptive and inferential statistics were used to evaluate the data obtained from the sampled respondents. The findings showed that customer loyalty is favorably and significantly influenced by the trust, commitment, communication, and conflict-handling aspects of customer relationship management, both within groups and among individuals.

(Jude Leon & Pathmini, 2019) In order to compare State Banks and Private Banks in the Northern Region of Sri Lanka, this study looked at the connection between CRM and client

loyalty. This study aims to investigate the relationship between CRM and customer loyalty and satisfaction in the banking sector in Sri Lanka. Customer satisfaction served as the mediating variable in this study, while customer loyalty served as the dependent variable under the core construct of CRM. The independent factors in this study were trust, commitment, communication, dispute resolution, and empathy. Primary and secondary data were both used in the data collection process for this investigation. Using stratified sampling, the sample size is chosen in two steps, taking into account the organizational level (30 bank branches) and the individual level (300 consumers). The data are analyzed using both inferential and descriptive statistics. According to the study's findings, CRM and customer loyalty are significantly correlated. Additionally, it demonstrates the importance of trust, dedication, communication, handling conflict, and empathy in relation to client loyalty.

(Ruswanti & Lestari, 2016) Through the lens of relationship quality, this study examined the impact of competence, communication, and conflict resolution on relationship quality and customer loyalty. A total of 130 respondents were given questionnaires to complete in order to gather quantitative data for the study. Purposive sampling was used in this study, which focused on the priority Niaga Bank clients as its subjects. Structural Equation Modeling was the method used to conduct this research. The research findings indicate that: (1) relationship quality is positively influenced by relationship marketing, which is mediated by relationship quality; (2) relationship quality has a significant and positive influence on customer loyalty; and (3) relationship quality has a positive and significant influence on CL. Relationship marketing is comprised of competence component, communication, and conflict handling.

(Abtin & Pouramiri, 2016) This study looked into how relationship marketing affected the Kerman Iran insurance company's ability to increase customer loyalty. The primary tool used in this survey-based investigation was a set of questionnaires. The relationship between trust, satisfaction, management, communication, and competence as independent variables and loyalty as the dependent variable was examined using the Pearson correlation coefficient, which showed a strong positive relationship between the variables.

(AL Dmour & Sweidan, 2016) To ascertain which relationship marketing dimensions have the greatest influence on attitude and behavior loyalty, this study looked at how relationship

marketing dimensions affected customer loyalty in the Jordanian pharmaceutical industry. Data gathered from 286 pharmacies in the Amman Governorate via a self-administered questionnaire was used to test the conceptual model. The study's findings demonstrated how customer loyalty is influenced by the relationship marketing elements of communication, trust, satisfaction, commitment, social bonding, and financial bonding.

(Husnain & Akhtar, 2015) has carried out a study titled "Relationship Marketing's Effect on Customer Loyalty: Evidence from Pakistan's Banking Sector." Using convenience sampling and multiple regression analysis, the four main relationship marketing constructs—trust, commitment, communication, and conflict resolution—were evaluated for their impact on customer loyalty. The findings show that four factors significantly affect customer loyalty and accurately predict a large amount of its variance. Based on this data, it is plausible to conclude that marketing strategies that focus on establishing trust, proving a commitment to service, promptly, reliably, proactively interacting with customers, and effectively managing conflict can all help create, reinforce, and maintain customer loyalty.

(Patrick et al., 2014) In order to provide recommendations for the efficient application of relationship marketing techniques to attract and keep customers, this study was carried out to ascertain the impact of relationship marketing on customer loyalty in Uasin-Gishu County. The study mostly used a survey design that provided explanations. A sample of 354 patrons of gas stations in Uasin-Gishu County who took part in the survey was chosen using basic random and systematic sampling techniques. The study employed factor analysis for validating the predefined variables and multiple regression and correlation analysis for testing the hypotheses. Using regression analysis as well as correlation, the study's conclusions validated its hypotheses. The level of trust, communication effectiveness, commitment, and conflict handling capacity of the service providers all had a positive and significant impact on the level of customer loyalty, as evidenced by the R of the independent variables (level of commitment, level of communication, level of trust, and conflict handling capacity) on the dependent variable (level of customer loyalty) of 0.72.

(Al-Hersh & Saaty, 2014) "The Impact of Customer Relationship Marketing on Customer Satisfaction of the Arab Bank Services" was the topic of research. The results of the study

indicate that the two samples had medium to high levels of favorable traits related to the customer satisfaction elements of CRM (trust, commitment, communication, empathy, social connection, and keeping promises). The results also show that there were differences in the two samples' perspectives on the significance of the CRM factor. According to gender, age, and educational attainment, the data also show disparities in the effects of CRM on customer satisfaction. In the end, the study recommended that Arab banks use CRM to preserve their market share, whether in the two countries it chose for the study or in other nations where it operates and has branches.

(Jesri et al., 2013) This study looked into the connection between client loyalty and relationship marketing elements. This study has been carried out in a field setting and has been connected in terms of implementation. All consumers in the province of Kermanshah who have an account with Mehr Bank comprise the statistical population of this study. The standard questionnaire developed by Ndobisi & Wah (2005) was used as the data collection tool, and the sampling strategy used was simple random systematic field data collecting. 384 questionnaires were examined after they were distributed. Using SPSS software, the correlation coefficient and regression were the methods used for data analysis. Regression testing, which looked at all variables simultaneously on customer loyalty, revealed that all components had an effect on customer loyalty. Research findings also show a relationship between relationship marketing components, such as trust, commitment, communication quality, competence, and conflict handling, and customer loyalty.

(Anabila et al., 2012) This study investigated the connection between customer loyalty and relationship marketing (RM) in Ghana's banking sector. 247 relationship marketing employees of Ghanaian universal banks completed questionnaires in order to provide data for the study's goal. The Statistical Package for Social Sciences was used to perform multiple regression analysis and reliability testing (SPSS). The study discovered that there was a considerable beneficial impact on customer loyalty from the six RM components taken together. Individually, it was discovered that communication, expertise, and commitment were important factors in determining client loyalty.

(Ndubisi, 2009) This study looked at the interaction between the relationship marketing characteristics and ethical ideals in Malaysia's business process outsourcing industry, and how commitment functioned as a mediator. In particular, the study makes the case that commitment, trust, competence, communication, and conflict resolution will all directly and indirectly result in ethical ideals. 180 customer care agents in Malaysia provided the data. Hierarchical multiple regression and confirmatory factor analysis were performed. According to the findings, trust, competence, communication, handling of conflicts, commitment, and ethical ideals are all significantly correlated. The interaction between ethical principles, communication, and competence is mediated by commitment. The findings' implications are examined.

(Bruck, 2021) This study, which focused on the Gihon four-star hotel in Addis Ababa, was carried out to ascertain the impact of relationship marketing factors (trust, commitment, conflict handling, and communication) on customer loyalty. An explanatory research design and a quantitative technique were used. Customers of the Addis Ababa-based Gihon Hotel participated in the survey. Using the convenience nonprobability sampling method, a sample of 384 respondents was selected, and 305 valid replies in total were acquired and used for the study. The primary data was collected using a structured self-administered questionnaire. Descriptive and inferential statistics were performed using SPSS 20.0 for correlation and multiple linear regression analysis in order to achieve the desired goals. The correlation study results show that all relationship marketing dimensions (communication, trust, commitment, and handling of conflicts) and customer loyalty have a positive and significant association. According to the regression analysis, customer loyalty was significantly impacted by trust, communication, commitment, and conflict resolution. Trust had the highest significance, followed by communication, commitment, and conflict resolution.

In a study conducted by (Walelign, 2020), the impact of customer relationship management (CRM) on customer loyalty in selected hotels in Hawassa city was examined. The study focused on various dimensions of CRM, including bonding, communication, conflict handling, empathy, responsiveness, and trust. Data were collected from customers of the chosen hotels using a convenience sampling technique. Descriptive research methods were employed to assess customers' perceptions of CRM practices and their future behavioral intentions. Inferential statistics were utilized to analyze the relationship between dependent and independent variables,

as well as to explore cause-and-effect connections. The main finding indicated that communication, conflict handling, empathy, and trust dimensions of CRM had a positive and significant influence on customer loyalty. However, the study revealed that bonding and responsiveness did not have a significant impact on guests' loyalty. The loyalty status of the selected hotel guests indicated a slight inclination toward becoming loyal customers to the surveyed hotels.

(Tewodros, 2019) Using the CRM characteristics of bonding, communication, dispute resolution, empathy, responsiveness, and trust, this study looked at how customer relationship management affected customer loyalty at a few hotels in Arba Minch town. The study used a survey questionnaire in accordance with the quantitative research methodology. 384 people made up the study's sample. Through the use of purposive sampling, customers were chosen. To determine the proper responses to study questions, both descriptive and explanatory research designs were employed. The consumers' opinions of CRM procedures and behavioral intents were investigated using descriptive statistics (mean score and standard deviation). The link between dependent and independent variables as well as cause-and-effect relationships were examined using regression analysis and correlation. The main study demonstrated that the CRM aspects of empathy, communication, trust, bonding, and conflict resolution had a favorable and significant impact on customer loyalty and specific hotels and resorts. Communication and trust are the best indicators of client loyalty. Customer loyalty was not considerably impacted by responsiveness. It is not statistically significant, though.

(Bizuwork, 2017) The purpose of this study was to investigate how relationship marketing affects patron loyalty in Ethiopian commercial banks. For the purpose of this study's analysis, the five relationship marketing aspects of trust, commitment, communication, empathy, and conflict handling were taken into consideration as predictor factors. The information was gathered using a five-point Likert scale in an organized questionnaire. Based on the convenience sampling approach, 400 questionnaires were given to consumers of 8 large city branches of CBE, Awash Bank, Dashen Bank, and Abay Banks; 387 (97%) of the questionnaires were returned for analysis. To provide a broad overview of the data and the banks' current relationship marketing strategies, descriptive statistics were employed. Multiple regression analysis and Pearson correlation are used to examine the relationship and impact of the variables. Relationship

marketing aspects were found to account for 48.9% of client loyalty, according to study results. While communication and empathy were found to be statistically minor contributors to customer loyalty, commitment, trust, and conflict resolution were determined to be the main and significant determinants.

With a particular focus on Abyssinia Bank SC, the study (Worku, 2017) sought to evaluate the impact of relationship marketing on customer loyalty in the banking industry. In order to gauge client loyalty at Abyssinia Bank SC, the study concentrated on five relationship marketing dimensions: trust, commitment, communication, handling of conflicts, and competence. Both qualitative and quantitative research approaches were used in the study, while the quantitative approach was given more weight. To learn more about the scenario or issue at hand and to explore the link between factors, an explanatory study design was employed. A sample of twenty representative branches of Abyssinia Bank SC was selected using judgmental (purposive) sampling, while customers of the bank were chosen through convenient random sampling. The sample size consisted of 385 customers, determined using a statistical formula developed by Taro Yemane in 1967. The study's dependent variable, customer loyalty, was found to be significantly influenced by the cumulative effect of all relationship marketing components that were taken into account, according to the results of the regression analysis.

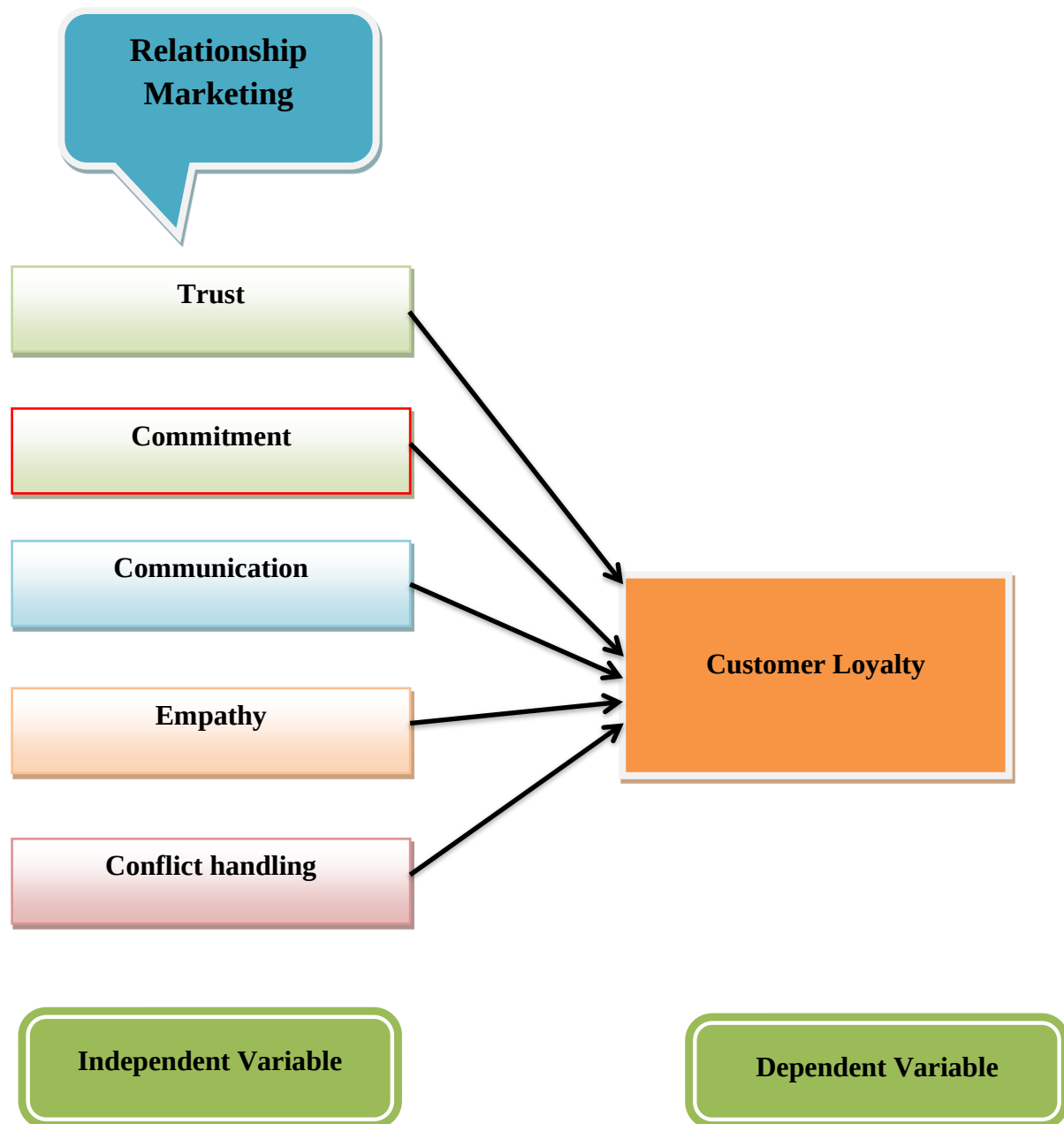
(Eshetu, 2015) The study "The Impact of Relationship Marketing on Customer Loyalty in the Banking Sector: Case of Dashen Bank SC" looked at how Dashen Bank SC's customers were affected by relationship marketing. In order to gauge client loyalty, the study concentrated on five relationship marketing facets: competence, communication, trust, commitment, and handling of conflicts. Research designs that were both qualitative and quantitative were used, with a preference for the latter. An explanatory study approach was used to analyze a certain circumstance or problem and look into the link between factors. Convenient random sample was used to pick fifteen representative Area Banks, and judgmental (purposive) sampling was used to select bank customers. Using a statistical method created by Danie (1999), a sample size of 250 clients was established. According to the findings of the Beta coefficient analysis, the variables that most significantly predicted customer loyalty were trust, followed by competence, communication, dispute resolution, commitment, and handling of relationships. Based on these

results, the researcher came to the conclusion that, in the case of Dashen Bank SC, relationship marketing elements significantly improve client loyalty.

2.3. Conceptual framework of the study

Based on the review of literature conceptual framework for this study was designed.

Figure 1: Conceptual framework of the study



Source: (Ndubisi, 2005, 2007)

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

Introduction

This chapter presents the useful strategies that were employed to address the research questions and achieve the study's goals. It gives an insight on the research design and approach sources of data and data gathering instruments sampling design (population, sampling technique, sampling size, Method of data collection and analysis, reliability and validity test, and ethical issues that will be taken care of.

3.1. Research Design and Approach

The research approach for this study was quantitative because it will enable the researcher to test relationships between variables. The explanatory research design was chosen by the researcher because it allows the researcher to explain the cause and effect correlation between marketing relationship with loyalty by transforming raw data into a model of cause and effect relationship (Creswell, 2015).

3.2. Sources of Data

For the study, primary sources of input were used where adopted and adapted from a structured questionnaire. Table 3.1 presents the sources of the instrument

Table 3. 1: Sources of the instruments

No.	Item	Items	Scale	Source
1.	Trust	6	Five-point Likert	(Morgan & Hunt, 1994)
2.	Commitment	5	Five-point Likert	(Morgan & Hunt, 1994)
3.	Communication	4	Five-point Likert	(Dwyer et al., 1987)
4.	Empathy	5	Five-point Likert	(Kumar et al., 1995)
5.	Conflict Handling	6	Five-point Likert	(Ganesan, 1994)
6.	Customer Loyalty	8	Five-point Likert	(Bloemer & De Ruyter, 1999; Reichheld & Sasser, 1990)

3.3. Target Population

Accordingly, the study populations for this were all branches of Wegagen Bank South district customers that dwell in Addis Ababa. There are known 20 branches in this particular district with a total customer number of 71,575. According to the head office of Wegagen Bank, and each branch managers (2023).

3.4. Sampling Technique

In this research, the examiner employed the convenience sampling technique because it is the preferable method when your respondents are customers and hard to trace every customer. 20 branches in the south district and the entire branch were taken for this study however, from the total customer of 71,575 proportions were taken for every branch based on the determined sample size.

3.5. Sampling Frame

According to Creswell (2014), a sampling frame is an exhaustive inventory of every unit in a population. All 71,575 consumers, or the units of the population, are included in the sampling frame. The frame serves as a foundation for choosing the sample. In this research, all of the South district of Wegagen bank branches were taken in this study. Because of time and budget constraints, a sample survey was selected to finish this investigation.

3.6. Sampling Size

The total number of objects taken as a representative sample of the population is known as the sample size. Since the target population for this study is well-known and limited, it will be prudent to determine the sample size using the Yamane (1973) formula. Therefore, the sample size for this study was determined using the formula below. The confidence level for this study is 95% ($\alpha = 0.05$). This study's sample size may be computed as:

$$n = \frac{N}{1+N(\alpha)^2} \text{Where; } n = \text{sample size}$$

N = total population size

α = Significance Level

$$n = \frac{71,575}{179,9375} = 401 \text{ customers}$$

However, the number of customers is not evenly distributed among the branches so the investigator employed a proportionate sampling formula to ascertain the number of customers to be included in the sample from bank branches (proportion). The following formula is utilized in determining the proportion of the number of customers in each branch for this study.

$$n_i = n \left(\frac{p_i}{N} \right) \quad \text{Where, } n_i = \text{Sample size from each branch}$$

n = Total sample size (401)

N = Total target customers (71,575)

p_i = Number of customers in each branch, Therefore, the following table provides the number of customers who were included in the sample from each branch. Table 3.2 presents the branches of Wegagen Bank in the South district with respective active customers and proportionated samples of the respondents.

Table 3. 2: List of Wegagen bank branches in south Addis Ababa district

No	Name	Number of active customers	Proportion from the selected branches
1	Akaki	3680	21
2	Beklobet	7874	44
3	Bole	8548	48
4	Bulgaria	873	5
5	Crown	1745	10
6	Gara Oda	1873	11
7	Gofa camp	6514	36
8	Jati	3981	22
9	Kality	6160	34
10	Kera	2787	16

11	Kilinto	1102	6
12	Lebu ertu	2579	14
13	Meskel flower	5825	33
14	Modjo	5594	31
15	Nifas silk	2557	14
16	Olympia	1177	7
17	Saris adeyabeba	2604	15
18	Tulu dimtu	2167	12
19	Wollo Sefer	3257	18
20	Hana Maria	678	4
Total		71,575	401

Source: Head office of Wegagen bank, Branch Managers of respective branch, 2023

3.7. Data Collection Method

In order to gather data for this study, the researcher employed a sample survey that included structured questionnaires with a five-point Likert scale that were modified from several sources. Refer to Table 3.1. People are asked to respond to multiple questions in a survey, which is a way of gathering data (typically in the form of a questionnaire).

3.8. Method of Data Analysis

Using SPSS software, a number of statistical tests were run on the survey data to assess it. So, after the data is collected through questionnaires. Hence, it was examined using SPSS (Statistical Package for Social Science) for both descriptive and inferential statistics. software version 26. The descriptive statistics (frequency distribution, percentile, mean, standard deviation, and interview part) supported the researcher to examine relationship marketing and the selected loyalty factors. The data that was gathered from primary sources was analyzed using SPSS. This study specifically used inferential statistics, such as correlation and multiple regression analysis.

3.9. Reliability and Validity of the Instrument

3.9.1. Reliability of the Instrument

According to (Fraser et al., 2018), pilot testing aids in questionnaire refinement so that participants will encounter no difficulties responding the questions or inputting data. Through pilot testing, different questions can be rephrased, and clarified, and any weaknesses in the questionnaire can be addressed. This was carried out for a study in which Wegagen clients of the bank who were not included in the study were given 25 questionnaires. Using Cronbach's Alpha, the instrument's reliability was examined. Pre-testing served to improve the questionnaire and evaluate the measurements' validity.

Scales with a coefficient alpha between 0.7 and 0.8 are thought to have acceptable reliability, scales with a coefficient alpha between 0.6 and 0.7 suggest fair reliability, and scales with a coefficient alpha between 0.8 and 0.95 are thought to have very good quality (Zikmund, 2010). A scale's Cronbach alpha coefficient should ideally be greater than 0.7. (Pallant, 2020).

Table 3. 3: Summary of Pilot study (Alpha Coefficient) for each Research Variable

Sr. No.	Study variables	No. Items	Alpha Value	Decision
1	Trust	6	.822	Accept
2	Commitment	5	.747	Accept
3	Communication	4	.782	Accept
4	Empathy	5	.859	Accept
5	Conflict handling	6	.887	Accept
	Customer Loyalty*(dependent variable)	8	.857	Accept

Source: (Own Survey, 2023)

Hence, based on Table 3.3 table result all of the variables are greater than 0.8 except the objective of the training course which is 0.747 though it is also under the acceptable limit.

3.9.2. Validity of the instrument

Face validity: entails the expert examining the questionnaire's components and determining that the test is a reliable indicator of the idea being tested only superficially (Sangoseni et al., 2013)

or it is possible to say when a person (and/or researcher) with expertise in the field evaluates the questionnaire (instrument) and determines that it measures the desired characteristic or trait, face validity has been established. (Bölenius et al., 2012).

Therefore, the researcher contacted the advisor and other experts who have experience and know-how on the topic of this research and it is assumed that the research questionnaires can certainly measure employee relationship marketing predators and customer loyalty.

Convergent validity: the researcher also checked the questionnaires using inter-item correlation. A valid and well-developed questionnaire is supposed to have an inter-item correlation between zero and one (Pallant, 2020). The inter-item correlation of all items of the study variables is within this range which assures that the questionnaires for this study were valid.

3.10. Ethical Considerations

Due diligence was made to prevent plagiarism out of ethical concerns, and after careful study, paraphrasing was added to the text along with citations and quotations. Care was taken to ensure that the data gathered remained unique and to steer clear of generalizations that might have an impact on the outcomes. Prior to the questionnaires being distributed, the requisite authorization was properly acquired. Proper communication strategy and research explanations were then implemented to provide a brief overview of the study's relevance and goal. Finally, a report on the examination of actual data collected from the respondents was completed. The study's outcome was also examined by encoding and inputting the target respondents' original response.

CHAPTER FOUR

4. CHAPTER FOUR: DATA ANALYSIS, PRESENTATION AND INTERPRETATION

Introduction

The outcomes are shown and examined in this chapter. The statistical software package SPSS version 26.0 was utilized in this study to analyze the data. A combination of multiple regression, correlational, and descriptive analysis method were used in the data interpretation. To ascertain whether the proposed independent variables—trust, commitment, communication, empathy, and conflict resolution—have an effect on the dependent variable—customer loyalty—multiple regression analysis was utilized in addition to descriptive analysis to summarize the respondents' overall profile, correlational analysis was used to see the degree of relationship. The chapter also included explanations of the results, hypothesis testing, and findings.

4.1. Questionnaire Response Rate

A response rate of 92.2% was obtained from the 401 questionnaires that were issued, of which 370 were correctly filled out and returned. According to (Kothari, 2004) 50% of response is considered average, 60–70% of rate is considered sufficient, and a rate of more than 70% is considered outstanding. Consequently, the response rate of 92.3% of responses is extreme. The high return rate was accounted to the techniques employed in the instrument management, which included making many contacts and following up with phone calls and in-person visits. Table 4.1 provides a summary of the response rate and data clearance.

Table 4. 1: Questionnaire Response Rate

Returned	Not returned	Filtered	Total
370 (92.3 %)	13 (3.2%)	18(4.5%)	100%

Source: (Own Survey, 2023)

4.1. Descriptive Analysis

The participant's reaction was measured using descriptive statistics and two statistical tools: frequency and percentage. With the exception of demographic information, all questions were

scored using the Likert scale, which has five points: strongly disagree, disagree, agree, neutral, and strongly agree.

4.1.1. Respondents information

The demographic information of the respondents is shown in the first section of the questionnaire. Consequently, the following factors: age, gender, marital status, and educational attainment, Income, and Length of being the bank customer of respondents were compiled and quantified in the tables that followed..

Table 4. 2: Gender-specific frequency table for participants

Items		Frequency	Percent
Gender	Male	287	77.6
	Female	83	22.4
	Total	370	100.0

Source: (Own Survey, 2023)

The responses given by respondents to questions that reflect their demographic information are displayed in Table 4.2. The table's summary suggests that (287) 77.6% of the respondents were men and (83) 22.4% were women. The results showed that there was diversity among the respondents and that there were more male respondents than female respondents. As a result, it is not anticipated that factors pertaining to gender distribution will distort the data collected.

Table 4. 3: Frequency statistics for the age group of participants

Items		Frequency	Percent
Age	below 25	42	11.4
	26 – 30	166	44.9
	31 – 40	88	23.8
	Above 41	74	20.0
	Total	370	100.0

Source: (Own Survey, 2023)

All age groups participated in the survey, and Table 4.3 shows that the sample respondents' age distribution was evenly distributed. 42 (11.4%) of the responders were younger than 25, 166 (44.8%) of respondents were between 26 – 30 years, respondents who fell within the 31 – 40 age

range were 88 (23.8%), and the remaining 74 (20.0%) of the respondent were above 41 years. This shows most of the participants were aged between 26 to 30.

Table 4. 4: Frequency chart for the educational level of the participants

Items		Frequency	Percent
Education Level	Diploma	172	46.5
	Bachelor Degree	92	24.9
	Master's Degree	12	3.2
	Ph.D. Degree	11	3.0
	Others	83	22.4
	Total	370	100.0

Source: (Own Survey, 2023)

Table 4.4 indicates the education level of respondents most of the respondents are holders of diplomas and consist of (172) 46.5% of the total respondents on the other hands 92 (24.9%) responded they had bachelor's Degrees, furthermore 12 (3.2%) respondents were master's degree holder and 11 (3.0%) were Ph.D. holder and the remaining 83 (22.4%) fall under the category of others. This shows the majority of the employees were first diploma holders.

Table 4. 5: Monthly income frequency table for the participants

Items		Frequency	Percent
Income Level	Below 1000 birr	66	17.8
	1000-2999 birr	126	34.1
	3000-4999 birr	74	20.0
	Above 5000	104	28.1

Source: (Own Survey, 2023)

Based on Table 4.5 most of participants were at an income level of 1000-2999 birr 126 (34.1) % of the customers on the other hand 104 (28.1%) had an income level of above 5000 birr, 74 (20.0%) of the respondent fall under the income level of 3000-4999 birr, 66 (17.8%) of the respondent fall under the income level of below 1000 birr.

Table 4. 6: Frequency table for participant’s length of being the bank customer

<i>Items</i>		<i>Frequency</i>	<i>Percent</i>
<i>Length of being the bank customer</i>	Below 2 years	17	4.6
	2 - 4 years	104	28.1
	5 -10 Years	76	20.5
	11 and above	173	46.8
	Total	370	100.0

Source: (Own Survey, 2023)

Table 4.6: indicates that 17 (4.6%) of the respondents were bank customers below 2 years, 104 (28.1%) of the informants were customers of the bank for 2-4 years, 76 (20.5%) of the respondents were customers of the bank for 5-10 years stay, 173(46.8%) of the respondents were the customer of the bank more than 11 years. This indicates most of the survey takers were customers of the bank for more than 11 years.

4.2. Descriptive Statistics For variables and their measurement

The researcher described the response agreement with its mean value and standard deviations. The following descriptive analysis describes how respondents gave their answers and agreement to each study variable. According to the findings of the descriptive statistical analysis, the respondents' replies were given specific meanings based on the values of the mean and standard derivation. (Al-Sayaad et al., 2006) suggest relative importance for a mean can be assigned based on

$$\text{Class interval} = \frac{\text{Maximum class} - \text{Minimum class}}{\text{Number of levels}}$$

$$\text{Class interval} = \frac{5-1}{3} = 1.33$$

- Low degree from 1 - 2.33
- Medium degree from 2.33 – 3.66
- High degree from 3.67 – 5.00

For standard deviation measurement the explanation of (Scheaffer et al., 2011) was inferred, Standard deviations of about one and less than one, according to them, suggest that most responses are clustered around the mean value and also show agreement regarding the provided question or variable (Scheaffer et al., 2011).

Table 4. 7: Descriptive Statistics Result for Trust

Descriptive Statistics			
Trust Statements	Mean	Std. Deviation	Relative importance
The bank is very concerned with the security of my transactions	2.67	1.56	Medium
The bank is consistent in providing quality service	2.94	1.37	Medium
The bank's promises are reliable	2.81	1.42	Medium
Given my experience, the bank can be trusted Completely	2.71	1.45	Medium
The bank fulfills its obligation to customers	2.72	1.58	Medium
My bank is always honest with me	2.72	1.58	Medium
Valid N (listwise)			
Average	2.76	1.39	Medium

Source: (Own Survey, 2023)

Based on Table 4.7 the grand mean (2.76. SD=1.39) that its relative importance is medium which implies respondents relatively agreed about the trust statement of the bank and that it is better if the bank continues being trusty for its customers. The study's respondents exhibited consistency, as seen by the 1.39 standard deviation of the aggregate response for this statement.

Based on Table 4.8 the grand mean (2.74. SD=1.33) that its relative importance is medium which implies respondents relatively agreed about the commitment statement of the bank and it is better if the bank continues being committed to its customers. The study's respondents exhibited consistency, as evidenced by the 1.33 standard deviation of the aggregate response for this statement.

Table 4. 8:Descriptive Statistics Result for commitment statements

Descriptive Statistics			
Commitment Statements	Mean	Std. Deviation	Relative importance
My relationship with the bank is one that I am very committed to continuing it	2.73	1.42	Medium
The bank offers personalized services to meet	2.77	1.43	Medium
The bank is flexible when its services are changed	2.78	1.41	Medium
The bank adjusts to suit my needs	2.73	1.42	Medium
The bank is flexible in serving my needs	2.66	1.43	Medium
Valid N (listwise)			Medium
Grand Value	2.74	1.33	Medium

Source: (Own Survey, 2023)

Table 4. 9: Descriptive Statistics result for communication statements

Descriptive Statistics			
Communication Statements	Mean	Std. Deviation	Relative importance
The bank provides timely and trustworthy information.	3.06	1.45	Medium
The bank provides information when there is a new banking service.	3.09	1.50	Medium
The bank makes and fulfills promises.	3.07	1.53	Medium
Information provided by the bank is always accurate	3.10	1.53	Medium
Valid N (listwise)			
Grand Value	3.08	1.43	Medium

Source: (Own Survey, 2023)

Based on Table 4.9 the grand mean (3.08. SD=1.43) that its relative importance is medium which imply respondents relatively agreed regarding the communication statement of the bank and it is better if the bank continues communicating with its customers whenever there is some

technological change or new system usage for better use and utilization, In short, it is possible to say the bank need to let its customers know anything there know. The study's respondents exhibited consistency, as seen by the 1.43 standard deviation of the aggregate response for this statement.

Table 4. 10: Descriptive Statistics result for empathy statements

Descriptive Statistics			
Empathy Statements	Mean	Std. Deviation	Relative importance
I was given sufficient information on the objectives of the training course before my arrival	2.75	1.59	Medium
The training course encouraged the exchange of information and the expression of ideas successfully	2.84	1.45	Medium
The objectives of the training were coherent with my needs	2.84	1.45	Medium
The objectives of the course were achieved	2.84	1.45	Medium
The objective of the training helped me in enhancing my performance	2.84	1.45	Medium
Valid N (listwise)			Medium
Grand Value	2.82	1.42	Medium

Source: (Own Survey, 2023)

Based on Table 4.10 the grand mean (2.82 SD=1.42) that its relative importance is medium which implies respondents relatively agreed regarding the empathy statement of the bank and it is better if the bank continues could show more empathy to its customers. Making the loyal customer stay in the bank for much longer, will make the bank beneficial in a lot of aspects. The study's respondents exhibited consistency, as seen by the 1.42 standard deviation of the aggregate response for this statement.

Table 4. 11:Descriptive Statistics result for conflict handling statements

Descriptive Statistics			
Conflict handling statement	Mean	Std. Deviation	Relative importance
The bank can openly discuss solutions when problems arise	2.60	1.45	Medium
The bank shows a sincere interest in solving customer problem	2.60	1.43	Medium
The bank tries to avoid potential conflict	2.75	1.33	Medium
The bank communicates each bank's policy to their customers (about customers' rights, responsibility, and other related issues)	2.54	1.41	Medium
The bank gives prompt responses to your complaints	2.54	1.44	Medium
The bank communicates to you about how and where to complain in case of a problem	2.54	1.44	Medium
Valid N (listwise)			Medium
Average	2.59	1.12	Medium

Source: (Own Survey, 2023)

Based on Table 4.11 the grand mean (2.59 SD=1.12) that its relative importance is medium which implies respondents relatively agreed regarding the conflict handling statement of the bank and it is better if the bank could come up with better measurement regarding conflict handling and it would be better if the bank could continue giving its prompt response in time of conflict occurrence so that the customer will remain loyal to the bank. To make the loyal customers stay in the bank for much longer the bank needs to avoid potential conflicts that could destroy the public image of the bank, this will help the bank build its good image in the eyes of the public which in turn enables the bank to attract more new customers. The study's respondents exhibited consistency, as seen by the 1.12 standard deviation of the aggregate response for this statement.

Table 4. 12:Descriptive Statistics result for customer loyalty statements

Descriptive Statistics			
Customer Loyalty	Mean	Std. Deviation	Relative importance
I would always recommend the bank to someone who seeks my advice	2.80	1.46	Medium
If I had to do it over again, I would still choose to use the bank	2.77	1.49	Medium
Even if close friends recommended another bank, my preference for this bank would not change	2.77	1.47	Medium
I do not like to change to another bank because I value the bank	2.71	1.52	Medium
It would be difficult to change my beliefs about the bank	2.87	1.45	Medium
Considering the bank as the first choice among other banks in the area; and the bank that first comes to my mind when making purchase decisions on bank services	2.77	1.47	Medium
I am a loyal customer to the bank	2.71	1.52	Medium
I do not want to change to another bank because this bank sees my needs	2.87	1.45	Medium
Valid N (listwise)			Medium
Grand Value	2.78	1.38	Medium

Source: (Own Survey, 2023)

Based on Table 4.12 the grand mean (2.78 SD=1.38) that its relative importance is medium which implies respondents relatively agreed regarding the customer loyalty statement of the bank and it is better if the bank continues to initiate the sense of belongingness to its customers. Making the loyal customers stay in the bank for much longer, will make the bank advantageous in a lot of ways. The study's respondents exhibited consistency, as seen by the 1.38 standard deviation of the aggregate response for this statement. And it is closer to the mean, therefore, it showed that the respondent's response is in between the agree side of the measurement.

4.3. Inferential statistic

4.3.1. Correlation Analysis

4.3.1.1. Pearson correlation coefficient

A widely used indicator of the strength of a link is the correlation coefficient, which is a standardized measure of an observed relationship, and values of $\pm .1$ shows a low relationship, $\pm .3$ is a moderate relationship and $\pm .5$ is a strong relationship (Schober et al., 2018).

Table 4. 13: Pearson Correlation Matrix for RM and Customer Loyalty

Relationship Marketing		Customer Loyalty
Trust	Pearson Correlation	.637^{**}
		Strong relationship
Commitment	Pearson Correlation	.625^{**}
		Strong relationship
Communication	Pearson Correlation	.157^{**}
		Low relationship
Empathy	Pearson Correlation	.293^{**}
		Low relationship
Conflict handling	Pearson Correlation	.443^{**}
		Moderate relationship
*Correlation is significant at the 0.05 level (2-tailed)		

Source: (Own Survey, 2023)

Based on table 4.13 it is uncover that there is a high positive association between trust and client loyalty, as seen by the positive correlation between customer loyalty and the predictor variable of trust ($r = 0.637$).. In the same way, customer loyalty is positively correlated to the independent variable commitment with a correlation coefficient of $r = 0.625$. Therefore there is a strong positive correlation amidst commitment and customer loyalty.

Customer loyalty is positively related to the variable communication with a correlation coefficient of $r = 0.157$ Hence, this demonstrates the prevalence of a low positive relationship

between customer loyalty. However, customer loyalty is positively correlated to the predictor variable empathy with a correlation coefficient of $r = 0.293$, therefore it is possible to reveal that customer loyalty has a low positive relation with empathy.

Eventually, customer loyalty is positively correlated to the predictor variable conflict handling with a correlation coefficient of $r = 0.443$, hence, customer loyalty has a moderate positive relation with conflict handling.

4.3.1.2. Normality test

Table 4. 14: Normality Testing with Skewness and Kurtosis

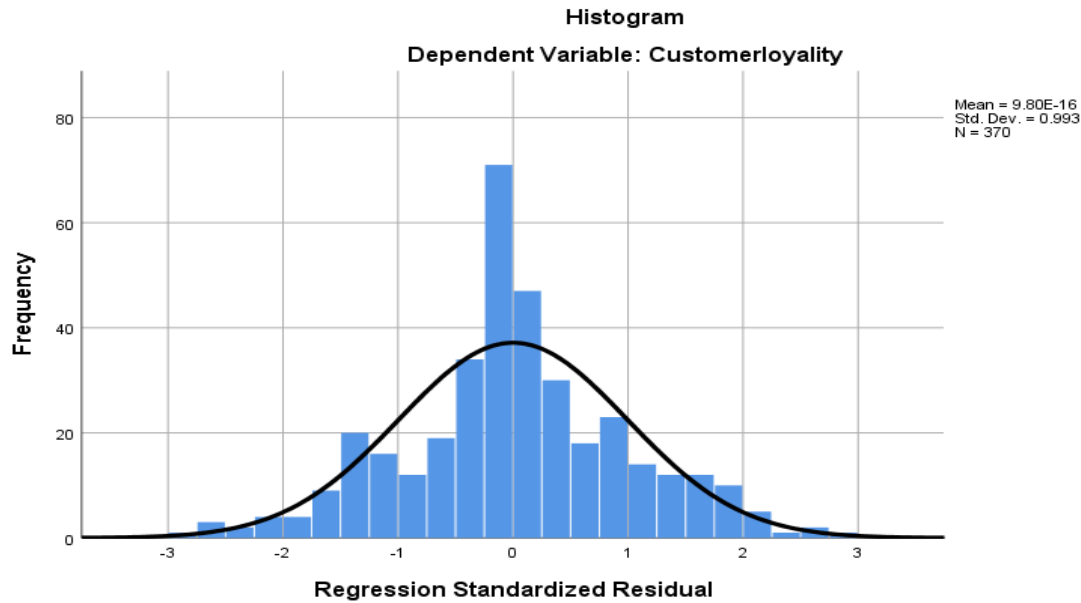
	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
Trust	.424	.127	-1.547	.253
Commitment	.492	.127	-1.359	.253
Communication	.084	.127	-1.690	.253
Empathy	.272	.127	-1.527	.253
Conflict handling	.408	.127	-1.079	.253
Customer Loyalty	.299	.127	-1.601	.253

Source: (Own Survey, 2023)

There is a high positive association between trust and client loyalty, as seen by the positive correlation between customer loyalty and the predictor variable of trust ($r = 0.637$) (Field, 2009; Malhotra et al., 2017) for psychometric reason, skewness and kurtosis values between -2 to +2 are acceptable (George & Mallery, 2019). Hence, this study fulfilled the acceptable threshold. See Table 4.14

Figure 2: Residual Distribution Histogram

A normal distribution has a symmetric bell-shaped curve, and its mean, median, and modes are equal or quite close to one another, according to Mahbobi & Tiemann (2015). As a result, figure 2 displays the underlying frequency distribution, which has a bell-shaped curve suggesting that the data are normally distributed and that conclusions drawn from the sample statistics regarding the characteristics of the population are generally reliable (Mahbobi & Tiemann, 2015).

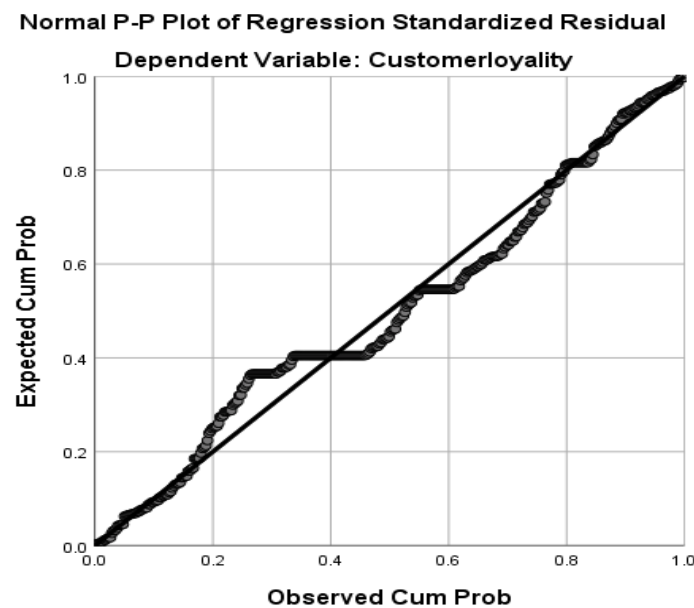


Source: (Own Survey, 2023)

4.3.1.2.1. Normal P-P plot of regression

Furthermore, a normal probability plot (NPP) was employed to assess the data's normality. The NPP revealed a roughly linear pattern, indicating that the variables of interest follow a normal distribution. The p-p plot line in Figure 3 is nearly straight.

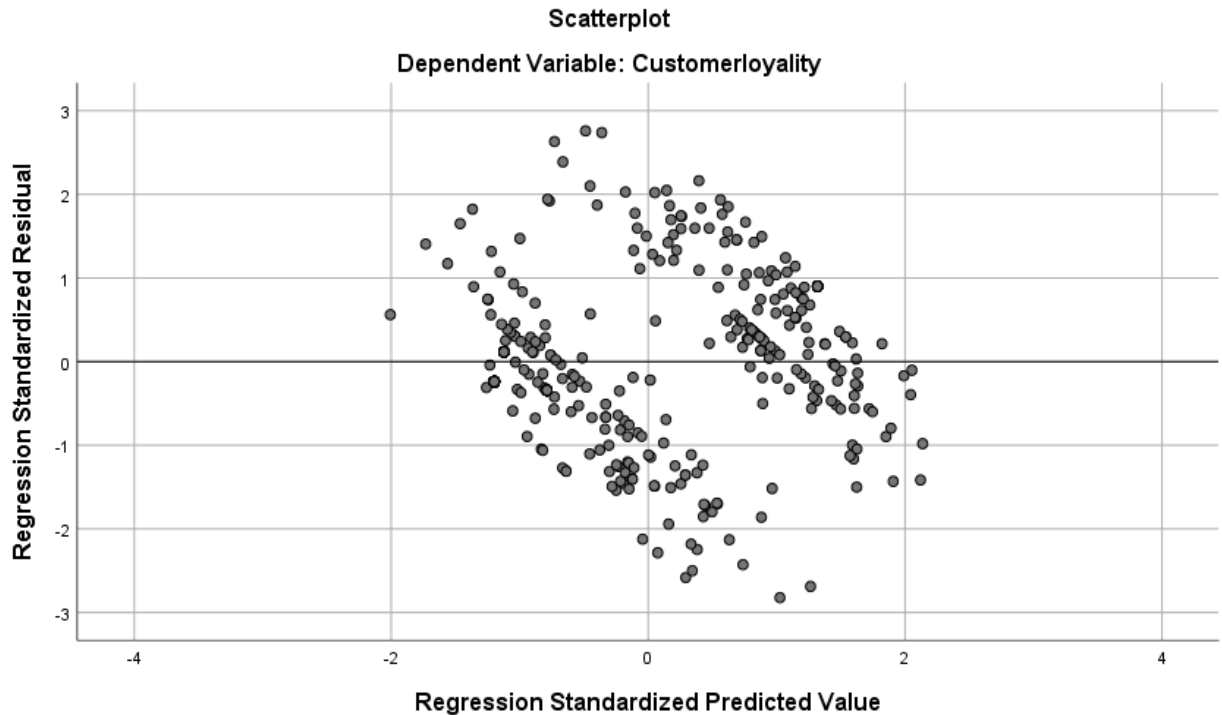
Figure 3: Normal P-P plot of regression



Source: (Own Survey, 2023)

4.3.1.2.2. Scatter plot Regression Standardized Residual

Figure 4: Scatterplot of Regression Standardized Residual



Source: (Own Survey, 2023)

Figure 4 indicates the distribution of residuals using a scatter plot. As it can be seen from the figure, residuals are not very scattered and are near or on the fitted line. Scatter-plot checks if the dependent variable's range of variance is constant across all values of the independent variables. They are very close to the horizontal fitted line which indicates their normal distribution.

4.3.2. Multi-Collnearity Test Assumption

When there is a strong correlation between at least one independent variable and a combination of the other independent variables, a regression analysis issue known as multi-collinearity arises (Khan & Adil, 2013). It shows that the independent variables have a linear relationship with one another (Tay, 2017). Tolerance levels more than 0.2 and VIF values less than 5 are deemed appropriate, since they demonstrate the absence of multi-collinearity across independent variables (Mim et al., 2018).

Table 4. 15: Test of Multi-Collinearity Statistics

Model		Collinearity Statistics	
		Tolerance	VIF
1	Trust	.698	1.432
	Commitment	.764	1.310
	Communication	.882	1.134
	Empathy	.902	1.109
	Conflict handling	.900	1.111
Dependent Variable: Customer Loyalty.			

Source: (Own Survey, 2023)

Table 4.15: The variance inflation factor (VIF) ranges from 1.109 to 1.432, and the tolerance value of each independent variable ranges from 0.698 to 0.902. Therefore, the tolerance value is greater than 0.2 and the VIF value is less than 5 in this model, indicating that there is no multi-Collinearity issue among the variables on this study.

4.2.2.1. Test for autocorrelation assumption

The Durbin-Watson statistic indicates a positive serial correlation if it is significantly smaller than 2. Generally speaking, if Durbin-Watson is less than 1.0, there can be reason for concern. The value in this analysis of the study is 1.289, which is below the allowable limit (1-4). See Table 4.16

Table 4. 16: Test of autocorrelation

Model Summary	
Model	Durbin-Watson
1	1.289

Source: (Own Survey, 2023)

4.3. Multiple regression Model summary analysis

Table 4. 17: Model summary analysis

Model Summary b									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.809a	.654	.650	.81884	.654	137.834	5	364	.000
a. Predictors: (Constant), Trust, Commitment, Communication, Empathy, Conflict handling									
b. Dependent Variable: Customer Loyalty									

Source: (Own Survey, 2023)

Table 4.17 shows that when the R value is 0.809, it means that there is a high correlation between all of the independent factors and customer loyalty.

Based on a sample of 370 respondents, the coefficient of determination, also known as the correlation coefficient squared (R^2), indicates the proportion of the variance in customer loyalty that can be explained by the regression model. It quantifies the number of customer loyalty predictors (trust, commitment, communication, empathy, conflict handling) which each factor share each other.

Each component share's square correlation coefficient is 65.4% of RM predictors, as shown in Table 4.17. Thus, at Wegagen Bank's south district, the researcher discovered that 65.4% of customer loyalty is shared by trust, commitment, communication, empathy, and dispute resolution. This indicates that the study's variables—Trust, Commitment, Communication, Empathy, and Conflict Handling—are insufficient to account for 34.6% of the RM-affecting factors. Thus, it is likely that additional factors that were excluded from this study also affect RM in the research area.

The adjusted (R^2) score informs us how much of the variance in RM would have been accounted for if the model had been derived from the population from which the sample was collected. It also reflects the shrinkage or loss of predictive power.

Table 4.17 shows that the final model's difference is only 0.4%, or $0.654 - 0.650 = 0.004$). This shrinkage indicates that the model would explain about 0.4% less variance in the result if it were obtained from the population as opposed to a sample.

This model summary's standard error estimate, which displays the model's multiple correlation's variability, is 0.81884. In summary, RM predictors have an impact on the model's fitness to explain CL if the model is statistically significant or if the model's p-value is less than 0.05.

Table 4. 18: Analysis of variance results

ANOVAa						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	462.085	5	92.417	137.834	.000b
	Residual	244.061	364	.670		
	Total	706.145	369			
a. Dependent Variable: Customer Loyalty						
b. Predictors: (Constant), Trust, Commitment, Communication, Empathy, Conflict handling.						

Source: (Own Survey, 2023)

Based on Table 4.18: In a particular study independent variable significantly affects the dependent variable, when its F statistic value becomes larger than one and the P value should be smaller than the study's <0.05 standard error. It reflects that at 95% level of confidence calculated or F value of ANOVA is 92.417 at 5 and 364 degrees of freedom which is greater than the table value (2.19) derived from the F Distribution Table for $\alpha = 0.05$. Hence, based on Table 4.18 all hypotheses are accepted. This means all five independent variables are significantly affecting RM based on the analysis of the variance table.

4.3.2.1. Test of Significance

Regression analysis coefficients are reported in Table 4.19, which indicates which variable, when measured using t-statistics, β -value, and sig. value, is a separately significant predictor of the dependent variable. Consequently, if the value in the column labeled "sig." is less than 0.05

and the t-test linked to a β -value is significant, the predictor is significantly contributing to the model.

Table 4. 19: Regression Analysis of Coefficient

Model	Unstandardized Coefficient		Standardized Coefficient	T	Sig
	B	Std. Error	Beta		
(Constant)	.762	.169		4.500	.000
Trust	.373	.037	.375	10.170	.000
Commitment	.395	.037	.381	10.796	.000
Communication	.056	.032	.058	1.774	.077
Empathy	.075	.032	.077	2.373	.018
Conflict handling	.405	.040	.329	10.141	.000

Source: (Own Survey, 2023)

Based on Table 4.19, it is evident from examining the T value that commitment has the greatest influence on customer loyalty ($T = 10.796$), followed by communication ($T = 1.774$), conflict resolution ($T = 10.141$), empathy ($T = 2.373$), and trust ($T = 10.170$).

Table 4.19 indicates that tests to determine if a β value is substantially different from 0 can provide t-statistics. The t-test is used to assess the predictor's significant contribution to the model. Therefore, if the value in the "sig." column is less than 0.05 and the t-test linked to a β -value is significant, the predictor is significantly contributing to the model.

The regression coefficient β indicates whether a predictor has a substantial effect on predicting the outcome and how much the outcome changes when the predictor changes by one unit. The constant term and the coefficient of independent variables influencing the dependent variable are revealed by the β value. The p-value is less than 0.05 for variables (trust, commitment, empathy, and conflict handling) and communication has a p-value of greater than 0.05, which indicates that the 4 independent variables are significant to predict CL (dependent variable) and communication was not significant to predict it.

Therefore, the β is different from 0 and the researcher found that the predictor variables make a significant contribution in predicting CL, trust (β_1) = .0373, commitment (β_2) = .395, empathy (β_4) = .075, conflict handling (β_5) = .405 are statistically significant variables that can predict CL of south district Wegagen bank customers. Whereas communication (β_3) = .056 does not have a statistically significant relationship with CL since its p-value is greater than 0.05.

The regression function is used to determine the impact and link between independent variables and the dependent variable (customer loyalty) is in the form of

$$CL = \beta_0 + \beta_1 T + \beta_2 CO + \beta_3 C + \beta_4 E + \beta_5 CH + \mu$$

$\beta_0 = -.762$ which is constant

$$CL = -.762 + .373T + .395C0 + .075E + .405CH + \mu$$

If the effects of all other predictors are maintained constant, the β -values indicate the extent to which each predictor influences the outcome. The aforementioned linear equation suggests a favorable correlation between the customer loyalty and the aforementioned factors.

Based on the beta value of the unstandardized coefficient, CL has a positive value, indicating that it is heavily dependent on the identified independent variables. Without them, fostering customer loyalty will be challenging. This explains why, for each increase of 1 (one); trust, commitment, empathy, and conflict handling, customer loyalty will increase by 0.373%, 0.395%, 0.075%, and 0.405%, respectively.

4.4. Hypotheses Testing Result

A statistical measure called the p-value, also known as significance (sig.), is used to decide whether or not to reject the null hypothesis. Since the p-value indicates the probability that the correlation is coincidental, a smaller p-value indicates a higher possibility of rejecting the null hypothesis. Generally speaking, the null hypothesis should be rejected if $p > 0.05$ and accepted if $p < 0.05$ (Pallant, 2020). In order to investigate the impact of independent variables on dependent variables, this study used the findings of multiple linear regression analysis and Pearson correlation. The p-value and beta values for each independent variable were taken into account while making conclusions. Table 4.20 displays the summary of the hypothesis test.

Table 4. 20: Summary of hypothesis t est

Research Hypothesis	Type of Tests	Decision and Testing Criteria	Test Results & Interpretation
Ha₁: Trust has a significant and positive effect on customer loyalty of South district Wegagen bank customers.	Pearson correlation and Linear regression analysis	If the p-value < 0.05 reject the null hypothesis and if the p-value is > 0.05 fail to reject the null hypothesis.	sig=0.000,P<0.05 Reject Null hypothesis. So, Accept alternative hypothesis
Ha₂: Commitment has a significant and positive effect on customer loyalty of South District Wegagen Bank customers.	Pearson correlation and Linear regression analysis	If the p-value < 0.05 reject the null hypothesis and if the p-value is > 0.05 fail to reject the null hypothesis.	sig=0.000,P<0.05 Reject Null hypothesis. So, Accept alternative hypothesis
Ha₃: Communication has a significant and positive effect on customer loyalty of South District Wegagen bank customers.	Pearson correlation and Linear regression analysis	If the p-value < 0.05 reject the null hypothesis and if the p-value is > 0.05 fail to reject the null hypothesis.	sig=0.077,P>0.05 Accept Null hypothesis. So, reject the alternative hypothesis
Ha₄: Empathy has a significant and positive effect on customer loyalty of South District Wegagen Bank customers.	Pearson correlation and Linear regression analysis	If the p-value < 0.05 reject the null hypothesis and if the p-value is > 0.05 fail to reject the null hypothesis.	sig=0.018,P<0.05 Reject Null hypothesis. So, Accept alternative hypothesis
Ha₅: Conflict handling has a significant and	Pearson correlation	If the p-value < 0.05 reject the null hypothesis and if	sig=0.000,P<0.05 Reject Null

positive effect on customer loyalty of South District Wegagen Bank customers.	and Linear regression analysis	the p-value is > 0.05 fail to reject the null hypothesis.	hypothesis So, Accept the alternative hypothesis
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Source: (Own Survey, 2023)

Based on Table 4.20 research hypothesis 1 predicts a positive relationship between trust and customer loyalty. The regression output also showed that positive and statistically strong significant relationship between trust and CL. So H1 is accepted, that is there is a positive and statistically significant relationship between trust and CL. This positive relationship implies that the effect of trust provided by Wegagen Bank, South District is a significant factor to CL of Wegagen Bank South District. This indicated that when the current trustiness is advanced then it will bring more and more customer loyalty. The correlation coefficient value for education is 0.373. This implies that for 1% increase change in trustiness it would result 0.373 % increase in customer loyalty.

Research hypothesis 2 predicts a positive relationship between commitment and customer loyalty. The regression output also showed that positive and statistically strong significant relationship between commitment and CL. So H2 is accepted, that is there is a positive and statistically significant relationship between commitment and CL. This positive relationship implies that the effect of being committed to serving the customer leads to customer loyalty for Wegagen Bank, South district customers. This indicates that when the bank is more committed to serving its customers it will bring more and more customer loyalty. The correlation coefficient value for commitment is 0.395. This implies that for a 1% increase change in the commitment would result in a 0.395% increase in customer loyalty.

Research hypothesis 3 shows that communication has an insignificant effect on customer loyalty of Wegagen Bank, south district customers. Hence H3 is rejected due to its result being greater than the p value > 0.05 which is 0.77.

Research hypothesis 4 shows that empathy has a significant effect on customer loyalty of Wegagen Bank, south district customers. Hence H4 is accepted due to its result being greater than the p value < 0.05 which is 0.018. Therefore, the bank needs to provide service with

empathy to make customers loyal. The correlation coefficient value for empathy is 0.075. This implies that a 1% increase in the current matter of empathy would result 0.075 % increase in customer loyalty.

Based on Table 4.20 research hypothesis 5 predicts a positive relationship between conflict handling and customer loyalty. Hypothesis 5, as the regression shows a positive and statistically strong significant relationship between conflict handling and customer loyalty. Therefore, H5 is accepted; that it has a positive and statistically significant relationship between conflict handling and customer loyalty. This means that, any increase or improvement in a matter handling conflicts. The correlation coefficient value for the level of conflict handling is 0.405. This implies that a 1% increase in the current matter of conflict handling would result 0.405 % increase in customer loyalty.

4.5. Discussion of the Study

This section discusses the findings of the statistical analysis concerning the previous research and literature.

This study found that among Wegagen Bank's South District customers, trust had a significant and positive effect on customer loyalty. This suggests that the bank's reliability has improved the level of customer loyalty. This study is similar with (Jude Leon & Pathmini, 2019; Ogbeide & Ikande, 2021; Perišić Prodan et al., 2022) and (Bruck, 2021) findings. And Also the findings of (Abtin & Pouramiri, 2016; Ruswanti & Lestari, 2016; Walelign, 2020); support this finding which is trust to have a significant effect on customer loyalty. (Bizuwork, 2017; Husnain & Akhtar, 2015; Patrick et al., 2014; Tewodros, 2019) also found out trust has a significant effect on creating a massive bond in making customers loyal to the bank.

The current study revealed that commitment proved to have a significant and positive effect on customer loyalty of Wegagen Bank, south district customers. This indicates the bank being commitment to serving the customer and handling the customer in the way they desire has led to in attaining customer loyalty. (Al-Hersh & Saaty, 2014; Jesri et al., 2013; Worku, 2017) found out that commitment has a significant effect on customer's loyalty to the bank. This study is similar to (Jude Leon & Pathmini, 2019; Perišić Prodan et al., 2022) and (Ogbeide & Ikande,

2021) findings. And Also the findings of (Husnain & Akhtar, 2015; Kassahun, 2019; Ndubisi, 2009) support this finding which is commitment to have a significant effect on customer loyalty.

The result of this study shows that communication has an insignificant effect on customer loyalty of Wegagen Bank, south district customers. This indicates communication does not affect achieving customer loyalty. The study (Bizuwork, 2017) is consistent with this research finding. However, the previous studies conducted by (Ogbeide & Ikande, 2021; Perišić Prodan et al., 2022; Tewodros, 2019; Walelign, 2020) finding it is found that communication has a significant effect on customer loyalty which is inconsistent with this study finding. And also the findings of (Abtin & Pouramiri, 2016; Jude Leon & Pathmini, 2019; Ndubisi, 2009) state that effective communication has led to a means of achieving customer loyalty which helps the customers to be loyal to the bank they have been accustomed to for so long time which is also inconsistent with this research finding.

Regarding empathy, this study shows that empathy has a significant effect on customer loyalty of Wegagen Bank, south district customers. This indicates empathy affects bringing customer loyalty. The previous studies conducted by (Al-Hersh & Saaty, 2014; Jude Leon & Pathmini, 2019) finding it is found that empathy has a significant effect on customer loyalty which is consistent with this study's findings. Also, the findings (Tewodros, 2019; Walelign, 2020) state that having empathy in the time of serving customers has led to attaining customer loyalty though the finding of this study is found to be consistent with the above-mentioned research finding. However, the findings (Bizuwork, 2017) do not support this research finding.

Finally, the result of this study shows conflict handling to have a significant effect on customer loyalty of Wegagen Bank, South district customers. This indicates in times of conflict the way they handle conflict is found to be effective and significant in strengthening loyalty. The finding of (Ogbeide & Ikande, 2021) supports this finding. Similarly, the findings of (Jude Leon & Pathmini, 2019; Ruswanti & Lestari, 2016) have come up with the same finding as this study. The finding of (Husnain & Akhtar, 2015) also supports this finding. (Ndubisi, 2009; Patrick et al., 2014) the finding is also consistent with this study. The findings of (Bizuwork, 2017; Bruck, 2021; Walelign, 2020) are also consistent with this study's findings. However, the study (Chakiso, 2015) is inconsistent with this research finding.

CHAPTER FIVE

SUMMARY OF MAJOR FINDINGS, CONCLUSION AND RECOMMENDATION

Introduction

Examining the effect of relationship marketing on customer loyalty was the main goal of this study, which was conducted in Wegagen Bank, South District Addis Ababa. The study results were summarized, a conclusion was reached, and suggestions for interested parties were provided in this chapter. The chapter concludes with a discussion of the study's ramifications and recommendations for future research directions.

5.1. Summary of Major Finding

Regardless of the respondent's demography, concerning gender among 370 respondents, 287 (77.6%) are male and 83(22.4%) are female; from this, it can be understood that Wegagen Bank South district customer consists of both genders with the majority of males.

Regardless of the composition of age, it has been founded that 42 (11.4%) of the respondents are below 25 years old, 166 (44.9%) aged in between 26-30, 88 (23.8%) aged in between 31-40, 74 (20.0%) aged above 41. This indicates that most of the bank customers are aged between 26 to 30.

Regardless of the level of education 172 (46.5%) of the respondents are diploma holders, 92 (24.9%) of the respondents are first-degree holders, and 12 (3.2%) of respondents are second-degree holders. and 11 (3.0%) of respondents are Ph.D. holders and the rest 83 (22.4) fall into the categories of others. This shows the majority of the respondents are diploma holders.

Regardless of customers' monthly income respondents were at an income level of 1000-2999 birr 126 (34.1) % of the customers on the other hand 104 (28.1%) have an income level of above 5000 birr, 74 (20.0%) of the respondent fall under the income level of 3000-4999 birr, 66 (17.8%) of the respondent fall under the income level of below 1000 birr.

Regardless of length of being the bank customer, 17 (4.6%) of the respondents have below 2 years being the bank customer, 104 (28.1%) of the respondents have 2-4 years of stay being the

bank customer, 76 (20.5%) of the respondents has 5-10 years of stay being the bank customer stay, 173 (46.8%) of the respondents has above 11 years of stay in the bank. This indicates majority of the respondents the bank customers above 11 years old.

The descriptive statistics show the highest mean value among the five variables indicated. communication with the first highest mean value 3.08, the second highest aggregated mean value is empathy (2.82) the third aggregated mean value is trust (2.76), the fourth aggregated mean value of commitment that is (2.74), and finally the last the lowest aggregated mean value is conflict handling (2.59).

Based on the Pearson correlation coefficient relationship marketing variables trust and commitment have a strong correlation with customer loyalty with ($r=0.637$) and ($r=0.625$) respectively. Conflict handling ($r=0.443$) has a moderate correlation with CL. Communication and empathy have a low correlation on CL with a result of ($r=0.157$) and (0.293) respectively.

Regarding the multi-collinearity problem, the variance inflation factor (VIF) value ranges from 1.109 to 1.432 and the tolerance of each independent variable ranges from 0.689 to 0.902. As a result, the tolerance value is greater than 0.2 and the VIF value is less than 5 in this model, meaning that the variables in this study are free from the multi-collinearity problem.

To calculate the probability that an underlying random variable will be distributed regularly The study employed Skewness and Kurtosis to assess the degree of normalcy in the collected data. ± 2 is the permitted range for both kurtosis and skewness. As a result, this investigation indicates that each variable's skewness and kurtosis are within a ± 2 range. As a result, it was determined that the data was regularly distributed. In addition to skewness and kurtosis, histogram, scatter plot and the normal P-P plot of regression show that it is almost straight to the line and makes sure the data is normally distributed.

The regression analyses showed that variables (trust, commitment, empathy, and conflict handling) have a significant effect on a dependent variable (CL). However, the variables communication has an insignificant effect on CL.

Strong (R) $=.809$ correlation exists between this independent and dependent variable. The percentage of variation in the dependent variable that the five independent variables can account for is 65.4%, or the coefficient of determination (R^2). In this model, five independent variables

account for 65.4% of the variances in CL. There is room for additional investigation on 44.6% of the unexplained variance.

The F statistic value is more than one, and the P value is smaller than the study's <0.05 standard error. Hence, the independent variable significantly affects the dependent variable; these variables collectively have a significant effect on CL.

The value of Durbin-Watson in this research result is 1.289 this fulfilled the threshold (1-4). As per F- statistics reflected that at a 95% level of confidence F value of ANOVA is 137.834 at 5 and 364 degrees of freedom which is greater than the table value (2.19) derived from the F Distribution Table for $\alpha = 0.05$. Therefore the hypotheses are accepted. This means all five independent variables are significantly affecting CL based on the analysis of the variance table. This is because ANOVA determines the significance level in general.

Based on the regression analysis coefficient from four (4) significantly determining variables of relationship marketing examining the T value, it is evident that commitment has the highest positive effect on CL ($T = 10.796$), followed by trust ($T = 10.170$), followed by conflict handling ($T = 10.141$), followed by empathy ($E = 2.373$).

The predictor communication was insignificant, the other four variables are significant therefore their hypothesis is accepted with a beta value of *the* trust ($\beta_1 = 0.373$), commitment ($\beta_2 = 0.395$), empathy ($\beta_4 = 0.075$) and conflict management ($\beta_5 = 0.405$) and this variables have predicted customer loyalty of Wegagen bank, south district customers at $p < 0.05$ significance level.

5.2. Conclusion

The following conclusion was derived from the study:

- Trust as a predictor of RM has a positive effect on CL and when the bank is honest with customers. Being willing to fulfill what is required from the bank and being able to provide quality service will open the door for retaining existing customers as well as attracting newcomers. Hence, it will affect making the customer loyal.
- Commitment predictor has a positive effect on CL when the bank adjusts to fulfill the demands of clients; can provide flexible service and create a sense of commitment in the customer. Hence, it will affect making the customer loyal.

- Empathy has a positive effect on CL. Therefore, anytime the bank acts in the best interests of its clients, it does it in a caring manner and operates at convenient time to serve the clients then empathy will affect making loyal customers.
- Conflict handling has a positive effect on CL. So when the bank is always ready to openly discuss solutions whenever customers encounter problems; shows interest in solving the raised problem and provides prompt responses for the caused problems then it will affect CL. Hence, it will make loyal customers.
- Whereas communication has been shown to benefit CL, this effect is not statistically significant, thus the bank's practices are evaluated and having convenient operating hours; taking care of the clients properly; providing accurate information to the customers and providing timely and trustworthy information by Wegagen bank to its customer magnitude found to be immaterial or not significant in affecting RM.

To sum up, In terms of the stated research hypothesis the following finding has been found out. That is trust; commitment, empathy, and conflict handling have significant effects on CL, while communication was found to be not significant in determining CL on Wegagen Bank of South district in Addis Ababa. From this commitment has the highest positive effect on CL followed by trust, followed by conflict handling then followed by empathy.

5.3. Recommendation

The findings, discussion, and conclusion of this study have led to the following recommendations being suggested:

Regarding trust, the bank needs to build trust in the customer in a way that can be trusted completely and needs to be honest all the time, and the bank needs to give promises if and only if they can be attained or realistic to be kept and also the bank need to continue providing quality service as well as fulfill its obligation to its customers. In addition to this, the bank ought to be very concerned with the security issue for every transaction. The bank should also continue its trust in the customers.

Related to commitment the bank needs to offer personalized service to meet the demand of the customer. The bank also needs to make itself flexible in times of change that could occur in this

industry; it would be better if the bank could continue making adjustments to suit the needs of the customers and it would be better if the bank could make sure the commitment of the customers by providing what the customer promptly. In addition to this, the bank needs to be flexible to serve the customers.

Related to empathy it would be better if the bank could understand the specific needs of the customers. In addition to that the bank needs to deal with customers in a caring fashion to bring solid customer loyalty. Furthermore, the bank needs to give attention to its customers and prioritize customers' needs with the best interests at heart.

Related to conflict handling it would be better if the bank could openly discuss the problem of the customers so that it would be possible for the bank to give prompt response for the problems. Also, it would be good if the bank showed a sincere interest in solving customer problems to make proactive conflict measures to avoid potential conflicts. Finally, the bank needs to communicate to the customers how and where to complain in times of problems so that it would be easy for the bank to handle the conflicts.

5.4. Study Implication

The results and conclusions of this specific study have ramifications for different stakeholders engaged in the banking industry as well as any other type of economic system. The study's particular implications for academics, business, and politicians and stakeholders are as follows:

5.1.1. For policymakers and Bank sector stakeholders

The study's results and findings have particular ramifications for stakeholders and policymakers in Ethiopia's banking industry. As a result, stakeholders and policy makers must devise and start drafting policy guidelines that will aid in customer retention. Thus if the relationship marketing practice is done effectively it will enhance competitiveness.

5.1.2. For academia researcher

Filling this gap would contribute to a more comprehensive understanding of the role of culture in shaping the effectiveness of relationship marketing strategies. It would also provide insights into how cultural factors influence customer perceptions, attitudes, and behaviors, thereby advancing the knowledge base in cross-cultural marketing.

5.1.3. From a business perspective

Addressing this gap could offer valuable guidance to companies operating in diverse cultural environments. Understanding how relationship marketing practices interact with cultural nuances can help organizations develop more tailored and effective customer loyalty strategies. This, in turn, paves the ways to enhanced customer ecstasy, retention, and ultimately, financial performance.

Overall, the implication of addressing this gap is that it can lead to more culturally sensitive and impactful relationship marketing practices, benefiting policymakers and Bank sector stakeholders, academic research, and practical business applications.

5.5. Direction for Future Researchers

This study looked at Wegagen Bank in Addis Abeba's South District to see how relationship marketing affected client loyalty. Five relationship marketing predictors—trust, commitment, communication, empathy, and conflict resolution—were identified in the study, and their impact on client loyalty was discussed. Future research was advised by the study to ascertain whether the use of relationship marketing in diverse banking establishments may account for the variations in client loyalty between different private and public banking establishments, even in other Wegagen bank districts. The study only looked at five training predictors, which are trust, commitment, communication, empathy, and conflict resolution. Because these predictors could only partially account for customer loyalty, the study recommends more research on the topic by looking at other relationship marketing predictors, such as social bonding, promise fulfillment, gratitude, competence, etc. Additionally, researchers can examine the idea of relationship marketing using a variety of techniques and approaches to produce a thorough body of literature on the topic.

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APPENDICES

APPENDIX A: RESEARCH QUESTIONNAIRES

ADDIS ABABA UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

DEPARTMENT OF MANAGEMENT

M.SC. IN INTERNATIONAL BUSINESS

Survey Questionnaire to Examine Effect Of Relationship Marketing on Customer Loyalty:

A study on Wegagen Bank, South District, Addis Ababa, Ethiopia

Dear Respondents:

Your response to this questionnaire will serve as a source of information for the research study. Any response you provide here is strictly confidential and will be used exclusively for academic purposes. Your honest response in answering questions is vital for the research outcome to be reliable. Therefore, you are kindly requested to provide a genuine response to the questions that follow. To indicate your response, please put a “√” mark or circle in the appropriate Box. Finally, please give more attention and return the completed questionnaire as soon as possible.

If you need further explanation, you can contact me through the address shown below.

Haftamu Hiluf Gebrerufael

Mobile: +251973856018

E-mail: habtamuhiluf05@gmail.com

“Thank you in advance for your Cooperation”

Section A: Background information of respondents

1. Gender: (a) Male [] (b) Female []
2. Age: (a) Below 25 years [] (b) 26-30 years [] (c) 31-40 years []
(d) 41 years and above []
3. Educational status:

- (a) Diploma [] (b) First Degree [] (c) Second degree [] (d) PhD and above []
- (e) Other (please specify).....

4. Please indicate your monthly income

- (a) Below 1000 birr [] (b) 1000-2999 birr [] (C)3000-4999 birr [] (d) above 5000 birr []

5. How long have you been this bank customer?

- (a) Below 2 years [] (b) 2-4 years [] (c) 5-10 years [] (d) 11 and above []

Section B: Questions related to Relationship Marketing (Independent Variable)

SR: No	Items Description	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1. Trust					
1.1	The bank is very concerned with the security of my transactions	1	2	3	4	5
1.2	The bank is consistent in providing quality service	1	2	3	4	5
1.3	The bank's promises are reliable	1	2	3	4	5
1.4	Given my experience, the bank can be trusted Completely	1	2	3	4	5
1.5	The bank fulfills its obligation to customers	1	2	3	4	5
1.6	My bank is always honest with me	1	2	3	4	5
	2. Commitment					

2.1	My relationship with the bank is one that I am very committed to continuing it	1	2	3	4	5
2.2	The bank offers personalized services to meet	1	2	3	4	5
2.3	The bank is flexible when its services are changed	1	2	3	4	5
2.4	The bank makes adjustments to suit my needs	1	2	3	4	5
2.5	The bank is flexible in serving my needs	1	2	3	4	5
	3. Communication					
3.1	The bank provides timely and trustworthy information.	1	2	3	4	5
3.2	The bank provides information when there is a new banking service.	1	2	3	4	5
3.3	The bank makes and fulfills promises.	1	2	3	4	5
3.4	Information provided by the bank is always accurate	1	2	3	4	5
	4. Empathy					
4.1	Employees of the bank deal with customers in a caring fashion	1	2	3	4	5
4.2	Bank employees give individualized attention to customers	1	2	3	4	5
4.3	The employees of the bank understand your specific needs	1	2	3	4	5

4.4	Bank employees have the customer's best interest at heart	1	2	3	4	5
4.5	The bank has operating hours convenient to all its customers	1	2	3	4	5

	5. Conflict handling					
5.1	The bank can openly discuss solutions when problems arise	1	2	3	4	5
5.2	The bank shows a sincere interest in solving customer problem	1	2	3	4	5
5.3	The bank tries to avoid potential conflict	1	2	3	4	5
5.4	The bank communicates about each bank's policy to their customers (about customers' rights, responsibility, and other related issues)	1	2	3	4	5
5.5	The bank gives prompt responses to your complaints	1	2	3	4	5
5.6	The bank communicates to you about how and where to complain in case of a problem	1	2	3	4	5

Section C: Questions regarding Customer Loyalty (Dependent Variable)

1	I would always recommend the bank to someone who seeks my advice	1	2	3	4	5
2	If I had to do it over again, I would					

	still choose to use the bank	1	2	3	4	5
3	Even if close friends recommended another bank, my preference for this bank would not change	1	2	3	4	5
4	I do not like to change to another bank because I value the bank	1	2	3	4	5
5	It would be difficult to change my beliefs about the bank	1	2	3	4	5
6	Considering the bank as first choice among other banks in the area; and the bank that first comes to my mind when making purchases decision on bank services	1	2	3	4	5
7	I am a loyal customer to the bank	1	2	3	4	5
8	I do not like to change to another bank because this bank sees my needs	1	2	3	4	5

APPENDIX B: SPSS RESULTS OF THE PILOT

Table B. 1: Pilot Test Result for Trust

Reliability Statistics	
Cronbach's Alpha	N of Items
.822	6

Table B. 2: Item Total Statistics for Trust

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The bank is very concerned with the security of my transactions	19.0800	26.410	.484	.815
The bank is consistent in providing quality service	18.6000	28.417	.387	.831
The bank's promises are reliable	18.6800	26.393	.633	.789
Given my experience, the bank can be trusted Completely	18.8800	25.777	.452	.826
The bank fulfills its obligation to customers	19.4800	21.593	.810	.741
My bank is always honest with me	19.4800	21.593	.810	.741

Table B. 3: Pilot Test Result for Commitment

Reliability Statistics	
Cronbach's Alpha	N of Items
.747	5

Table B. 4: Item Total Statistics for Commitment

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
My relationship with the bank is one that I am very committed to continuing it	16.1600	15.807	.343	.755
The bank offers personalized services to meet	16.9200	13.243	.408	.751
The bank is flexible when its services are changed	16.1600	14.140	.600	.679
The bank adjusts to suit my needs	16.5200	12.593	.583	.673
The bank is flexible in serving my needs	16.4800	12.010	.674	.636

Table B. 5: Pilot Test Result for Communication

Reliability Statistics	
Cronbach's Alpha	N of Items
.782	4

Table B. 6: Item Total Statistics for Communication

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The bank provides timely and trustworthy information.	13.5200	5.260	.593	.726
The bank provides information when there is a new banking service.	13.1600	6.140	.616	.735
The bank makes and fulfills promises.	13.5200	4.760	.566	.750
Information provided by the bank is always accurate	13.3200	4.893	.634	.704

Table B. 7: Pilot Test Result for Empathy

Reliability Statistics	
Cronbach's Alpha	N of Items
.859	5

Table B. 8: Item Total Statistics for Empathy

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Employees of the bank deal with customers in a caring fashion	16.7600	13.857	.931	.752
Bank employees give individualized attention to customers	16.2000	21.167	.567	.859
The employees of the bank understand your specific needs	16.8000	17.667	.515	.880
Bank employees have the customer's best interest at heart	16.7600	13.857	.931	.752
The bank has operating hours convenient to all its customers	16.2000	21.167	.567	.859
Employees of the bank deal with customers in a caring fashion	16.7600	13.857	.931	.752

Table B. 9: Pilot Test Result for Conflict Handling

Reliability Statistics	
Cronbach's Alpha	N of Items
.887	6

Table B. 10: Item Total Statistics for Conflict Handling

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
The bank can openly discuss solutions when problems arise	14.8000	39.667	.642	.879
The bank shows a sincere interest in solving customer problem	14.5200	41.177	.577	.889
The bank tries to avoid potential conflict	14.2000	38.750	.771	.856
The bank communicates each bank's policy to their customers (about customers' rights, responsibility, and other related issues)	14.8400	41.390	.748	.862
The bank gives prompt responses to your complaints	14.2000	38.750	.771	.856
The bank communicates to you about how and where to complain in case of a problem	14.8400	41.390	.748	.862

Table B. 11: Pilot Study for Customer loyalty

Reliability Statistics	
Cronbach's Alpha	N of Items
.857	8

Table B. 12: Item Total Statistics for Customer loyalty

Items	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
I would always recommend the bank to someone who seeks my advice	33.2400	7.607	.331	.890
If I had to do it over again, I would still choose to use the bank	32.9200	8.160	.611	.844
Even if close friends recommended another bank, my preference for this bank would not change	32.9600	7.623	.628	.838
I do not like to change to another bank because I value the bank	33.1600	6.473	.827	.809
It would be difficult to change my beliefs about the bank	32.9600	8.040	.605	.843
Considering the bank as the first choice among other banks in the area; and the bank that first comes to my mind when making purchase decisions on bank services	32.9600	7.623	.628	.838
I am a loyal customer to the bank	33.1600	6.473	.827	.809
I do not want to change to another bank because this bank sees my needs	32.9600	8.040	.605	.843