ADDIS ABABA UNIVERSITY

SCHOOL OF COMMERCE

DEPARTMENT OF MARKETING MANAGEMENT

Determinants of Key Account Management Effectiveness The Case of Abyssinia Bank

A Thesis Submitted to the School of Graduate Studies of Addis Ababa University School of Commerce in Partial Fulfilment of the Requirements for the Degree of Masters in Marketing Management.

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Addis Ababa

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DECLARATION

I, the undersigned, declare that this research project is my own work and effort and it has not been submitted anywhere for any award. Where other sources of information have been used, they have been duly acknowledged.

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ACRONYMS

KA	Key Account
BOA	Bank of Abyssinia
KAM	Key Account Management
GAM	Global Account Management
B2B	Business to Business
CRM	Customer Relationship Management
SAM	Strategic Account Management
NAM	National Account Management
RM	Relationship Marketing
ANOVA	Analysis of Variance

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Abstract

In today's marketing environment marketing is changing from selling and transaction concept to long lasting relationship development concept and key account management is also a practice to develop log lasting profitable relationship with strategically important customers. Having this in mind this thesis is conducted under the title of Determinants of key account management effectiveness in the case of Bank of Abyssinia and investigation was made on five factors (competency of KA employees, marketing strategy, solution, organizational culture and communication quality) that affect KAM effectiveness.

The main objective of this study was to identify major determinants of key account management effectiveness. The study was conducted based on responses of key account customers of BOA as well as interview response of selected KA staffs (in managerial as well as in non managerial position) of the bank. A quantitative and qualitative (mixed) approach is chosen in this research. In order to collect primary data, a questionnaire is designed and was given to the KA customers of the BOA (total of 1634 KA customers). 321 questionnaires were distributed to sample respondents and 298 questionnaires were properly filled and analyzed. In addition to questionnaire, semi-structured interview questions were prepared to get information from the organization which is analyzed qualitatively and interviewees were purposely selected KA staffs of BOA. Among the total of sixty three KA staffs (managerial and non-managerial positioned) qualitative data were collected from purposely selected KA staffs. The SPSS version 20.00 is used to process the primary quantitative data which is collected through questionnaire.

The finding shows that all five variables (competency of KA employees, marketing strategy, solution, organizational culture and communication quality) have significant positive effect on key account management effectiveness. However, among variables marketing strategy highly affects KAM effectiveness. Based on the result of analysis the study suggests a series of measures which could be taken by the banking that would support KAM effective implementation.

Key words: KAM effectiveness, KA staffs,

CHAPTER ONE

1. INTRODUCTION

1.1. Background of the Study

In recent decades, there has been a shift from traditional selling in the business-to-business (B2B) field, from a transaction-based seller-buyer interaction to a relationship building approach (Grönroos, 1994. Morgan & Hunt 1994). It is attentive on embedding with customers and building long-term relationships, emerging as a reaction to advancements in technology and increased competition, referred to as relationship management (Morgan & Hunt, 1994). Key account management (KAM) is one approach to embedding with customers and building long term relationships with strategically important customers, referred to as key accounts (KA) (Cheverton, 2012). KAM is similar to the concept relationship management as it is attentive on a long-term relational approach with customers, where KAM is focused on investing time and resources on the strategically important customers (Ibid).

KAM has grown to be a commonly implemented strategy in organizations within the B2B field during recent decades (Gounaris & Tzempelikos, 2012). It has lead to "Key account manager" being a common title within sales organizations today (Ojasalo, 2001). Even though the phenomenon of KAM has gained popularity in recent years it is still regarded as a highly complex organizational structure for organizations (Homburg et al. 2002). Specifically the implementation process of a KAM program has proven to be long lasting and complex for many organizations (McDonald et al. 1997. Wengler et al. 2006. Nätti & Palo, 2012). It requires large organizational restructures which has to be managed and embraced by employees in order to succeed (Marcos-Cuveas et al. 2014. Gounaris & Tzempelikos, 2013). Especially larger organizations tend to implement full key account programs with integrated key account teams and key account managers (Abratt & Kelly, 2001), due to more extensive resources in monetary and personnel compared to smaller organizations (Wengler et al. 2006. Homburg et al. 2002).

Key account management is emerging these days as an integral part of firms and is crucial to its success. Accorking to Gosman and Kelly, 2012 the importance of key accounts was emphasized by a survey of 207 companies, in their study 28 firms reported that their key accounts were responsible for more than 50% of sales, and 4 firms said that 80% or more of their sales were to key accounts . A subsequent survey by the same authors found still greater dependence on key

accounts and also found that the service demands of key customers were increasing (Gosman and Kelly 2002).

Key account management (KAM) has emerged during the last decades as one of the most important concepts in business-to-business (B2B) marketing. A key account is a customer identified by the supplier to be of strategic importance. KAM is a systematic process for managing relationships with key accounts (Millman and Wilson, 1995). Because of their importance, suppliers cannot afford to lose these customers without getting into serious difficulties (Zupancic, 2008). This leads suppliers to manage KAM relationships in such a way that they can achieve greater levels of partnership and commitment with their accounts (Piercy and Lane, 2003).

In today's volatile marketing environment, marketers are encountering various forces and factors. These factors have led to customer empowerment, and selling to them requires a focused strategic approach that relationship marketing aims to fulfill. Abratt and Kelly (2002) have noted that companies' movements from transaction-orientated marketing strategies to relational-orientated marketing strategies have resulted in new management approaches, namely Key Account Management (KAM).

In line with findings of researchers there is still a gap in research in the area of determinants of KAM effectiveness. According to the literatures major factors that will be focused on this study are competency of employees, marketing strategy, solution, organizational culture and communication quality. In this study these variables were studied theoretically and empirically and their effect on key account management (KAM) effectiveness.

1.2. Statement of the Problem

Key account management has been highlighted as a significant area of academic research (Leigh and Marshall, 2003) and both managers and academics alike are of the view that suppliers need to develop long-term relationships with selected strategic customers. Despite a recent academic focus on Key Account Management, there have only been a limited number of published studies on the individual Key Account Manager (KAM) (Schultz and Evans 2002, Guenzi 2007, 2009) and it remains an under-investigated research area (Guenzi 2009).

Relationship requires nurturing and support, this isn't a one-time activity. According to Millman and Wilson, (1995), the benefit is not for one side it is mutual for customers and KAM implementing organization. So if these benefits are delivered better than what competitor do

there will be long term relationship between key account holders and service/product provider organization. Unless we may lose our golden customers to other competitors, this may lead to bankruptcy and danger to our future existence and profitability. So, In order to build long term relationship with key account holders,' factors that affect key account management effectiveness should be identified and corrective measures also should be taken.

Traditional marketing theory has been grounded in an economics based framework where there is an exchange of goods and services between a buyer and seller and the focus is on a single transactional exchange (Day, 2000). However, there is an emerging school of thought which questions the relevance of this approach to marketing and argues that business philosophy has moved from a purely economic transaction orientation towards a relational orientation (Vargo and Lusch 2004). It should be emphasized that despite the fact that the recent academic focus on relationship marketing is new, the premise of understanding exchange performance through relationships is not.

KAM has the ambition to create a competitive advantage through a well established long-term relationship (Gosselin&Heene, 2003.As organizations move further towards Strategic Customer Management it is likely that the familiar structures of marketing and sales will be replaced by process-based structures that focus on value creation around carefully selected customer groups(Piercy, 2006). Storbacka (2009) found that sale is changing from a function to a process, which means a transfer of sales as an independent function to sales as a pivotal part of a long term process of customer management. According to Storbacka (2009) more research is needed into how these sales processes work and what makes them successful. As key account management is a new practice in Abyssinia bank it also needs more study and investigation.

From various literature observations Ethiopian banking as well as service industry is at infant stage. Even if service has the second GDP share next to agriculture, the industry has several problems that need a study in order to be solved.

Implementing KAM is both a long-lasting and complex process, and even though the concept is widely used in many industries, there are limited empirical studies in the area confirming the theory stated (Nätti and Palo, 2012).There is also very much limited published works that investigate factors influencing key account management effectiveness in Ethiopia as weel as in banking industry especially in Bank of Abyssinia. This indicates that, it is important to do more studies related to the issue in order to take measures to improve service excellence as well as to

bring better growth and improvement in the area and also the objective of this study is to identify determinants of key account management effectiveness in service delivery at the banking sector in the case of Abyssinian Bank. Therefore this study is done mainly to fill contextual gap in the area.

1.3. Basic Research Questions

The main research question of the study was:

- What are major determinants of KAM effectiveness?

The research focuses on providing answers to the following sub questions:-

1. What is the relationship between competency of KA employee and KAM effectiveness?
2. What is the relationship between marketing strategy and KAM effectiveness?
3. What is the relationship between solution and KAM effectiveness?
4. What is the relationship between organizational culture and key account management effectiveness?
5. What is the relationship between communication quality and KAM effectiveness?

1.4. Objectives of the study

1.4.1. General objectives

The main objective of this study is to clearly identify the major determinants of key account management effectiveness at Bank of Abyssinia.

1.4.2. Specific Objectives of the Study

The study has the following specific objectives:-

- To determine the relationship between competency of KA employees and KAM effectiveness
- To determine the relationship between marketing strategy and key account management effectiveness
- To determine the relationship between solution and KAM effectiveness
- To examine the relationship between organizational culture and KAM effectiveness
- To determine the relationship between communication quality and KAM effectiveness

1.5. Significance of the Study

The study has the following significances;

- The company managers can sharpen their knowledge of major determinants that are associated with key account management effectiveness. That is so important to make corrections related to those factors that create inconvenience to KAM effectiveness.
- The study gives an idea for new companies that are interested to implement KAM strategy to make sound investment decisions.
- It also serves as a reference for further studies to researchers and academicians in the area.

1.6. Scope of the Study

The work of this research is restricted to factors that affect key account management effectiveness in case of Bank of Abyssinia in Addis Ababa city. The study focuses on determinants of key account management effectiveness (competency of KA employee, marketing strategy, solution, communication quality and organizational culture) in the case of Bank of Abyssinia. The study also focuses on both KA staffs and KA customers of BOA.

1.7. Limitation of the Study

The primary limitation of this study is lack of published works that were conducted in the area of KAM and determinants of key account management effectiveness in banking sector in general as well as in Ethiopia. Lack of enough time to undertake this study was also major hindrance.

1.8. Definition of Terms

Determinant: A factor which decisively affects the nature or outcome of something. In this study main determinants that affect key account management effectiveness are; competency of KA employees, marketing strategy, solution, organizational culture and communication quality.

Account: a formal business arrangement providing for regular dealings or services (such as banking, advertising, or store credit) and involving the establishment and maintenance of an account. An account also could be client or customer.

Key account (KA): Key accounts are those customers who are important to the marketer from both financial and nonfinancial points of view. Pardo (1999) defines key accounts as the customers who are central to the company and who have a real influence on the supplier's business strategy.

Key account management (KAM) is an approach adopted by selling companies aimed at building a portfolio of loyal key accounts by offering them, on a continuing basis, a product/ service package tailored to their individual needs.

Management is the organizational process that includes strategic planning, setting objectives, managing resources, deploying the human and financial assets needed to achieve objectives, and measuring results.

Effectiveness: The degrees to which objectives are achieved and the extent to which targeted problems are solved. In contrast to efficiency, effectiveness is determined without reference to costs and, whereas efficiency means "doing the thing right," effectiveness means "doing the right thing."

Communication Quality: Communication quality is the degree to which the appropriate content of the communication is received and understood by the other party in the relationship.

Solution: refers to the idea of offering a bundle of product and service attributes and other benefits as system selling.

1.9. Organization of the Study

This study is organized in to five chapters and let see each as follows:

The first chapter states the general introduction of the study and it contains background of the study, statement of the problem, research question, research objectives, and significance of the study, scope of the study, limitation of the stud and definition of terms.

Chapter two summarizes the literature on the study area. It contains theoretical, empirical literatures as well as conceptual framework of the study.

Chapter three presents the research methodology. It explains description of the study area, research approach, research design, population and sample, the data source and type, data collection procedures, ethical consideration and data analysis method.

Chapter four presents and discusses the main findings of the study.

The last chapter draws conclusions and implications and wind up the research report by highlighting future research areas so as to widen the knowledge in the Ethiopian context.

CHAPTER TWO

2. LITERATURE REVIEW

2.1. THEORETICAL LITRAATURE REVIEW

2.1.1. Customer Relationship Management (CRM)

"CRM is a strategy to identify and attract profitable customers, tying them to the company or product by efficient relationship marketing to guarantee profitable growth. CRM offers a great platform for the acquisition of new customers in addition to gaining customer satisfaction and loyalty. Additionally, existing customer relationships can be used to drive sales via up or cross-selling. The most "valuable" customers especially need to be identified, attracted and retained" (Kracklauer et al 2001:44).

Weitz and Bradford (1999) say, building of sustainable relationships is an important issue on daily life of people and social interactions. Business and firms are not an exception on this. Organizations focus most of their attention on building sustainable and competitive advantage by developing close and cooperative relationships with their customers. Through these relationships it creates value by differentiating their offerings (Weitz and Bradford 1999) and if required it creates value by lowering the costs. But establishing and forming the foundation of the relationship is the key. Moncrief (2005) says when you made strong foundation of the relationship then it enables relationship selling. However Millman and Wilson, (1995) also says the focus should be on building the foundation of the relationship with the prospect that develops to relationship selling.

Building of relationship can take place in several different levels, for example organizational level (locally and globally) and individual level. Zupancic (2008) says, on individual level, sales person has an important role in forming a long-term buyer-seller relationship. This in turn helps the organization. ''There are considerable influences on buyer's perception of the seller's reliability, value of its services and buyers interest in continuing the relationship'' (Weitz and Bradford, 1999). Hence relationship management is an important role that needs to be taken care while dealing with sales in regular basis.

2. 1.2. Key Account Management (KAM)

Key account is a relative term. For a multinational organization, it usually refers to the largest national and global customers. For others, a key account may be a large regional business. So we prefer a soft definition. 'Key' means an account that needs to be managed closely so that its

needs are fully meet and so that it yields its full value to the supplier. It is one that if lost, would significantly affect the current or future income to the business or business unit. Key account strategy is perhaps best seen as an investment in the future (KAM in financial service, 2005).

The concept of KAM is relatively new and no single definition has been stated (Ozegovic and Sarac, 2012). Many authors have recognized that a number of different terms are used in sales and marketing literature to denote basically the same concept (Spencer, 1999; Ojasalo, 2001; Ivens and Pardo, 2008; Al-Husan and Brennan, 2009). In addition to key account management, these terms include strategic account management (SAM), national account management (NAM), large account management, major account management and national account marketing. However, as Al-Husan and Brennan (2009) note, it has also been widely accepted by researchers in the field that these terms do not seem to have any essential conceptual differences.

While Brady (2004) considers KAM as an approach to relationship marketing (RM), Ojasalo (2001) sees KAM as a marketing management approach based on relationship management, stemming from the recognition of the importance of developing long-term business relationships with major customers. Similarly, Brehmer and Rehme (2009) see KAM programs as a way to increase sales through developing existing customer relationships and actively searching for new opportunities as well as meeting changing customer demands arising from various changes in the buying organization's internal and external business environment. They additionally conclude that KAM has developed from being solely a sales strategy to being a central dimension in the corporate structure, or a strategic coordination for the organization as a whole. Piercy and Lane (2006) also recognize that too many organizations strategic account management represents a means of forming a closer collaborative relationship, a form of partnership or alliance with major customers, with a high degree of cooperation and integration of business processes, thus going well beyond of simply being a sales strategy.

An organization can identify very important customers, known as Key accounts (KA) (Ozegovic and Sarac, 2012), and by adapting certain processes targeting an organization's most important customers the organization can create value, known as Key Account Management (KAM) (Wengler, 2006). KAM targets four tasks, which are (1) creating trust with the customer, (2) emphasizing relationship management, (3) adapting customer focused and customer oriented strategies and (4) establishing customer satisfaction (Wengler, 2006). A deeper organizational change is needed when working with KAM and how organizational culture, strategy and

structure need to be changed have to be considered since the KAM system should be integrated within the whole organization (Nätti and Palo, 2012).

KAM consist of additional corporate activities as well as KA managers who are in direct importance for the customers, with dedicated resources (Ozegovic and Sarac, 2012). Therefore, it is essential that the right people with the right knowledge are selected when developing a KAM organization (Nätti and Palo, 2012).

Study of Workman et al. (2003),shows that KAM effectiveness could be financial and nonfinancial. Financial measures of effectiveness (increased share of customer spend, revenues, costs to serve and profit margins) and non-financial measures (relationship improvement, customer satisfaction, retention, advocacy and shared investment.

2. 1.3. Key Account Relationship Development Cycle

All relationships evolve and devolve as time passes. Every single action is influenced by the history that the interacting parties share and at the same time history is shaped by every action that they take.

Millman's classic model for stages of KAM has six stages. The Millman-Wilson stages of relational development describe the stages firms go through as the relationship achieves key-account status (Millman and Wilson, 1995). Each of these stages is further discussed in detail below.

2. 1.3.1. Exploratory (Pre-KAM) Stage

This stage describes the preparation and identification of potential key accounts now and in the future (Donaldson, 1998). Pre-KAM describes preparation for Key Account Management or prospecting (Jobber and Lancaster, 2006). The beginning of a business relationship is usually transactional in nature and the level of initial commitment is rather limited and short-term in nature (Honeycutt, Ford and Simintiras, 2003). At this stage the selling company will be courting the buying company and exploring its needs, which of them they are required to fulfill, the size of the opportunity, generally getting the feel for the organization, the people who are influential in the buying decision and their personalities and role. At the same time, the buying company with a need will be exploring the suppliers offer, capabilities and credentials, quite possibly more than one supplier simultaneously (McDonald, 2000). The task facing the sales and marketing function in the pre-KAM stage is to identify those with the potential for moving towards key account status (Millman and Wilson,1995).

2. 1.3.2. Basic (Early-KAM) Stage

At this stage, a certain amount of experience is accumulated between the two parties but still a great degree of uncertainty and distance remain (Honeycutt, Ford and Simintiras, 2003).

Early-KAM is concerned with exploring opportunities for closer collaboration by identifying the motives, culture and concerns of the account; with/by targeting competitor strengths and weaknesses; and with persuading customers of the potential benefits they might enjoy as "preferred customers" (Millman and Wilson, 1995). At this stage the supplier will seek to understand the customer's Decision Making Unit (DMU) and processes, and the problems and opportunities that relate to the value adding processes. Product and service adaptations may be made to fit customer needs better (Jobber and Lancaster, 2006).

2. 1.3.3. Co-operative (Mid-KAM) Stage

The Co-operative stage is where increased levels of transactions lead to a higher degree of commitment and social distance is reduced (Honeycutt, Ford and Simintiras, 2003).

At this stage the seller has established credibility with the buyer. Contracts between the two organizations increase and assume greater importance (Hollensen, 2003). As the relationship develops, so do levels of trust and the range of problems that the relationship addresses. The number of cross-boundary contacts will also increase with the salesperson perhaps taking a central role (Millman and Wilson, 1995).

2. 1.3.4. Interdependent (Partnership-KAM) Stage

At this stage, the buying and selling companies acknowledge the importance of each to the other (McDonald, 2000).

This is the stage where mutual benefits should start to flow. When partnership KAM is reached, the seller is seen by the buyer as a strategic external resource (S. Hollensen, 2003). This stage represents a mature stage of key account development and the sharing of sensitive commercial information becomes commonplace as the focus for activity is increasingly on joint problem resolution (Millman and Wilson, 1995).

A range of functions in both organizations work closely together, orchestrated by rather than administered by through the KAM and purchasing manager (McDonald, 2000).

2. 1.3.5. Integrated (Synergistic-KAM) Stage

At this advanced stage, firms develop strategic congruence. Here KAM goes ‘‘beyond partnership" when there is a fundamental shift in attitude on the part of both the buyer and seller

and they come to see one another, not as two separate organizations, but as parts of a larger entity, creating joint value (synergy) in the marketplace (Millman and Wilson, 1995).This type of relationship involves the two companies working together so that they build up an affinity with each other (McDonald, 2000). The buyer is confident that the relationship with the seller is delivering improved quality and reduced cost (Hollensen, 2003). At this stage the seller understands that they still don't have an automatic right to the customer's business but that relationships have been built up and if maintained business should continue.

2. 1.3.6. Disintegrating (Uncoupling-KAM) Stage

At any stage, the relationship can fall apart for one or more of a large number of reasons, such as a take-over of either company, change of key personnel, switching to a new supplier offering better products, performance or price, or the introduction of new technology. Disintegration may be sudden and exit complete or it may be a return to a lower level of relationship at which the companies can continue to do business together, but on different terms (McDonald, 2000).

2. 1.4. Key account Selection and it's Importance

McDonald and Rogers (1998) state that ey accounts are those customers in Business-to-business marketsidentified by selling companies as of strategic importance e.g. those accounts that help increase profits of the selling company.

Blythe (2005, p.96) is of the opinion that a key account is one which possesses some or all of the following characteristics:

• It accounts for a significant proportion of the firm's overall sales.

• There is co-operation between distribution channel members rather than conflict.

• The supplier works interdependently with the customer to lower costs and increase efficiency.

• Supply involves servicing aspects such as technical support as well as delivery of physical goods.

Campbell and Cunningham (1983) use the following criteria to determine strategically important customers:

- Sales volume;
- use of strategic resources;
- age of the relationship, the supplier's share of the customer's purchases; and
- Profitability of the customer to supplier.

Krapfel (1991) discuss a strategic approach to managing buyer seller relationships and suggest four customer-specific factors of relationship value, which in turn reflect customer attractiveness. The specific factors are:

- Criticality: the degree of technical or market substitutability of a good or service, and its contribution margin (critical outputs are more profitable, embody the seller's core technical and/or market competencies, and strategically position the seller in key markets.
- Quantity: buyers that consume more critical outputs are more highly valued.
- Replaceability: costs of losing the present partner and finding a new one.
- Slack: measures the buyer activities that reduce the seller's internal economic process costs.

McDonald (1996), identifies the following criteria for determining key accounts:

- Volume related;
- status related;
- Financial considerations.

The importance of selecting the right key customer relationships and prescribing how they can be developed over time underpins KAM research (Pardo, Salle and Spencer 1995). Pareto's principle of 80/20 is cited concerning the significance of few selected customers (Sheth and Parvatiyar, 2002) to the well-being of the company. According to this principle, approximately 20% of the customers represent 80% of current business and losing these customers would have dire effects. The selection of key customers is thus important to both short-term financial gain and to long-term developments.

To select the right key customers has become more important and strategic for both supplier and customer (Gosslin and Bauwen 2006). The developments on the customer side have been significant. Firstly, there has been a concentration of purchasing power into a centralized function. Secondly, purchasing has become a function of strategic importance to the customer company (Nordin and Agndal, 2009). Consequently, the benefits that are expected from investing in KAM include short-term financial objectives and long-term goals. KAM is also expected to contribute to the long-term strategic development of selected customer relationships and to the strategic direction of the company (Ryals 2006; Woodburn 2006).

2. 1.5. Challenges and Risks of Serving Key Account

Piercy and Lane (2006) have tackled just the issue of challenges and risks of serving key account management and recognize that the possible negative consequences of strategic account management (SAM) have been widely ignored also in practice by companies and their strategy advisors. They draw particular attention to the dangers of the new model of creating close collaborative supplier-buyer relationships instead of simply focusing resources on major accounts.

Firstly, Piercy and Lane (2006) bring up the possibility of investing too heavily on a small number of key customers. According to them, the 80/20 model predicts such high supplier dependence on these few customers that effectively the supplier is handing strategic power over to those key customers, whose business consequently becomes riskier and less attractive as a result if they choose to use their power to their own advantage to get concessions and price advantages, thus becoming less profitable than other less dominant customers. This could mean falling prices, commoditization of products and ultimately lower profits for the supplier. (Piercy and Lane, 2006).Storbacka (1999) and Al-Husan and Brennan (2009) also recognize that because of the strategic importance of key accounts they can often hold power advantage in the supplier-buyer relationship. According to Piercy and Lane (2006) the challenge for the supplier is to find a balance in holding close relationships with key customers, while also holding onto other customer groups, who can get more susceptible to competitors‟ actions if too much attention is diverted over to key accounts (Al-Husan and Brennan, 2009), as a way to reduce the dependency on a few customers.

The second issue raised by Piercy and Lane (2006) deals with recognizing where long-term profits really come from and especially with the risk of failing to differentiate between major accounts and strategic or key accounts. They advocate a closer analysis of the customer portfolio in order to avoid unproductive investments on unprofitable relationships and possibly failing to recognize future development possibilities of accounts in the middle market, where long-term profit may reside. The risk of neglecting customer prospecting, and thus not enhancing the customer base, is also noted by Al-Husan and Brennan (2009).

Thirdly, Piercy and Lane (2006) stress the need for suppliers to understand the rarity of relationship alignment in practice, and to understand the importance of matching seller and buyer relationship requirements. They warn of frustration that can arise when the supplier wants and

requires a closer relationship than the customer is willing to enter into, and of conflict arising from the customer wanting more than the supplier is willing to provide.

The fourth risk in SAM is somewhat related to misunderstanding the buyer's relationship requirements; misreading customer loyalty could have serious repercussions on the seller's business. Change in the customer's own business environment and strategy could mean need for changes to its supplier base, thus it is of great importance for the seller to accept that in practice strategic supplier relationships may be temporary and subject to change. Hence, the supplier should be cautious of tying its own success to the success of the customer's business in the customer's marketplace (Piercy and Lane, 2006). Spencer (1999) also warns of the difficulty in managing key account relationships due to the customer's complexity and its own strategy and motivations.

2. 1.5. Key Account Manager

Having the right person as the key account manager is of key importance here, as they will be the one to weave and manage the web of relationships that when effective, make key account relationships a success. Some of the qualities looked for in the high performing key account manager are being a good administrator, communicator, consultant, diplomat, leader, missionary, motivator, negotiator, ombudsman, organizer, problem solver, professional, relationship builder, strategist, trainer and visionary(Crispin Dean,2012). Key account managers have two basic functions in their mission to create value for the customer; (1) customer-related processes need to be coordinated internally in the organization, and (2) improve the fit between customer needs and the value offered by the organization (Nätti and Palo, 2012).

Millman (1996) studied the Key Account Manager's role in systems selling (selling comprehensive packages of products and services). Millman found seven requirements for the Key Account Manager: coordination, key account planning, external relationship management, internal relationship management, sales and profit responsibility, negotiation, and multi-cultural teamwork. As well as the different relationship stages' demanding different skills, different selling environments also demand different sets of skills.

2. 2. EMPERICAL LITRATURE REVIEW

2. 2. 1. Benefits of KAM

The benefits of a key account management program to the seller organization are both tangible and intangible. The tangible benefits include increased profit margins as well as market and customer share (Al-Husan and Brennan, 2009; Brehmer and Rehme, 2009). However, it should be noted here that according to Ivens and Pardo‟s (2008) empirical research results, key account management programs do not allow suppliers to realize price premiums, which is against common assumptions on the benefits of KAM.

Intangible benefits are more numerous. According to Al-Husan and Brennan (2009) organizations engaging in a KAM program can expect to enjoy closer relationships with its customers and development of trust, a view also adopted by Brehmer and Rehme (2009), who see improved communications and information sharing between the seller and the buyer as a result. Brehmer and Rehme (2009) also discuss the benefit of ensuring continued orders from the customer as an outcome of having only one person or team dealing with each customer, when this dedicated person/team has acquired specialized knowledge of the customer, thus making it easier for the supplier to solve customer problems. Brehmer and Rehme (2009) also found existing KAM literature to recognize reduction of conflicts and commitment to maintaining the relationship, as well as enhanced ability to manage sales process complexity as benefits of a successful KAM program. In addition to this, Al-Husan and Brennan (2009) add to the list of benefits enhanced purchase intentions and referral business on the customer’s part, as well as improved customer base stability, which could be seen as correlating with Ivens and Pardo‟s (2008) findings on KAM reducing internal uncertainty, that is, reducing the difficulty to predict customers‟ actions by enhancing their commitment to the relationship through KAM. Storbacka (1999) also brings up the point of referral business; when a strong relationship has been built with the customer, they are more likely to recommend the supplier to others, thus they operate as advocates of the supplier, which can consequently make the acquisition process more effective.

According to research performed by Cranfield University's Key Account Management Best Practices Club, there are four primary reasons for organizations to implement this practice (Bruce, 2006).Approximately 30 percent of the businesses surveyed cited hard, financial reasons as the primary reason for implementing key account management. Another 25 percent of the survey sample responded that their primary purpose for using key account management was to

improve relationships with their key customers.20 percent responded that they were using key account management as a way to gain a greater market share than the competition. Another 20 percent citing the belief that treating key accounts differently results in better internal processes and higher operational efficiency.

Management: Company should analyze the process, leadership and the people involved in serving key account customers, realize and implement necessary operation to satisfy the key account.

The dimension of "management" represents to Zupancic (2008) aspects such as processes, structures and coordination. On the operational KAM level this means analyzing the ways in which a particular account is dealt with and the leadership approaches used by the people involved in the key account relationship. It is also necessary on the operational level to define and realize the processes needed to serve the key account and to coordinate interfaces and resources within the supplier organization. (Zupancic, 2008).Ivens and Pardo (2008) found in their study that internal process coordination is important to a successful KAM program, and thus cooperation is needed from all functional departments in order to translate key customer problems to supplier solutions, a view shared by Storbacka (1999). This is in accordance with the need for cross-functional cooperation in the organization's overall CRM strategy. Zupancic (2008) names supporting KAM by corporate culture (also one of Brady"s (2004) recommendations) as one of the tasks of corporate KAM in the management dimension, in addition to advocating the acceptance of KAM-processes and structures throughout the entire organization, and defining the formal organization of KAM. Millman and Wilson (1996) as well as Ojasalo (2001) also recognize the possibility of adjusting the selling company's organizational structure in order to better meet the needs of key accounts. Al-Husan and Brennan (2009) on the other hand discuss the positioning of the key account management function within the organization, in particular the possibilities of it being a part of the sales department or standing alone as a separate function, as well as the possible number of levels of key account managers, how many managers there should be on each level and the number of accounts assigned to each key account manager.

Top management commitment to the key account relationship has been identified as being one of the most important drivers of success in developing key account relationships. The top management commitment helps ensure goal alignment within the supplier such that the supplier

applies the resources and the coordinated responses needed to support the key account manager. (Crispin Dean, 2012).

Top management involvement is defined as the extent to which senior management participates in KAM (Homburg 2002). Since a typical KAM program involves many functional units, the top management role should not be limited only to the overview of the KAM function but should also include initiatives that will help towards the further development of the relationship. Specifically, top management should allocate the necessary resources for the KAM function (money, time, personnel) and encourage cross-organizational responsiveness within the firm (Workman 2003). Moreover, top management can contribute in building close bonds with key accounts e.g. by meeting customer's people, even at the customer's premises. Such initiatives are highly appreciated by key accounts since they get the feeling that they are "embraced" by the whole organization and that they are important for the supplier. This leads to Increasing commitment to the relationship (Workman 2003; Napolitano, 1997) and, as a result, to effective KAM relationships (Zupancic, 2008).

Top management commitment involves the demonstration of top management's belief about the importance of KAM (Millman& Wilson, 1999). Given that KAM is a strategic issue for the supplier, top-management should initiate and overview its implementation (Millman& Wilson, 1999). Specifically, top management has the responsibility to initiate and monitor the implementation of programs tailored to the needs of specific key accounts (Millman& Wilson, 1999) and to affirm the importance of the KAM program as a major strategic orientation for the company (Pardo, 1999). Securing top management commitment is also important in order to avoid inter-department conflicts. Very often the KAM function tends to threaten the status quo of the organization (Millman& Wilson, 1999).

2. 2. 2. Conceptualized Determinants of Key Account Management

Competency of employees: Value the competencies that provide the right solutions to the key account customers. The right employee shall instill confidence and have a high capital of trust among the customers. Trust can be perished fast but take a large amount of time to restore. The right employee shall be available for the customers, give good answers, be competent and give good advice. The employee has to be willing to work independently and be responsible for customers. Being able to communicate is the foundation according to (Kvist, Louise, 2013).

Right knowledge among employees needs to be present when they enter the company or needs to be provided to employees after they are employed. (Kvist, Louise, 2013).

Various literature deals that, people are seen as a key success factor in KAM. In Zupancic‟s (2008) framework on the operational KAM level it is of importance to determine the competencies needed to best serve each key account and to nominate the people in the key account team, as well as analyze the individual needs of the people already involved in a particular relationship. Meanwhile, on the corporate KAM level it is crucial to acknowledge the pivotal role of outstanding staff in the success of KAM and continuously analyze their competencies, as well as provide the staff involved in KAM with training and development programs. It is also within the realm of corporate KAM to appoint key account managers from within the organization. (Zupancic, 2008).

In his empirical research, Brady (2004) found the KAM unit to hold an intermediation role between the supplier and the key account by developing relationships externally with the client and internally within the supplier organization. Furthermore, the client directors, i.e. key account managers, were given a crucial position in performing this task. Similarly, Nätti (2006) found the KAM system to function as a linking pin in a loosely coupled, or fragmented, organization facilitating customer-specific knowledge transfer. Here key account managers in particular were given the responsibility for accumulating and sharing customer-specific knowledge. The findings of Brady (2004) and Nätti (2006) highlight the importance of capable staff as a key success factor in KAM. Biong and Selnes (1996) suggest salespeople have a significant and substantial effect on relationship continuity.

Storbacka et al (1999) emphasize the need to choose the right people in the KAM program, and matching key account managers with the correct key accounts according to their competencies; clearly defining the roles and responsibilities of key account managers, appointing the right people for the job and creating development programs for key account managers are considered as critical success factors for KAM practice. From this it is expected positive relationship between people and KAM effectiveness and then draws the following hypothesis

H1: competency of employees has significant positive effect on KAM effectiveness.

Marketing Strategy: Serving the key account customers better is an important aspect of this dimension. Sales team and account managers of the company must be fully aware of its key accounts. Also they should know about other competitors who are serving the same key account.

Having identified and analyzed the key accounts by selling company, the next step is to select the suitable relationship strategies. It depends upon the power position of the selling company and the key account (Ojasalo, J. 2001). Only one strategy could not be feasible, so selling company has to adopt relationship strategies tailored to individual key accounts. Moreover, strategies should be developed keeping in mind the accounts that are less important today may become more attractive in future.

Zupancic (2008) sees the dimension of strategy to include the role of KAM within the overall corporate strategy as well as the selection of strategies for individual accounts. On the operational KAM level this means gathering and analyzing the information that the key account manager and/or team needs on the key account itself as well as on competitors who may possibly be serving the same account, and also realizing the selected strategy for each account. Ojasalo (2001) presents some examples of selecting suitable strategies for key accounts in terms of power positions between the seller and buyer, common interests and relationship objectives, pinpointing the possibility to choose another strategy if opportunities should change.

On the corporate KAM level Zupancic (2008) sees "strategy" to involve the integration of KAM strategy in the corporate strategy and top management support in this mission, a view also adopted by Millman and Wilson (1996) and Brady (2004). Spencer (1999) also highlights the importance of KAM in the overall corporate strategy and the need for the entire organization to acknowledge it. This can be seen to be in accordance with creating a customer-centric focus in the firm's overall customer relationship management strategy. Zupancic (2008) additionally assigns corporate KAM with the tasks of defining the selection criteria for key accounts and systematically using these criteria in finding the right customers for key account treatment. Millman and Wilson (1996) present strategy formulation/implementation as one of the KAM organizational competences to be developed.

Effective key account management requires the development of a suitable strategy, upliftment of the operational capabilities of the Supplier Company and performance of additional activities (Ojasalo, 2001; Workman et al., 2003).Key account management strategy, which is used to serve the high-potential, multi-location accounts with complex needs and demand for individual attention led by carefully established relationship, accounted a large portion of the supplier's sales and requiring a focused effort and dedicated resources (Napolitano, 1997; Bragg,1982; Shapiro and Wyman, 1981; Abratt and Kelly, 2002).

This practice shows that strategy has positive and significant relation with KAM effectiveness then we draw the following hypothesis;

H2: There is significant positive relationship between marketing strategy and KAM effectiveness.

Solutions: In this dimension company should analyze its products and services to the key account customers. Accordingly it should customize them to add value for its key account customers. Realizing and implementing innovations is another aspect of solution.

Solution refers to the fact that many companies require all-encompassing business solutions, from programs to support services to contracts and pricing, that can be implemented consistently throughout the organization including different international and national locations (Zupancic, 2008). Ojasalo (2001) refers to this idea of offering a bundle of product and service attributes and other benefits as system selling in which KAM plays an integral part. Ojasalo also states that sometimes it may not be clear to the key account customer what kind of a solution is best in the long-term, which can be the case if the problem is complex and requires special expertise which cannot be found within the buying organization itself. In this situation the selling organization may need to persuade the customer to accept the product/service offering that gives not short-term but long-term benefits.

For operational KAM "solution" means analyzing the customer's individual needs in terms of their own range of products and services and in terms of what the supplier is offering them currently, as well as realizing the customized business solution that will be offered to the key account, and determining the degree to which the supplier will work with the key account on innovation management Ojasalo (2001). Nätti, Halinen and Hanttu (2006) acknowledge the difficulty of matching customer needs with organizational competences and state it is the key issue in CRM and KAM, which can only be achieved through "intensive interaction" between the supplier and the customer and within the supplier organization. On the corporate KAM level, however, it has to be determined how much key accounts can influence the selling organization's product and service range. The development of innovations initiated by key accounts is to be integrated and these innovations transferred to the general product and service range on offer (Zupancic, 2008).

By implementing a key account management program, a supplier creates a new organizational solution which should better serve his customer's needs than beforehand. This implies higher

satisfaction of customers' needs and leads to higher levels of commitment (Wilson and Mummalaneni 1986).

Based on prior studies, it is expected that there is a Positive relationship between solution and KAM effectiveness and as a result the following hypothesis is drawn.

H3: There is significant positive relationship between solution and KAM effectiveness.

Organizational Culture: Culture is a process created through the interaction in a certain context (Lauring, 2011). It is of great importance to understand other cultures in order to manage the relationship in the most efficient and successful way (Batts 2012). Further, an organization must also emphasize its own culture in order to be able to communicate with others (Linke and Zerfass, 2011). National culture partly determines the way individuals think, reason and value (Eden, 2009), which is based on how individuals have been raised (Ibid). Organizational culture is the shared mental software of employees within an organization (Hofstede , 2010). As well as national culture determines the way employees work (Eden, 2009) likewise organizational culture determines how employees' work and how they relate to others compare to those in other organizations (Hofstede , 2010). This impact the way looking both national culture and organizational culture since they are created in a specific context with specific factors involved. Therefore, in some contexts culture might have a stronger impact or greater influence than in other context (Taras 2013).

Homberg (2002) suggest that KAM should be attuned to cultural issues within a customer so as to be able to adapt their management approach and value delivery to provide optimum synergy with that customer. This involves understanding the customer's corporate culture and how they do business (Wilson &Millman, 2003), being able to adapt to the many and varied levels at which the KAM must act within the customer (Weitz& Bradford 1999) and adapting their communication approach to suit these different audiences (Boles & Johnston, 1999; Homberg (2000). These behaviors are important in developing the customer's trust in the KAM to see them as a trusted customer advocate back into the supplier company (Millman, 1996; Piercy, 2010). Although similar behaviors may benefit sales personnel, they are less likely to act as a customer advocate or work as closely inside the customer organization as the KAM.

National and organizational culture is to a great extent influencing the way work is carried out in a company, and especially present during changes in the business, hence the importance of individual company knowledge when performing a business transformation (Cheverton, 2012).

As the bank or an organization understands the buyers organization culture it will be better to effectively practice KAM, thus the following hypothesis is drawn.

H4: organizational culture affects KAM effectiveness positively and significantly.

Communication Quality: Communication quality is the degree to which the appropriate content of the communication is received and understood by the other party in the relationship (Schultz and Evans (2002).communication is defined as the process of a sender sending an 'encoded' message to receivers whom 'decode' the message (Gripsrud, 2002). Further, communication is in business seen as the act between people within an organization for the purpose of carrying out business activities (Linke and Zerfass, 2011). Communication can be verbal, non-verbal or written (Gripsrud, 2002) and seen as multi-dimensional since factors such as intonation, gestures, facial expressions as well as grammatical structures and chosen words affect the outcome (Batts et al., 2012). In order to effectively communicate with another party from a different culture, nationally or organizationally, it is of importance that the other party 'decode' the message the way it was intended (Roosbloom and Larsen, 2003). Hence, due to the multi-dimensions of communication, there is an increased risk for misunderstandings if the message is 'decoded' in an unintended way (Batts et al., 2012).

Information sharing is defined as the extent to which the buying and selling organizations communicate important information about the future that may be useful to the relationship (Cannon and Homburg 2001). Similar to information communication, information sharing is viewed as a key component in an effective relationship by both buyers and sellers. Several authors have indicated that information sharing is critical to relationship development and effectiveness (Crosby, Evans, and Cowles 1990).

The lifeblood of a good relationship is communication between the KAM organization and the account. We have to communicate well and often with our best accounts to ensure that there are no surprises in either direction. Communication helped to cement the bond between Suppliers Company and the buyer (Schultz and Evans (2002).

Communication quality is a key element of all business relationships. Across studies and contexts, inter-firm communication is found to have mainly positive effects on the relationship, as communication mediates various important relationship outcomes (Duncan and Moriarty, 1998). Communication affects satisfaction, trust and loyalty (Cannon and Perreault, 1999). Communication also serves as a means of relational governance that increases affective

commitment toward the business relationship. It is generally thought that suppliers' investments in long-term relationships pay off in the form of increased value for the customer, which, in turn, strengthens customers' intentions to make future purchases from the same supplier (Hutchinson *et al*., 2011). Future purchases are only attained if the customer is convinced about the supplier's offering as the most valuable in the market. Despite the existing body of knowledge on inter-firm communication, less is known about the role of marketing communications in business relationships (Andersen, 2001).

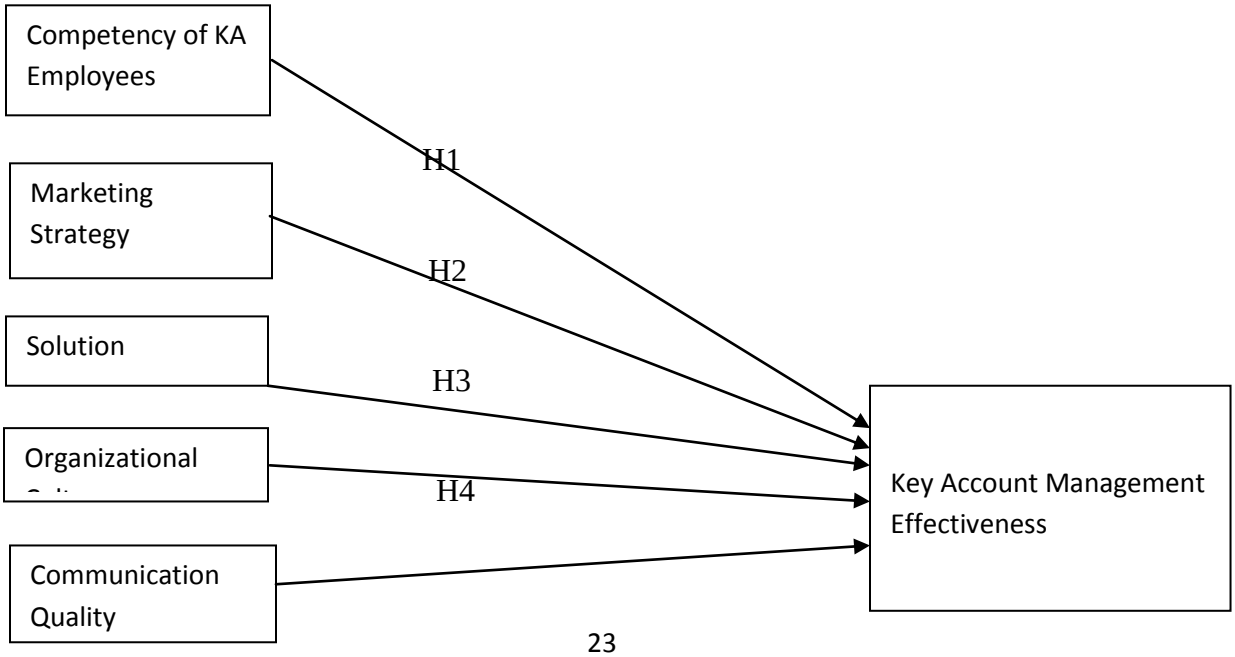
Following the previous research in this area, as communication quality increases, it is expected that relationship effectiveness will increase. This study considered there is a positive relationship between communication and KAM effectiveness and draws the following hypothesis.

H5: communication quality has positive and significant effect on KAM effectiveness.

2. 3. Conceptual Framework

Different empirical evidences suggested that effectiveness of KAM influenced by different factors. There are independent factors that affect i.e. competency of employees, marketing strategy, solution, organizational culture and communication quality claimed to affect KAM effectiveness (dependent variable).

The Conceptual framework of these variables is a guide to this research and shows how they determine KAM effectiveness in Bank of Abyssinia. Based on each factors influence on KAM effectiveness discussed above the following framework is developed by the researcher.



H5

Figure 2.1.Conceptual Framework Diagram

Source: Adopted from Zupanic, 2008, with slight modification

CHAPTER THEREE

3. RESEARCH METHODOLOGY

3.1. Description of the Study Area

Abyssinia bank is among the dominant private commercial banks in Ethiopia as well as it is among pioneers in KAM service delivery in the country banking industry. The bank provides key account management services at three branches and four district offices in Addis Ababa.

Authorized and paid up capital of Bank of Abyssinia(BOA) as of June 30, 2017 is Birr 4 billion and Birr 1.8 billion, respectively, a total deposit balance of Birr 20.7 Billion and a total loans and advances of Birr 14.11 billion, which in effect enhance the risk absorbing and the lending capacity of the Bank. BOA has more than 5,005 staffs and 859,000 account holders and works with known money transfer agents such as Western Union, Express Money, Ria International, Trans fast ,Dahabshiil, MoneyGram,kaah and Ezremit.

Bank of Abyssinia still strives to identify bankable area every year and serve valuable customers by expanding its branch networks throughout the country.

Key account management is not a common practice as a separate and planned activity in most organizations that found in Ethiopia but it is in Bank of Abyssinia. The researcher is interested in the area because of key account management is a new practice in Bank of Abyssinia and it is important strategy for organizations financial as well as nonfinancial performance, so it is important and interesting to undertake the study on it because as a new practice it needs amendment and modification in line with problems and environmental changes.

3. 2.Research Approach

As per Creswell (2003) there are three approaches that are used in conducting a given research. These are quantitative, qualitative and mixed research approach and each approach is described in the following section and for the purpose of this study mixed research approach was used.

3. 2.1. Quantitative research approaches

In quantitative research approach the data is collected on an instrument that measures attitudes, and information is analyzed using statistical Procedures (creswell, 2003).

Shaw (2006) sees quantitative techniques as an attempt to test a hypothesis by incorporating it into the research design and responding to it by measuring its strength and weaknesses that give numerical measurements to the data collected.

Firestone (1987) stated that quantitative data are those which can be sorted, classified, measured in a strictly objective ways. They are also capable of being accurately described by a set of rules or formulae which then make their definition (if not always their interpretation) unambiguous and independent of individual judgments. Quantitative researchers put their emphasis on procedures, methodologies and statistics. As a result, it relies on statistical techniques aided by computational algorithms and software packages for analysis the problem under study.

Quantitative research is one in which the investigator primarily uses positivist claims for developing knowledge and its strategies of inquiries are associated with experimental and survey research methods. Creswell (2009) mentioned that experimental research seeks to determine if a specific treatment influence an outcome. This impact is assessed by providing a specific treatment to one group and withholding it from another and then determining how both groups scored on an outcome. Therefore, pure experiment enables the researcher to manipulate an independent variable in order to see the effect on the dependent variable with the random assignment of subjects to treatment conditions while quasi experiments uses non randomized designs and it is a single subjects design Whereas, survey research provides quantitative or numeric description of research trends attitudes or opinions of a population by studying a sample of population. It includes cross-sectional (data will be collected in one point in time) and longitudinal studies (data will be collected through time with different interval) using questionnaires, structured interviews and documentary reviews for data collection, with the intent of generalizing from the sample to the population Creswell (2009).

The well planned and implemented quantitative research has the merit of being able to make generalizations, for a broader population, based on findings from the sample. To enhance the generalization of findings, quantitative research methods follow, at least theoretically, standardized procedures in sample selection, instrument design, implementation and analysis. This standardization in turn increases the duplicability of procedures and the reliability of findings and also can mitigate the impact of interviewer (if administered through direct interviews) and interviewee biases (minimizing subjectivity of judgment).

3. 2.2.Qualitative research approaches

Qualitative approach is centered on the interpretive social sciences paradigm. Qualitative methodology of investigation tends to be based on recognition of the importance of the subjective, experimental “life-world” of human beings Blanchi and Durrhein, (1999). Shaw

(2006) described that qualitative research seeks to come to terms with meaning rather than frequency because they discover or uncover issues in order to generate ideas and hypothesis. This paradigm therefore focuses on context and capture ways in which people interpret events, experiences and relationship.

Qualitative research uses data collection methods such as interviews, participant observation, open ended questioners, documentary and audiovisual materials studies and finally the findings are conveyed subjectively through descriptions using words rather than numbers. This means, in qualitative research the main emphasis is on description and inductive discovery of evolving theory that may arise after observation is carried out or data is collected.

Like that of quantitative research method, qualitative research approaches has its own strengths and weaknesses. The advantage of a qualitative research approach is that it provide a more realistic feel of the world that cannot be experienced in the numerical data and statistical analysis used in quantitative research. It is flexible ways to perform data collection, subsequent analysis and interpretation of collected information. Further, it provides a holistic view of the phenomena under investigation and the researcher have an ability to interact with the research subjects in their own language and on their own terms.

3. 2.3.Mixed methods research

Mixed approach is an approach to inquiry that combines or associates both qualitative and quantitative forms. It involves philosophical assumptions, the use of qualitative and quantitative approaches, and the mixing of both approaches in a study. Thus it is more than simply collecting and analyzing both kinds of data; it also involves the use of both approaches in tandem so that the overall strength of a study is greater than either qualitative or quantitative research and inadequacies of individual methods are reduced (Creswell & Plano Clark. 2007).

Mixed methods research includes collecting, analyzing and interpreting data using both quantitative and qualitative methods in a single study or series of studies in order to investigate a phenomenon or attempt to answer a research question.

In order to attain the objective of this study and answer the research questions, the researcher adopted mixed research approach. The rationale of using a mixed approach is to gather data that could not be obtained by adopting a single method (Creswell, 2003). Hence, the basis of such approach helps to neutralize the limitations of applying a single approach in connection with the qualitative and quantitative nature of the research questions. By mixing both quantitative and

qualitative research and data, the researcher gains breadth and depth of understanding and corroboration, while the strengths of one method can be used to overcome the weaknesses of another method. One of the most advantageous characteristics of conducting mixed method of research is the possibility of triangulation, i.e. the use of several means (methods and data source) to examine the same phenomenon. Mixed method of research also can be used to answer a broader range of research questions because the researcher can use more than one approach and it increases the generalizability of the results.

And also because of different nature of KA staffs (KA employees and KA managers) and KA customers of BOA it is difficult to incorporate both quantitatively at once in one study by taking them as one population, therefore, the researcher consider the two population(KA staffs and KA customers) differently and used mixed approach. The study collected quantitative data from KA customers of BOA and qualitative data from KA staffs of BOA.

3.3. Research Design

Burns and Grove (2003:195) define a research design as "a blueprint for conducting a study with maximum control over factors that may interfere with the validity of the findings". Parahoo (1997:142) describes a research design as "a plan that describes how, when and where data are to be collected and analyzed".

Research can be classified as descriptive, explanatory and exploratory depending on the specific purpose that the research tries to address. For the purposes of this research report, because of the nature of the study and reasons discussed below, both the explanatory and descriptive approaches were used. Demographic characteristics of the population were analyzed through descriptive method and also interview data where analyzed through descriptive method. Descriptive research sets out to describe and to interpret what is. It looks at individuals, groups, institutions, methods and materials in order to describe, compare, contrast, classify, analyze and interpret the entities and the events that constitute the various fields of inquiry. It aims to describe the state of affairs as it exists. Descriptive research helps the researcher to get deep information about the issue and factors and also it allows flexibility.

Explanatory research design was used to show the relationship between dependent and independent variables and to test hypothesis of the study. Explanatory research, aims at establishing the cause and effect relationship between variables. The researcher uses the facts or information already available to analyze and make a critical evaluation of the data/information.

Explanatory studies are studies that show relationships between dependent and independent variables in order to explain certain problems or events (Saunders, *et al.*, 2007).

3.4. Data Sources and Types

According to Kothari (2004), primary data are those which are collected a fresh and for the first time and thus happen to be original in character. Secondary data, on the other hand, are those which have already been collected by someone else and which have already been passed through the statistical process. In this study, based on the research objectives, primary source of data was used to collect the required data.

The primary sources of data for this research were gathered from key account customers of Abyssinia bank and key account players of the bank (KA employees and KA management staffs of Abyssinia bank) and key account customers of the bank. It includes staffs of the bank that are in managerial as well as non-managerial position and KA customers.

3.5. Data Collection Procedure

The researcher used primary sources of data in order to gather relevant information. The primary quantitative data was collected using questionnaires. The questionnaires is structured in close-ended type and responses to the questions is measured on a five Likert rating scale where: Strongly Agree (SA) = 5; Agree (A) = 4; Neutral (N) = 3, Disagree (D) = 2; and Strongly Disagree (SD) = 1. The questionnaires were distributed physically in person to the respondents and follow-up call was made to provide feedback, clarification and remainder.

The questionnaire has two parts first part focuses mainly about the personal profiles of sample respondents such as age, gender, education status etc. Whereas part two of the questionnaire deals with different determinants that affect KAM effectiveness. The questionnaire was prepared in English and Amharic language and it was researchers own developed questioners by referring several studies and articles questioners the researcher developed in a way to respond research questions.

Qualitative data was collected using interview questionnaire. Open ended questionnaires that are prepared in English language was asked purposely selected KA staffs from managerial as well as non managerial position (KA employees and KA managers). Self administered semi-structured interview were conducted with a total of 13 selected Staffs of Abyssinian bank from managerial and non managerial positions, interview was conducted on three managers, three assistant managers, three customer service officer (teller) and four district team leaders.

The major purpose of this interview was to corroborate certain facts that the investigator already thinks have been established (Yin, 1989). Therefore, the semi-structured interviews were conducted to enhance and supplement the results of questionnaires.

Stating another merit of the semi structured interviews, Hancock (2002: 13) says that they involve a series of open ended questions based on the topic areas the researcher wants to cover. The open ended nature of the question defines the topic under investigation but provides opportunities for both interviewer and interviewee to discuss some topics in more detail. "If the interviewee has difficulty answering a question or provides only a brief response, the interviewer can use cues or prompts to encourage the interviewee to consider the question further. In a semi structured interview the interviewer also has the freedom to probe the interviewee to elaborate on the original response or to follow a line of inquiry introduced by the interviewee".

3.6. Population and Sample

Sampling is the statistical process of selecting a subset (called a "sample") of a population of interest for purposes of making observations and statistical inferences about that population (Bhattacherjee, 2012).

There are two available types of sampling i.e. probability and non-probability sampling (convenience and purposive sampling). Probability sampling is a technique in which every unit in the population has a chance (non-zero probability) of being selected in the sample, and the chance can be accurately determined, yet in non-probability sampling some units of the population have zero chance of selection or where the probability of selection cannot be accurately determined (Bhattacherjee, 2012).

Convenience sampling (also known as Haphazard Sampling or Accidental Sampling) is a type of non-probability or nonrandom sampling where members of the target population that meet certain practical criteria, such as easy accessibility, geographical proximity, availability at a given time, or the willingness to participate are included for the purpose of the study . It is also referred to the researching subjects of the population that are easily accessible to the researcher. Convenience sampling technique is applicable to both qualitative and quantitative studies, although it is most frequently used in quantitative studies (IlkerEtikan etal,2016).In convenience sampling there is a possibility of bias and some group may be over or under represented. Convenience sampling is a method of collecting data samples from people or respondents who are easily accessible to the researcher. However, the pros and cons of convenience sampling

presented here can't be denied that although it has some advantages, it also have disadvantages. Perhaps it depends on the type of research being conducted. If a research only covers a small part of the population, this method can be used accordingly.

Purposive sampling technique, also called judgment sampling, is the deliberate choice of a participant due to the qualities the participant possesses. It is a nonrandom technique that does not need underlying theories or a set number of participants. Simply put, the researcher decides what needs to be known and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience. It is typically used in qualitative research to identify and select the information-rich cases for the most proper utilization of available resources (IlkerEtikan etal,2016).purposive sampling also have limitations like vulnerability to errors in judgment by researcher, low level of reliability and high levels of bias and inability to generalize research findings to the total population.

Based on our population characteristics the study used non probability sampling i.e. convenience for quantitative data collection and purposive sampling for qualitative data that will be collected using interview. For this study the reason to use convenience sampling to collect quantitative data was due to the characteristics of target population (KA customers) of Abyssinia Bank that it is impossible to get all the population at once and customers come to branches of the bank individually and by considering the willingness of respondents, their availability, and easy of access

Qualitative data was also collected by employing purposive sampling method because it needs knowledge and experience in the area. The researcher conducted interview by considering interviewee position, knowledge in the area as well as their willingness to respond.

The target population of this study was all key account customers and key account management staff of Abyssinia bank (KA employees and KA Managers). According to the annual report of Abyssinia Bank as of January 31, 2018, the total KA staffs (KA employees and KA Managers) who serve key account customers in Addis Ababa are 63 and total number of KA customers are 1634.Abyssinia banks have three branches dedicated for key account customers and also KAM service is coordinated at four district offices. This study was conducted by taking these three KA branches and district offices.

The sample size of the study is calculated as follows using Yamane's formula for sample size determination

n=N/1+N*(e)2

where

n=sample size

N=population of the study(KA customers of BOA)= 1634

E=acceptable sampling error,at 95% confidence level,e=0.05

n=1634/1+1634*(0.05)2

n=321

3.7. Ethical Considerations

To maintain the broadly agreed-upon norms of ethical research, the following issues are carefully considered:

- The purpose of the research was clearly communicated to the participants and the stations on who is conducting the study, for what purpose, what outcomes are expected, and who will benefit from the results.
- The researcher is going to treat any information collected from any individual in confidentially without disclosing the respondent‘s identity.
- All information obtained in the process of the research maintained confidentially and the data was solely used for research purposes

3.8. Data Analysis

As discussed in above, the research is designed to follow a mixed Method. Hence, both qualitative and quantitative analyses were used. Data that were collected using survey questionnaire were analyzed using both descriptive and linear regression analysis with the help of a Statistical Package for the Social Sciences (SPSS version 20) software. Whereas data collected through semi-structured self administered interview with key informant staffs of BOA is interpreted qualitatively. Correlation analysis was used to explore the association of independent variables (marketing strategy, solution, employees of the organization, communication quality and organizational culture) with the dependent variable (KAM effectiveness).Multiple linear regressions were used to analyze the impact of each factor on KAM effectiveness. With this, our hypotheses were tested.

Based on the determinants of the study expressed on chapter two; mathematically the relationship between KAM effectiveness and determinants is expressed in the multiple regression equation as:

KAME = β 0 + β 1 (COEMPL) + β 2 (MSTRA) + β 3 (SOLU) + β 4 (OCUL) + β 5 (COMQ)

Where:

KAME = Key Account Management Effectiveness

COMEMPL= Competency of KA Employees.

MSTRA = Marketing Strategy

SOLU =Solution.

OCUL = Organizational Culture.

COMQ = Communication Quality

β0= constant parameter.

β1= Coefficient of Performance Competency of Employees.

β2= Coefficient of Supervisor Marketing Strategy.

β3 = Coefficient of solution.

β4 = Coefficient of Organizational Culture.

β5 = Coefficient of Communication Quality

In accordance with the above mathematical model the constructed hypothesis were tested by considering significance level of each constant parameter in multiple regression analysis.

3.9. Validity and Reliability Test

3.9.1 Validity

Validity of the data collection instrument was tested by asking staffs and customers of Abyssinia bank by taking a sample respondents to review the proposed questionnaire and decide whether the items in the questionnaire measures what they were supposed to measure and responses and comments are used to improve the questionnaire.

Validity of a method is given when a logical link is established between the questions and objectives. To reduce subjectivity, the questionnaire is revised many times. Moreover, the sample participants were asked to give comments and opinion on statements used in the questionnaire in terms of clarity and completeness. After carrying out the pilot survey, revisions were made to questions that are not clear to remove all ambiguities. This is necessary to increase the validities of the questionnaires before embarking it on the full-scale survey.

3.9.2. Reliability

Reliability is the consistency of responses, the degree to which an instrument measures in the same way each time under the same conditions. Reliability is used to ensure internal consistency and to achieve high degree of homogeneity between questionnaire statements and Lack of reliability is a serious drawback of an outcome measure as it indicates errors in measurements (Polit and Hunger, 1985). Likert scale questionnaires use Cronbach alpha (α) method for internal consistency reliability test as Alhamdaniet. al. (2006) argued.

CHAPTER FOUR

4. RESULTS AND DISCUSSION

4.1. Introduction

This chapter attempted to present, analyze and interpret the data collected and relate them to the theory discussed in the second chapter of the study. At the same time, the data is analyzed in association with the research questions raised in Chapter One.

The data, as has been discussed in the preceding chapter, were gathered from primary source through semi structured in-depth individual interviews from employees of BOA and questionnaires filled out by KA customers of BOA. A total of 321 questionnaires distributed and among these 298 respondents filled the questionnaire properly, which represent 93% response rate, therefore data analysis is done on 298 samples. The response rate was high because for the majority of respondent the researcher used self-administered method.

4. 2. Reliability Test

Reliability analysis was computed to test whether the scale used in the study is internally consistent and consistently measures. for this study to test reliability of the dataCronbach's Alpha reliability test is employed ,according to the standard set by George and Mallery (2003), the acceptable limit of alpha coefficient should be >0.70, so as to accept the instrument. The closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale.

Table4. 1 reliability test table

Variables	**No. of Items**	**Cronbach's Alpha**
Competency of KA Employees	**6**	0.891
Solution	**5**	0.810
Marketing strategy	**8**	0.809
Communication quality	**5**	0.732
Organizational culture	**5**	0.776
Key account management effectiveness	**5**	0.79
Overall reliability	34	0.908

Source: Own Survey ,*2018*

As indicated in the Table above, the Cronbach Alpha for each individual variable is between 0.89 and 0.73, which is very high and showing a very strong internal consistency among the measurement items and also the overall reliability is 0.908 and is very high and that Signifies greater internal consistency of the instrument.

4. 3.Demographic Characteristics of the Respondent

Table 4. 2: Frequency and percentages of Respondents Demographic Characteristics

Demographic variables	Classification	Frequency n=298	Percentage (%)
1.Gender	Male	217	72.8
	Female	91	27. 2
2.Educational level	Maters	11	3.7
	Degree	129	43.3
	Diploma	88	29.5
	≤12	70	23.5
3.Experience as a customer(length of relationship)	<1 year	30	10.1
	1-5 years	52	17.4
	5-10 years	123	41.3
	10-15 years	93	31.2

Source: Own Survey,*2018* n=298

As we see from table 4.1 above,217(72.8%) of the respondents were male and the remaining 91(27.2%) of them were female. Regarding educational qualification of the respondents 129(43.3%) were first degree holders, 88(29.5%) of respondents were diploma holders, 70(23.5%) respondents were educated customers of up to 12 and below and lastly 11(3.7%) of respondents were MA/MSC degree holders. This indicates that majority of respondents were degree and diploma holders and this level of education is helps to read and understand the idea of questionnaire and to fill it properly.

The last demographic variable is customers experience in relationship with BOA. Table 4.1 indicates that the majority respondents,123(41.3%) of respondents have been customers of BOA for the year between 5-10 years. similarly 93(31.2%), 52(17.4%) and 30(10.1%) are customers of the banks that aged as a customer from10-15 years, 1-5 years and<1 year respectively. This indicates that majority of respondents have relation with BOA for more than five years, this

gives them to know issues and problems in the bank related to this study and it helps them to respond questionnaires by understanding and properly.

4.4. Results analysis and Discussion

4.4.1. Correlation analysis between dependent and independent variables

To determine the existence and level of association, the researcher used bivariate correlation from which Pearsons correlation coefficient is considered. Pearsons correlation coefficient falls between -1.0 and +1.0, indicates the strength and direction of association between the two variables(Field, 2005). The Pearson´s correlation coefficient (r) was used to conduct the correlation analysis to find the level and direction of the relationships between the dependent and independent variables. It was also used to rank the variables that have the strongest associations with KAM effectiveness. Correlations of 0.30 are regarded to mention worthy (Cohen, 1988). Highcorrelation coefficients illustrate higher level of association between the variables i.e. dependent and independent.According to Cohen (1988), the value of Pearson's correlation is divided into three areas. A correlation coefficient between 0.10 and 0.29 will indicate a small correlation, a correlation coefficient between 0.30 and 0.49 will indicate a medium correlation, and a correlation coefficient between 0.50 and 1.0 will indicate a strong correlation.

The bivariate correlation of a two-tailed test confirm the presence of statistically significant difference at probability level $p<0.05$ i.e. assuming 95% confidence interval on statistical analysis.

The Pearson correlation Analysis shown in the table 4. 3 below all independent variables (competency of employees, marketing strategy, solution, organizational culture and communication quality) were significantly (statistically) and positively correlated with KAM effectiveness.

Table 4. 3:*Correlations between dependent and independent variables*

no	Items	Determinants of KAM effectiveness		
		Degree of the correlation with KAM effectiveness	**Level of significance**	**Significance**
1	Competency of KA employees	0.439**	0.000	Significant
2	Marketing strategy	0.828**	0.000	Significant
3	Solution	0.771**	0.000	Significant
4	Organizational culture	0.658**	0.000	Significant
5	Communication quality	0.761**	0.000	Significant

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

Source: Own Survey, 2018 n=298

Accordingly, the correlation matrix shows that marketing strategy has significant positive and highest correlation with overall KAM effectiveness (r=.828,p=0.01).the other three dimensions also has positive and strong correlation with overall KAM effectiveness i.e. solution (r=.771, p<0.01) communication quality (r=.761, p<0.01), organizational culture (r=.658, p<0.01) and lastly competency of employees has medium level of correlation with the value of (r=.439, p<0.01).This indicates that all independent variables have positive and significant correlation with KAM effectiveness.

4.4.2. Assumptions Testing in Multiple Regression

The basic assumptions should be satisfied in order to maintain data validity and robustness of the regressed result of the research under the multiple regression models. Hence, this study has conducted the assumption tests such as, multi-collinearity, normality and linearity.

Multicollinearity *Test:* *t*o have good results, the independent variables should not be highly correlated with each other. In multiple regression analysis, collinearity refers to the correlation among the independent variables (Pallant, 2007).

Therefore, to make sure that there is low collinearity, the values of Tolerance and VIF (Variance Inflation Factor) should be checked. According to Pallant (2007), tolerance indicates to what extent the independent variables do not explain much of the variability of a specified

independent variable and the value should not be small (more than 0.10) to indicate the absence of collinearity. In addition to that, VIF, the inverse of tolerance value, should have a value of less than 10 to avoid any concerns of collinearity (Pallant, 2007).

Hence, the values in the Table 4.4 below indicate low collinearity because all Tolerance values are above 0.1 and all VIF values are less than 10. Therefore, these tests reflect that the variables used in the study are free from multicollinearity.

Table 4.4: *multicollinearity Test table*

Model	Unstandardized Coefficients	Collinearity Statistics	
	B	Tolerance	VIF
(Constant)	.027		
1. Competency of KA employees	.108	.827	1.209
2.marketing strategy	.371	.174	5.761
3.solution	.262	.357	2.803
4.organizational culture	.120	.496	2.016
5.communication quality	.143	.259	3.867

Source: Own Survey, 2018 n=298

Normal distribution/normality test: Normal distribution is one of the most important assumed statistical procedures. A standard normal distribution is one with a mean of zero and a standard deviation of one (Garson, 2012).a common test for normality is to run description statistics to get skewness and kurtosis.skiwness should be within -2 and +2 range if the data is normally distributed.kurtosis is the peakness or flatness of distributionand the distribution shall commonly fall between -2 and +2 ,although a few other authors like (Garson, 2012) ,are more lenient and allow kurtosis to fall within -3 and +3.

Following the above justification, the normality test was done for five variables on SPSS, which resulted in all the variables skewness fall within -2 and +2 range and all the variables kurtosis fall within -3 and +3 range.Therefore the data used for the study is normally distributed.

Table 4.5:Skeness and kurtosis for normality of the data

	N	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Competency of KA employees	298	4.2998	.31485	-.458	.141	.115	.281
Marketing strategy	298	4.2903	.34060	-.867	.141	.595	.281
Solution	298	4.2926	.33637	-1.075	.141	.886	.281
Organizational culture	298	4.3141	.32266	-1.092	.141	.823	.281
Communication quality	298	4.3456	.33934	-.996	.141	.911	.281
KAM effectiveness	298	4.3477	.33667	-1.236	.141	1.596	.281
Valid N (listwise)	298						

Source: ***Own Survey , 2018 n***=298

Linearity test: linearity of the relationship between dependent and independent variables represents the degree to which the change in dependent variable is associated with with independent variable (Hair,Anderson and Taham, 1996) .As shown in appendices the test result in the appendices there is no linearity problems between dependent and independent variables.

4.4. 3. Regression Analysis

A linear regression analyses were done by putting competency of employees, marketing strategy, solution, organizational culture and communication quality as independent variable and makingkey account management effectiveness as a dependent variable. The goal of this analysis is to know the level to which KAM effectiveness is affected by independent variables by considering R square value, beta coefficient and P-value for the significant of the relation.

Table 4.6:*Multiple Regression analysis result*

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	.862[a]	.743	.738	.17228	.743	168.434	5	292	.000

a. Predictors: (Constant), competency of KA employees, marketing strategy, solution, organizational culture, communication quality.

b. Dependent variable, KAM effectiveness

***Source: Own Survey (August, 2018) n*=298**

The results of regression analysis presented in Table 4.6 above, indicate positive and significant relationship between KAM effectiveness and independent variables(sig.F change=.000). This means the predictive variables (independent variables) such as competency of employees, marketing strategy of the organization, solution, organizational culture and communication quality determine the dependent variable i.e. KAM effectiveness.

R-square is measured the goodness of fit of the explanatory variables in explaining the variations in dependent variable. The adjusted R-Square (*R2*= 0. 738) shows the explanatory power of all independent variables involved in the study. Hence competency of employees, marketing strategy of the organization, solution, organizational culture and communication quality jointly determine (explain) 73.8% of the variance in KAM effectiveness. Whereas, 26.2% of KAM effectiveness were determined by the variables which were not included in the study.

Table 4.7: Regression-ANOVA Table

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	24.997	5	4.999	168.434	.000[b]
	Residual	8.667	292	.030		
	Total	33.663	297			

a. Dependent Variable: KAM effectiveness

c. Predictors: (Constant), competency KA of employees, marketing strategy,solution,organizational culture,communication quality

***Source: Own Survey (August, 2018) n*=298**

Table 4.7, the ANOVA test, it is noticed that F value of 168.434 is significant at 1%. Therefore, from the result, it can be concluded that with 74.3% of the variance (R-Square) in KAM effectiveness is significant and the model is appropriately measure it.

4.4.4. Regression Coefficient Analysis of the Model and hypothesis testing

Table 4.8: Regression Coefficient Analysis of the Model

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.027	.173		.154	.877
Competency of KA employees	.108	.035	.101	3.091	.002
Marketing strategy	.371	.070	.376	5.271	.000
Solution	.262	.050	.262	5.273	.000
Organizational culture	.120	.044	.115	2.726	.007
Communication quality	.143	.058	.144	2.463	.014

a. Dependent Variable: key account management effectiveness

b. Source :own survey

The values of the unstandardized Beta Coefficients (β) indicate the effects of each independent variable on dependent variable. Furthermore, the values of the unstandardized Beta Coefficients in the Beta column of the Table 4.8 above, indicate which independent variable makes the strongest contribution to explain the dependent variable (KAM effectiveness), when the variance explained by all other independent variables in the model is controlled.

The regression analysis shows that all independent variable have significant positive effect on dependent variable. The study's hypothesis testing was made based on β and P values. Hence using those coefficient results, the proposed hypotheses for this study were tested as follows.

H1: competency of KA employees has significant and positive effect on KAM effectiveness.

To test the hypothesis multiple regression was run on SPSS which gives the overall fitness of the model which was presented in the previous paragraphs and the significance of each independent variable in affecting the dependent variable.

The results of multiple regressions, as presented in Table 4.8. above, revealed that competency of KA employees had a significant and positive effect on KAM effectiveness (β = 0. 108, t = 2.114& p=002).if our predictor variable(competency of KA employees) increase by one unit KAM effectiveness will be improved by10.8% .among independent variables included in this study competency of employees has lower but significant effect on KAM effectiveness. Thus, the proposed hypothesis is accepted.

H2: marketing strategy has positive and significant effect on KAM effectiveness

Based on a multiple regression table 4.8 above, marketing strategy has significant and positive effect on KAM effectiveness with (β = 0. 371, t = 5.271, p <0.01). In this case the beta coefficient describe that, keeping the other variables constant a one unit improvement in the marketing strategy of the organization, will results an improvement of KAM effectiveness by 26.2%.among determinants of KAM included in this study effectiveness marketing strategy has highest effect on KAM effectiveness (37.1%).Therefore the proposed hypothesis, solution has significant and positive effect on KAM is accepted.

The above result related to marketing strategy is consistent with the previous findings of Millman and Wilson (1996),Ojasalo (2001), Workman et al., (2003) that they present strategy formulation/implementation as one of the KAM organizational competences to be developed properly and also they showed that effective key account management requires the development of a suitable strategy, upliftment of the operational capabilities of the Supplier Company and performance of additional activities.

H3: solution has significant and positive effect on KAM effectiveness

Based on a multiple regression table above, solution shows significant and positive effect on KAM effectiveness with (β = 0. 262, *t* = 5.273, *p* <0.01). In this case the beta coefficient describe that keeping the other variables constant a one unit improvement in the marketing strategy of the organization, will results an improvement of KAM effectiveness by 26.2%. Among five independent variable solution has the second higher significant effect on KAM effectiveness. Therefore the proposed hypothesis, solution has significant and positive effect on KAM is accepted.

H4: Organizational culture has significant and positive effect ok KAM effectiveness

The results of multiple regressions, as presented in Table 4.8 above, revealed that organizational culture had a significant effect on KAM effectiveness with values (β = 0. 120, *t* = 2.726, *p* <0.01). Thus, proposed hypothesis is accepted. In this case the beta coefficient describe that keeping the other variables constant , in this model a one unit increase in the organizational culture leads an improvement KAM effectiveness by 12.0%.

H5: communication quality has significant and positive effect on KAM effectiveness

The results of multiple regressions, as presented in Table 4.8 above, shows that that communication quality had a significant effect on KAM effectiveness with values (β = 0.143, *t* = 2.463, *p* <0.05). Thus, proposed hypothesis is accepted. In this case the beta coefficient describe that keeping the other variables constant , in this model a one unit change in the communication quality value will result 14.3% change in KAM effectiveness positively. Among five independent variables included in this study communication quality has medium and significant effect on KAM effectiveness. Therefore the proposed hypothesis that communication quality has significant and positive effect on KAM effectiveness is accepted.

4.4.4. Summary of Hypothesis Test

The following table shows hypothesis of the study and its outcome.

Table 4.9: Summary of findings and hypothesis testing

	Statements	Result	Reason
H1	Competency of KA employees has significant and positive effect on KAM effectiveness.	Supported	β=.108 , P<0.05
H2	Marketing strategy has significant and positive effect on KAM effectiveness.	Supported	β=.371, P<0.05
H3	Solution has significant and positive effect on KAM effectiveness.	Supported	β=.262 , P<0.05
H4	Organizational culture has significant and positive effect on KAM effectiveness.	Supported	β=.120, P<0.05
H5	Communication quality significant and positively affects KAM effectiveness	Supported	β=.143, P<0.05

Source: own survey n=298

4.4.5. Interview Analysis

To gather more information and to incorporate KA staffs view about determinants of KAM effectiveness at BOA, interview questions were forwarded to KA staffs (KA employees and KA managers) of the Abyssinia Bank. Accordingly the interviewee's responses to the questions were depicted briefly as follows in line with each variable one by one.

A. competency of KA employees

Employees are valuable resources of the organization that has no replacement. An interviewee result showed that competency of KA employees of the organizations affects relationship with key accounts in a way that, employees are ambassadors of the bank and they make contact with KA customers in their day today service delivery. Employee's awareness and knowledge about products and customers character affects KAM effective implementation either positively or negatively based on their knowhow. So it is important to allot the right employee on the right place with the right quality. The right employee shall instill confidence and have a high capital of

trust among the customers. Trust can be lost shortly but it takes a large amount of time to restore. If the right employee shall be available for the customers, the give good answers, be competent and provides good advice. KA employee has to be willing to work independently and be responsible for customers for the success of KAM implementation. Therefore in order to improve competency of employees the bank (BOA) arrange trainings that support employees to improve their competency related to their jobs and KA customers.

According to interviewee, management also has vital role for effective implementation of KAM. In operational activity management has a great support in contact with banks top management and solving key account problems and questions as well as supplying of necessary resources for service delivery. Management should also take a role to initiate staffs of the bank in effective implementation of KAM.

Generally the more an employee is knowledgeable and skilled the more sophisticated and efficient way he can perform his task. Therefore organization as well as employees must do towards the development of competency.

B. Marketing strategy

As per the interviewed persons, strategy is very necessary when you implement KAM. Properly articulated marketing strategy of the organization is a key factor that affects KAM effective implementation. Company needs to put special attention on organizing activities and maintaining coordination's across the organizations. In addition to organization (BOA's) interest and needs strategy should encompass key account customer need and interests, should also consider competitors marketing strategy in relation to key accounts. Activities are comprised of product related where companies adapt new product or develops new product, service related (e.g., training, advice, troubleshooting, guarantees), price related (e.g., special pricing terms, pricing policy, financing), supply chain activities (e.g., inventory management, transportation, order proc) and promotional activities like joint advertising and promotion programs to final customers should be coordinated.

Customer relations are always targeted for long-term relationships. In addition to keeping up the customer relationship, account managers are constantly seeking new business with the customers. Old business is now saturated and demand of new products and services attracts customers globally. Competitors may also follow similar strategy in KAM implementation, so it is important to asses internal as well as external business environment in order to check and

amend if necessary to change marketing strategy of the organization. Unless without best articulated marketing strategy the success of KAM effectiveness would be ineffective.

C. Solution

The key account management approach is based on developing long term relationships with key accounts through better services and providing customer specific solutions. Solution includes service and products provided by the BOA and special treatment provided for KA customers. Solutions are what key account customers need and the reason behind the implementation of KAM strategy and it is also the reason of relationship for most customers.

An interview script received from all respondents showed that solution highly affects KAM effectiveness, if KA customers are not treated well and in best way it will creates dissatisfaction on KA customers and this may bring problem on relationship continuity creates a chance for customers to switch their supplier. So our products and service that could be provided to KA customers should be revised and improved continually to fulfill their needs and we should provide in an innovative way. Products and services should also be personalized for KA customers according to their interest, if necessary.

By gaining better understanding of the client organization's culture, competitors offer, current and future plans, needs and issues, BOA should be able to integrate that management information and shape their offering to better match the client's needs.

D. Organizational culture

Culture has to be taken into consideration when managing changes and that culture is a determining factor for the success of the change. Knowing clients/KA organizational culture is important to provide services/products based on their needs without violating their organizational culture and values. As customers come from different organizational environment it is important to know and identify their organizational culture and try to adapt our organizational culture to our key accounts unless problem may encounter with KA customers comes from different cultural backgrounds. Culture also influences the way of our communication. When we implement KAM program we should be cautious not to violet KA customers organizational as well as national cultures. When the bank accept and respects cultures and values of KA customers it can be taken by customers as the value and place the bank gives for them(KA customers). BOA organizational culture, how employees work, how BOA creates relationship with KA customer also affects its KAM effective implementation. Values and attitudes of others

should be respected during each and every relationship with KA customers unless implementations of KAM program may not be successful.

E. Communication Quality

Interview result reveled that, proper and quality communication influences KAM practice in a way that, quality communication should convince KA customers to use offers and to continue and improve relationship with BOA. The bank should promise what it provides for KA customers through communication, if the promised product/services are not delivered or if there is misinformation about BOA offers, services, as well as lack of proper response and explanation for customers it leads problem in relationship and creates dissatisfaction on KA customers, this negatively affects relationship and KAM effectiveness. Therefore the bank should be cautious on issues related to communication

The type of communication media selection in relation to KA customers also has its own effect on KAM effectiveness and on long term relationship development, it is important to properly identify the type of communication media that is easily accessible, simple and suitable for it's KA customers. The manner and way of staffs of the bank communicate with KA customers also has effect on relationship development and effective implementation of KAM.

4.4.6. Result Discussion

This research is concerned in determinants of Key account management effectiveness in the case of Abyssinia Bank. The objective of the study was to identify major determinants of KAM effectiveness and to determine the relationship between these determinants with KAM effectiveness and their effect on it.

Demographic factors such as gender, level of education, and length of customers relationship with BOA have been taken into account to learn the general characteristics of the respondents. The research took 72.8% male and 27.2% female respondents. In terms of the level of education, 43.3% of the respondents are Bachelors" Degree holders while the 29.5% got Diplomas and 23.5% of respondents were respondents with education level 12 grade and below. The respondents with Masters Degree accounted for the rest 3.7%. When we looking at the length of customers' relationship the bank, 41.3% of them have a relationship that aged 5-10 years, 31.2% of respondent stayed for the year ranges from 10 to 15 years. The relationships that stayed for <1 year and for years between 1 and 5 years accounted for 10.1% and 17.4% of the customers respectively. Demographic variables showed that more than 50% of the respondents were degree

and diploma holder ,so this helps them to understand and respond questionnaires properly. When we come to length of relationship more than 70% of respondents were respondents that have relationship duration of more than 5 years, this helps them to understand BOA's environments and issues related to this study.

Based on the results of Pearson correlation test, competency of employees is positively correlated with KAM effectiveness (r = 0.439). This means skilled and competent employee have important role in developing trust and relationship with KA customers. KA employees who have knowledge related to the banks offer, customer's interest and needs could satisfy KA customers of the bank and could contribute for the success of KAM practice.

The regression analysis of competency of employees showed that 10.8% of the variance R square in KAM effectiveness has been significantly explained by competency of employees. Zupancic, 2008, also states that it is crucial to acknowledge the pivotal role of outstanding staff in the success of KAM and continuously analyze their competencies, as well as provide the staff involved in KAM with training and development programs. The findings of Other researchers also highlight the importance of capable staff as a key success factor in KAM and suggest salespeople have a significant and substantial effect on relationship continuity(Biong and Selnes (1996), Brady (2004) and Nätti (2006).Therefore this indicates that this study result is consistent with findings of former researchers.

Similarly, an interviews result shows that competency of KA employee's of the organization affects relationship with key accounts in a way that, employees contact customers in their day today service delivery and mostly each and every relationship and service delivery is done through employees of the organization. Employee's competency about products and customers character affects KAM effective implementation either positively or negatively based on their knowhow. So it is important to allot the right employee on the right place with the right quality.

Marketing strategy is also another factor that affects KAM effectiveness. Correlation test result showed that marketing strategy is positively and highly correlated with KAM effectiveness. The correlation coefficient between marketing strategy and KAM effectiveness is the highest of all correlation results of KAM effectiveness determinants which is 0.828. This shows that marketing strategy is major determinant of KAM effectiveness.

The regression analysis result for marketing strategy and KAM effectiveness is 37.1% of the variance R square in KAM effectiveness has been significantly explained by marketing strategy.

It is the highest of all the independent variables in explaining KAM effectiveness. Former researchers, Millman and Wilson (1996), Ojasalo (2001); Workman et al. (2003),Zupanic (2003) Presents strategy formulation/implementation as one of the KAM organizational competences to be developed. Effective key account management requires the development of a suitable strategy that takes in to account KA customers' power, potential as well as interest. Therefore the result of this research, regarding, marketing strategy is similar to the above findings that marketing strategy has the power to influence KAM effectiveness.

Moreover, interview result were also supports the above result that, properly articulated marketing strategy of the organization is a key factor affects KAM effective implementation. Unless without best articulated marketing strategy the success of KAM effectiveness would be ineffective.

The other factor that is included in the dimensions of KAM effectiveness is solution. It was found to have positive and higher relationship with KAM effectiveness. The correlation coefficient between these variables is 77.1% .solution includes products as well as services that satisfy KA customers need and wants and customers need to be treated and served in innovative way, so it is important to serve customers according to their interest by taking suppliers potential into account.

With regard to the regression analysis of solution, 26.2% of the variance R square in KAM effectiveness is significantly explained by solution. Our study result is consistent with the previous findings of, Ojasalo (2001),Wilson and Mummalaneni(1986), their study shows that by implementing a key account management program, a supplier creates a new organizational solution which should better serve his customer's needs than beforehand, this leads to higher satisfaction of customers' needs and leads to higher levels of commitment and relationship continuity, and also solution determines the degree to which the supplier will work with the key accounts effectively on innovation management.

The above results were also supported by an interviewee's response of this study; interviewee response confirms the crucial role of solution for effectiveness of KAM practice at BOA. Most of the time the reason behind relationship development is solution, therefore organizations should do well on solution development and improving.

Organizational culture is also among factors that affect KAM effectiveness. Based on the correlation test result, organizational culture is positively and strongly correlated with KAM effectiveness. The correlation coefficient between these two variables is .658.

With regard to the regression analysis of organizational culture and KAM effectiveness, 12.0% of the variance R square in customers loyalty is significantly explained by organizational culture. And also it is consistent finding with (Cheverton and Batts ,2012) study result ,National and organizational culture is to a great extent influence the way work is carried out in a company, and especially present effect during changes in the business, hence it is important to know individual company's culture how they do business. It is of great importance to understand other cultures in order to manage the relationship in the most efficient and successful way.

Interviewee's response also supports the above discussion related to organizational culture. Relationship and products/services should be developed and provided in line with organizational cultures of KA customers. Values and attitudes of others should be respected during each and every relationship with customers unless problem may encounter during implementations of KAM program.

The last but not the least factor that affect KAM effectiveness was communication quality. As it was indicated in the correlation result, communication quality has significant and positive relationship with KAM effectiveness. The correlation coefficient between the two variables is .761.Among determinants it has moderate correlation with KAM effectiveness.

When we see regression analysis result for communication quality and KAM effectiveness, 14.3% of the variance R square in KAM effectiveness has been explained by communication quality. Cannon and Perreault, (1999),Duncan and Moriarty,(1998).Schultz and Evans (2002 also found that, Communication is a key element of all business relationships. Across their studies, inter-firm communication is found to have mainly positive effects on the relationship development and effectiveness, as communication mediates various important relationship outcomes and Communication affects satisfaction, trust and loyalty. Communication helped to cement the bond between Suppliers Company and the buyer.

Similar to the above result, an interview result reveled that, proper and quality communication influences KAM practice in a way that, if the promised product/services are not delivered or if there if misinformation as well as lack of proper response and explanation for customers it leads problem in relationship and this affects effective implementation of KAM.

Chapter Five

5. Conclusion and Recommendation

The previous chapter presented the analysis of findings, while this chapter deals with the conclusions and recommendations provided based on the findings of the study. The following sections discussed about the final conclusion remarks of the study and applicable recommendations. Accordingly this chapter is organized into two sections. The first section, presents the conclusions whereas the second section, presents the recommendations.

5. 1.Conclusion

The main objective of this study was to identify major determinants of KAM effectiveness. In order to accomplish this objective the researcher distributed 321 questionnaires to sample respondents of KA customers and collected 298 completely and properly filled questionnaires for data analysis. In addition, the researcher collected qualitative data from BOA KA staffs(KA employees and KA managers) through interview.

Pearson's correlation coefficient of the study signifies that all predictor variables and dependent variable have positive relationship with each other. Based on the study result all variables i.e. employees competency, marketing strategy, solution, organizational culture and communication quality have strong positive association with KAM effectiveness with all variables at $p<0.01$ significance level.

The relative importance of the significant predictors is determined by looking at the standardized coefficients in the multiple linear regression result table. Based on this way the result of regression analysis showed that marketing strategy has highest impact on KAM effectiveness of BOA by holding other dimensions as constant followed by solution, communication quality, organizational culture and competency of employees. In addition to regression analysis interview result confirms that all the variables included in the study affects KAM effective implementation. Generally, even if the degree of explanatory variables impact on KAM effectiveness varies, all variables have significant and positive impact.

The finding indicate that above the average KAM effectiveness is influenced or explained by five independent variables(KA employees competency, marketing strategy, solution, organizational culture and communication quality) together. However, the result showed that KAM is influenced by other extraneous variables that are not included in this study. Therefore,

in measuring KAM effectiveness the organization should take a care by including all the factors that can affect KAM effectiveness.

5.2. Recommendations

Based on the results of the analysis and conclusion made the following recommendations are forwarded which help BOA in order to improve the KAM effectiveness of the organization.

- The bank has to train and orient the employees, how important KAM is and work to improve competency of employees. Moreover, the bank should evaluate employees' performance constantly and should participate in scheduled training courses because competency of employees is often instrumental in bringing about desired outcome.
- In the present competitive banking environment, most of the banks offer the same or similar products for their regular customers, therefore, implementation of KAM program as well as identifying and analyzing the special needs of customers and providing customized differentiated solution is crucial to be competent and to attract profitable KAs.
- As we have seen from the analysis, communication quality has significant positive impact on KAM effectiveness; therefore, the bank should do on communication quality with customers of KA. Communication media, the way how the bank communicate with customers and communicated messages also should be critically evaluated.
- Bank of Abyssinia should develop all rounded strategy that enables the bank to effectively implement KAM program by incorporating KA customers need and by assessing competitor's condition.
- As organizational culture is among determinant factors of KAM implementation, the bank should do to understand KA's organizational culture, how customers do business, their values in order to do business and make a relationship inconformity of their cultures and also the bank must do to know KA's organizational culture.
- Additional researches should be done by taking samples drown from other differ commercial banks in Ethiopia and future researchers should work their study by including additional variable that affects KAM effectiveness.

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Appendix I: Survey Questionnaire

Dear Respondents,

This questionnaire is prepared to gather information about determinants of key account management effectiveness in the case of Abyssinia bank. All responses will be used to conduct a study for the partial fulfillment of Masters Degree in Marketing Management in Addis Ababa University - School of Commerce. The information supplied by you is strictly held confidential and used for academic purpose only. Please complete the following questionnaire on scale of 1 to 5.

1-strongly disagree, 2-disagree, 3-neutral, 4-agree, and 5-strongly agree

N.B Please put a „√" mark to all your responses in the space provided beside to each question.

Thank you in Advance for your kind cooperation in filling up this questionnaire.

Part I: Respondent Profile

1. Gender

A. male ☐ b. female ☐

2. What is your level of education?

A.MA / MSC and above ☐ B. Degree ☐ C. Diploma ☐ D. 12 grade ☐

3. For how long do you have a relationship withBOA as a key account customer?

a. <1year ☐ b. 1-5years ☐ c. 5-10years ☐ d. 10-15years ☐

Dimensions (key account management determinants)	Level of agreement				
1.Employees of the organization	1	2	3	4	5
1.1. Training for employees is necessary to handle and treat key accounts in better					
1.2. Competency requirements, recruitment and selection process of sales executives affects KAM approach					
1.3. Employees product/service knowledge affects effective implementation of KAM					
1.4.Trust and commitment are key to the success and maintenance of the					

buyer- seller relationship and for the success of KAM					
1.5.Customer specific knowledge is necessary for effectiveness of KAM implementation					
1.6.The capacity to solve the accounts' problems and dissatisfaction determines the success of KAM approach					
2.solution					
2.1. Identifying and analyzing the special needs and problems of key accounts helps KAM to be effective					
2.2.A customized and/or innovative solutions (services) is crucial to realize KAM effectiveness					
2.3. Timely response to accounts problem/requirements affects the success of KAM					
2.4. Adapting products/services to the needs of key account is important for effectiveness of KAM practice					
2.5. well-developed feedback processes with key customers is important factor for success of KAM					
3.Marketing strategy					
3.1.Having key account management (KAM) strategic plan is important to make for effective implementation of KAM					
3.2. Investing on key accounts' knowledge and relationships can significantly determine KAM effectiveness					
3.3.Key accounts participation in company policies and strategies related to them is important for effectiveness of KAM practice					
3.4.Changing or expanding place of sales makes KAM effective					
3.5..Product/service, price changes to meet the needs of the key accounts is vital for KAM effectiveness					
3.6.Having customized and/or innovative strategies to individual key accounts makes KAM effective					
3.7. Regular visit of executives is important to develop best relationship with key accounts.					
3.8.Individual key account plan is important in KAM effective implementation					
4.Organizational Culture					

4.1. Do you think organizational culture have had impact on the process of managing Most important customers, KA?					
4.2. Understanding customers corporate culture, how they do business and adapting to work in that environment is important to build best relationship with them					
4.3. Do you believe culture is a determining factor for managing a change successfully?					
4.4.The business knowledge of key accounts affects the effectiveness of KAM					
4.5.The attitudes and values of our key accounts determines KAM effectiveness					
5.Communication quality					
5.1. Communication quality has its own impact on KAM effectiveness					
5.2.It is important to strive for to make the communication as understandable and easy as possible to interpret?					
5.3. Communication media has influence on KAM effectiveness?					
5.4. Communication tools (face-to-face, phone, fax, mail, etc) has its own impact on relations we have with our key accounts					
5.5. Problems that affect a relation may come into existence during communication between staffs key account customers					
6. Overall KAM Effectiveness					
6.1.Effective KAM essential to achieve mutual trust with key accounts					
6.2.Effective KA.M is crucial to gain reputation from key accounts					
6.3. Effective KAM is key to succeed on relationships with key accounts					
6.4.Effective KAM can reduces conflicts with key accounts					
6.5.Effective KAM helps to meet sales targets and objectives of the organization					

List of Interview questions

1. In your opinion what are the key factors that affects key account management effectiveness?

2. How employees of the organization affect KAM effectiveness?

3. How do you see your organization employees' willingness to provide proper response to KA customers?

4. What is the role of management for KAM effectiveness?

5. How do you describe the effect of solution ok KAM effectiveness?

6. What kinds of special treatment tools support to retain the key account once the relationship has evolved (besides the ones used also for attracting the accounts)?

7. How does marketing strategy of the organization affect KAM effectiveness?

8. What type of marketing strategy is needed for KAM effective implementation?

9. How does organizational culture affects KAM effectiveness?

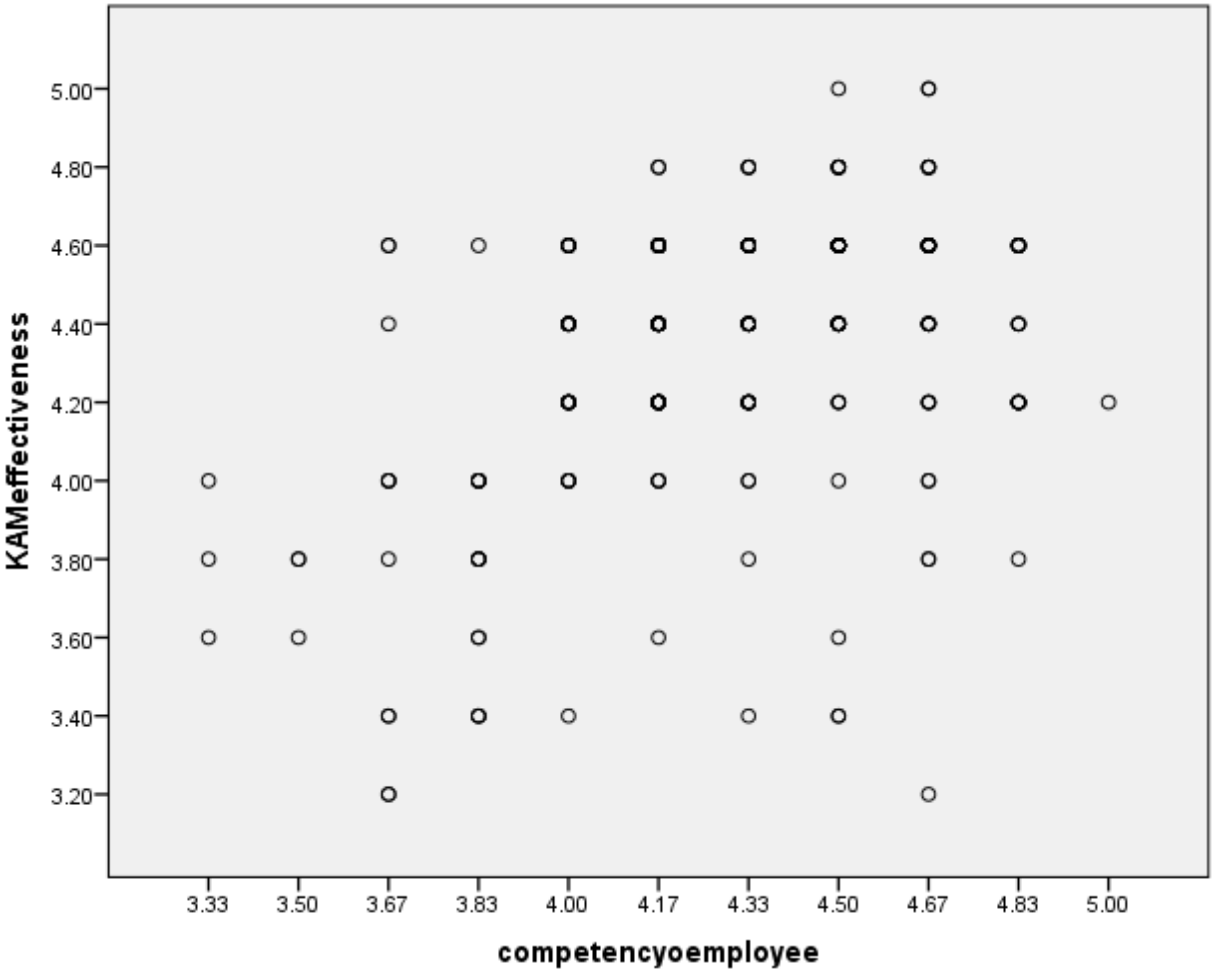
10. How quality of communication affects KAM effectiveness?

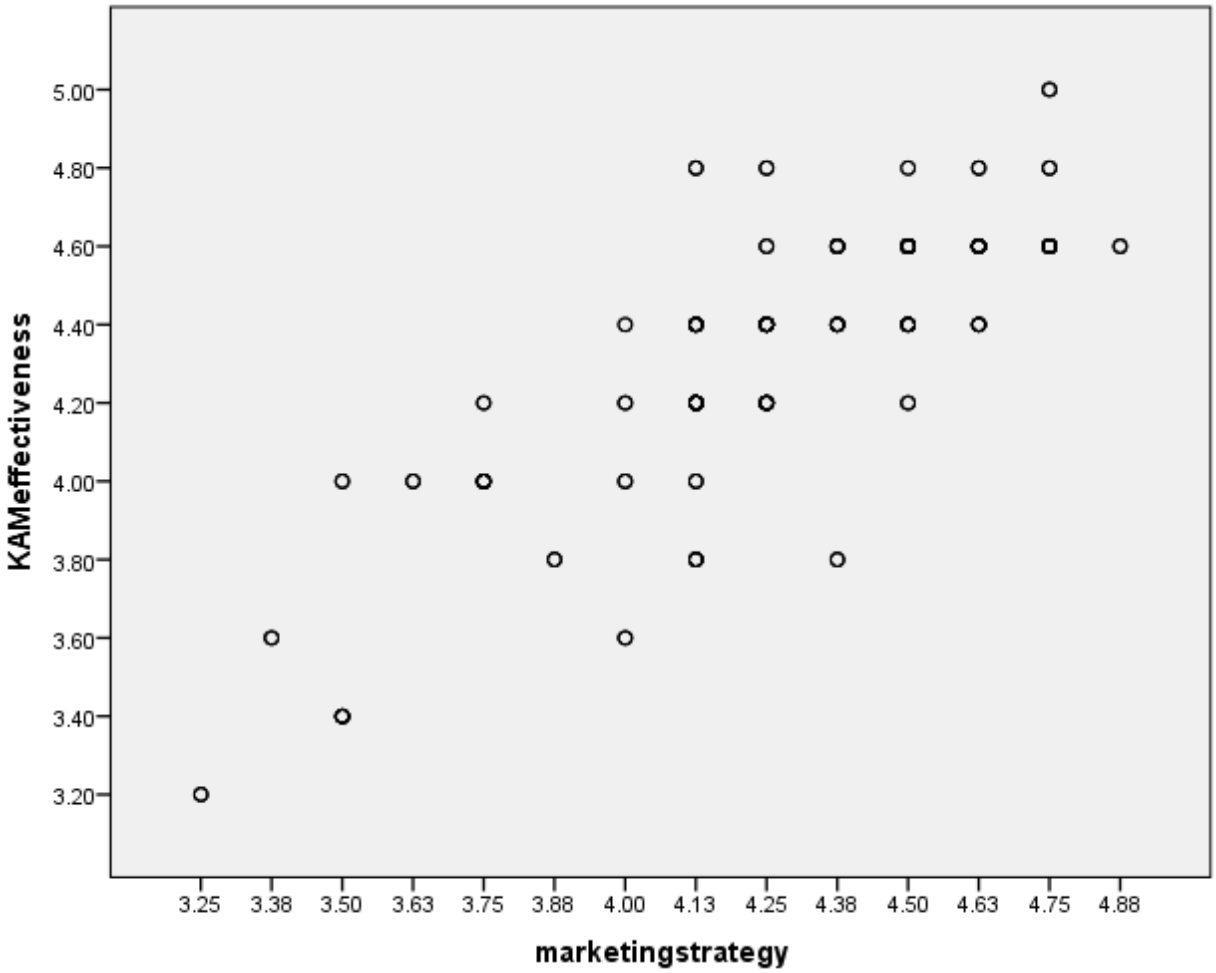
12. What you suggest to make key account management effective?

Appendix II

Linearity Assumption tests

Linearity test graph




KAMeffectiveness
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4.40
4.20
4.00
3.80
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3.50
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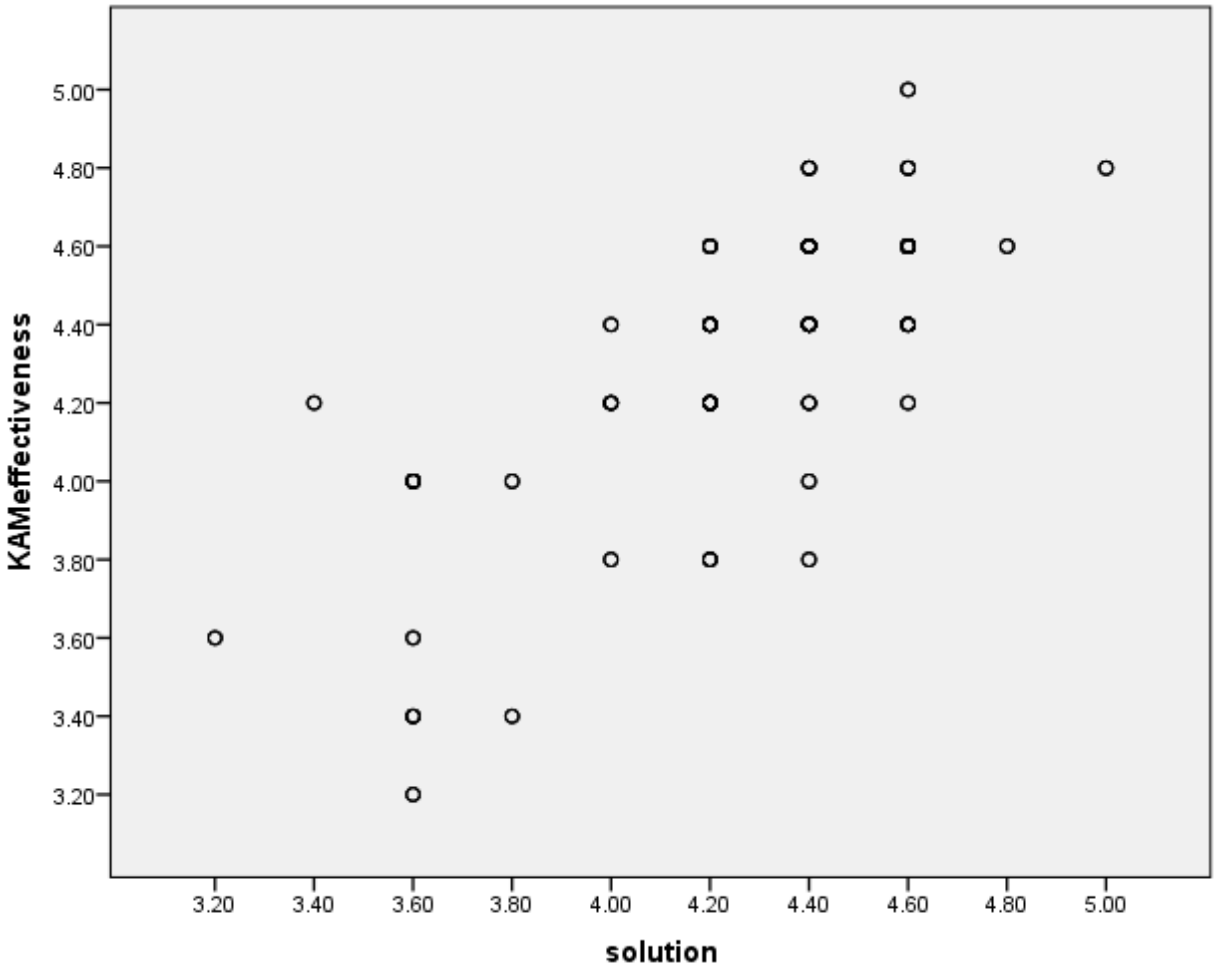
4.50
4.63
4.75
4.88
marketingstrategy


KAMeffectiveness
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4.60
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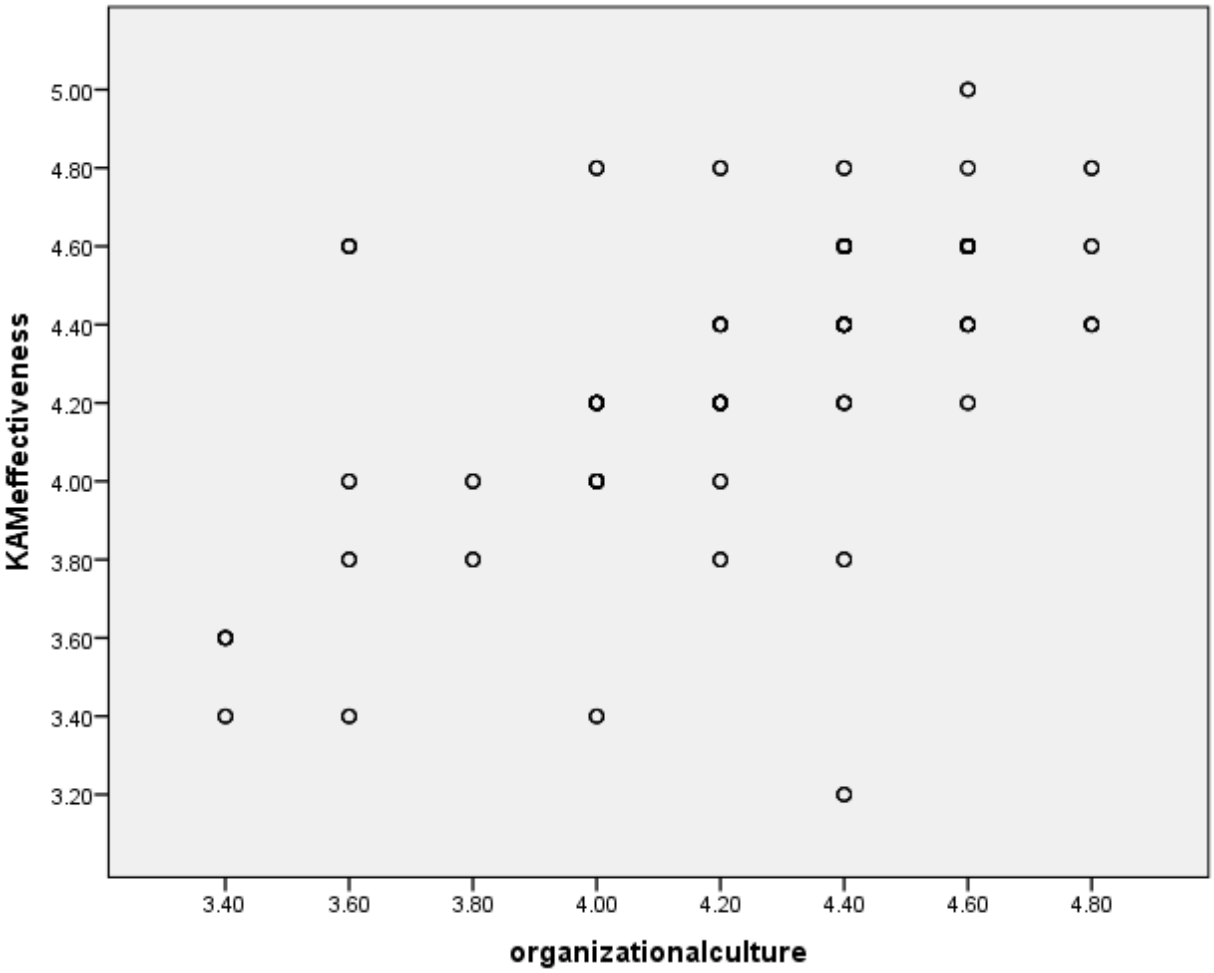
4.80
5.00
solution


KAMeffectiveness
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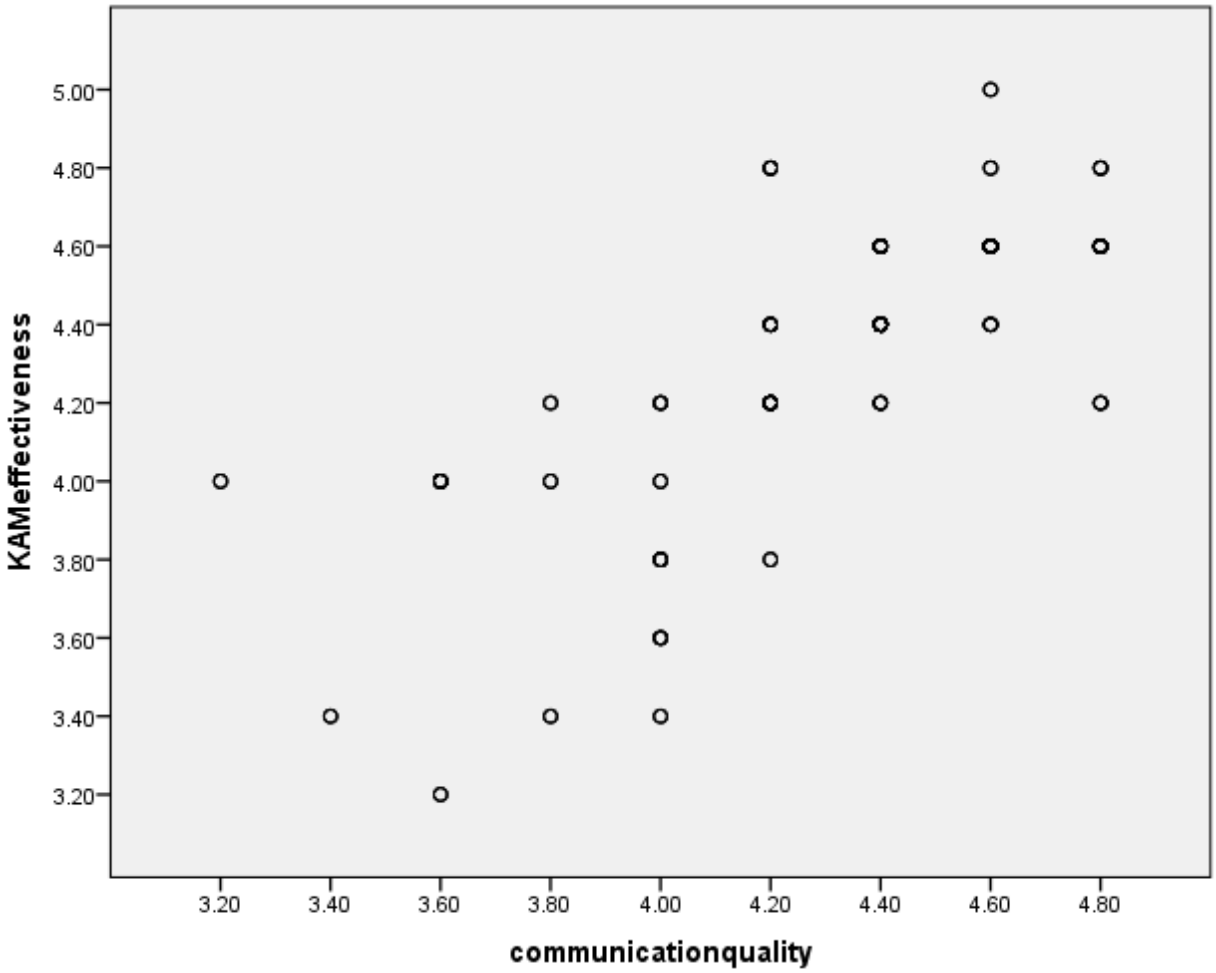
4.80
organizationalculture


KAMeffectiveness
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communicationquality