



**ADDIS ABABA UNIVERSITY
SCHOOL OF COMMERCE
GRADUATE STUDIES PROGRAM
DEPARTMENT OF MARKETING MANAGEMENT**

**The Effect of Relationship Marketing On
Satisfaction of Trade Service Customers of
Commercial Bank of Ethiopia**

By: Martha Abera

**June, 2018
Addis Ababa**

The Effect of Relationship Marketing On Satisfaction of Trade Service Customers of Commercial Bank of Ethiopia

By: Martha Abera

**A Thesis Submitted to Department of Marketing Management in Partial
Fulfillment of the Requirement for the Award of
Masters of Art Degree in Marketing Management**

Advisor: Mulugeta G/Medhin (PhD)

The Effect of Relationship Marketing On Satisfaction of Trade Service Customers of Commercial Bank of Ethiopia

By: Martha Abera

APPROVED BY BOARD OF EXAMINERS

	Name	Signature	Date
Advisor:	_____	_____	_____
Internal Examiner	_____	_____	_____
External Examiner	_____	_____	_____

Declaration

I, Martha Abera, certify that this thesis entitled “**The effect of relationship marketing on satisfaction of trade service customers of Commercial Bank of Ethiopia**” prepared under the guidance of my advisor Mulugeta G/Medhin (PhD).

I also certify that the thesis has not previously been submitted either in part or in full to any other higher learning institutions for the purpose of earning any degree. All sources of material used for the thesis have been duly acknowledged.

Signature

Date

Martha Abera

Confirmation by

Advisor:

Mulugeta G/Medhin (PhD)

TABLE OF CONTENTS**PAGE NO.****CHAPTER ONE**

1. INTRODUCTION	1
1.1 Background of the study	1
1.1.1. The Concept of Relationship Marketing.....	1
1.1.2. Relationship Marketing in Banking Sector.....	2
1.1.3. Customer Satisfaction	3
1.1.4. The Nature of International Banking or Trade Service	5
1.2 Statement of the problem	6
1.3 Basic Research Questions	8
1.4 Objective of the study	9
1.5 Significance of the study.....	9
1.6 Delimitation/scope of the study.....	10
1.6.1 Theoretical/Conceptual Scope	10
1.6.2 Geographical Scope	10
1.6.3 Methodological Scope	11
1.7 Definition of terms	11
1.8 Organization of the study	13

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE	14
2.1. Relationship Marketing Theories	14
2.1.1. Social Exchange Theory	14
2.1.2. Resource Based View Theory.....	15
2.1.3. The Commitment-Trust Theory.....	17
2.1.4. Relational Benefit Theory.....	18
2.2. Empirical Literature Review	20
2.2.1. Relationship marketing and customer satisfaction	20
2.2.2. Relationship Marketing and Customer Loyalty.....	23
2.2.3. Related Empirical Studies in Ethiopia	24
2.3. Conceptual Framework.....	27
2.3.1. Conceptual Model.....	27

2.3.2. Research Hypotheses	28
----------------------------------	----

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY	30
3.1 Description of the study area.....	30
3.2 Research Approach	30
3.3 Research Design.....	31
3.4 Population and Sample.....	31
3.4.1. Population	31
3.4.2. Population Characteristics	32
3.4.3. Sample size	32
3.5 Sampling Technique.....	32
3.6 Data sources and Types.....	33
3.7 Data Collection Procedure	34
3.8 Data Analysis Techniques.....	35
3.8.1 Descriptive Analysis	35
3.8.2 Inferential Analysis.....	35
3.9 Validity and Reliability	36
3.10 Model Specification.....	37
3.11 Ethical Consideration	38

CHAPTER FOUR

4. DATA ANALYSIS AND PRESENTATION	39
4.1 Sample and Response Rates.....	39
4.2 Respondent Demographics.....	39
4.2.1 Customer Category	39
4.2.2 Job category of the respondents.....	40
4.2.3 Type of Product/Service they Use	40
4.2.4 Length of Relationship with the Bank	41
4.3 Descriptive Analysis	42
4.3.1 Trust	42
4.3.2 Commitment	43
4.3.3 Communication.....	44

4.3.4	Conflict handling	45
4.3.5	Competence.....	46
4.3.6	Special Treatment	47
4.3.7	Customer Satisfaction	48
4.4	Measurement of Model Validity	50
4.4.1	Test of Normal Distribution.....	50
4.4.2	Test of Linear Distribution.....	50
4.4.3	Homoscedasticity.....	51
4.4.4	Multicollinearity	52
4.5	Inferential Statistics.....	53
4.5.1	Correlation Analysis	53
4.5.2	Regression Analysis.....	56
4.5.3	Multiple regression Analysis	56
4.6	Hypothesis Testing.....	58
4.7	Discussion of Findings	61
4.7.1	Trust	61
4.7.2	Commitment	62
4.7.3	Communication.....	62
4.7.4	Conflict handling	63
4.7.5	Competence.....	63
4.7.6	Special Treatment	64

CHAPTER FIVE

5.	SUMMARY, CONCLUSION AND RECOMMENDATIONS	65
5.1	Summary of Findings	65
5.2	Conclusion.....	66
5.3	Recommendations	67
5.4	Limitation and Future Research Directions	69
	References:.....	i
	Appendix 1	viii
	Appendix 2	xiii

ACKNOWLEDGMENTS

At first I would like to praise God, The father, The Son, and The Holy Spirit and Saint Mary for blessing me in all my life, my work, and for the successful accomplishment of this research.

I am very grateful to my advisor Mulugeta G/Medhin (PhD), for his useful and constructive comments. It would not be possible to complete this study successfully, without his useful advice. I am greatly thankful for his time, encouragement, and overall professional assistances.

I would like to thank those who willingly organized the distribution of questionnaires and provided the information valuable for the completion of this study.

My utmost gratitude will be extended to my beloved family for their unreserved encouragement and moral support given to me. Members of my family, friends and work colleagues are among those encouraged me and I remain grateful for them.

ACRONYMS/ABBREVIATIONS

ANOVA	.....	Analysis of Variance
BPR	.....	Business Process Reengineering
CATS	.....	Customer Accounts and Transaction Service
CBE	.....	Commercial Bank of Ethiopia
FCY	.....	Foreign Currency
ICC	.....	International Chamber of Commerce
NBE	.....	National Bank of Ethiopia
SPSS	.....	Statistical Package for Social Sciences
TS	.....	Trade Service
UCP	.....	Uniform Customs Practice
URC	.....	Uniform Rule for Collection
URDG	.....	Uniform Rule for Demand Guarantee
URR	.....	Uniform Rule for Reimbursement
VIF	.....	Variance Inflation Factor
ZPRED	.....	Standardized Predicted Values
ZRESID	.....	Standardized residuals or errors

LIST OF TABLES

Page No.

Table 3.9	Reliability Analysis.....	37
Table 4.2.1.	Trade Service Demographic Profile	40
Table 4.3.1	Descriptive Statistics of Trust.....	43
Table 4.3.2	Descriptive Statistics of Commitment.....	44
Table 4.3.3	Descriptive Statistics of Communication.....	45
Table 4.3.4	Descriptive Statistics of Conflict handling.....	46
Table 4.3.5	Descriptive Statistics of Competence.....	47
Table 4.3.6	Descriptive Statistics of Special Treatment.....	48
Table 4.3.7	Descriptive Statistics of Customer Satisfaction.....	49
Table 4.4.1	Normal Distribution of relationship marketing variables.....	50
Table 4.4.2	Residuals Statistics ^a	51
Table 4.4.3	Test of Multicollinearity.....	53
Table: 4.5.1	Correlations Matrix of relationship marketing variables.....	54
Table 4.5.3a	Model Summary.....	57
Table 4.5.3b	ANOVA ^a	57
Table 4.5.3c	Coefficients ^a	58

List of Figures

Figure 2.2.4	Conceptual Model of the study.....	28
Figure 4.2.2	Job position of the respondents.....	41
Figure 4.2.4	Trade service customer's length of relationship with bank.....	42
Figure 4.4.3	Scatter plot.....	52
Figure 4.6	The effect of relationship marketing variables on customer satisfaction....	60

Abstract

The main objective of this study is to examine the effect of relationship marketing on customer satisfaction of trade service customers of Commercial Bank of Ethiopia. To achieve the objectives of the study, the study employed quantitative approach and explanatory study. Correlation analysis is used to examine the relationship between relationship marketing variables and satisfaction. Multiple regression analysis also used to measure the effect on customer satisfaction of six key constructs of relationship marketing (trust, commitment, communication, conflict handling, competence and special treatment). The respondents were drawn from trade service special outlets and six special grade branches of Commercial Bank of Ethiopia. From TS customer's importers and exporters who have engaged in processing using different international payment methods included in the study. Data was collected through questionnaire from a sample of 355 TS customers. Data collected from the questionnaire were analyzed using SPSS version 20 statistical tools such as mean, standard deviation quantitatively, and followed by correlation and regression analysis has been made. The result of the study indicates that all relationship marketing variables have positive relationship with customer satisfaction. The regression result also confirmed that there is positive and significant effect of relationship marketing variables (trust, commitment, communication, conflict handling, competence and special treatment on satisfaction of trade service customers of Commercial Bank of Ethiopia. Depending on the findings, practical implications of this study is, in order to ensure satisfaction among trade service customers; bankers should build a better relationship marketing strategy. Therefore, banks competitiveness and profitability will depend on their ability to build strong relationship with their customers continuously. Furthermore, future research directions were also suggested on this study.

Keywords: Relationship marketing, Trust, Commitment, Communication, Conflict handling Competence, special treatment, Customers satisfaction, Commercial Bank of Ethiopia.

CHAPTER ONE

1. INTRODUCTION

This introductory chapter includes background of the study, statement of the problem, basic research questions, objective of the study, significance of the study, delimitation/scope of the study, definition of terms and organization of the study.

1.1 Background of the study

1.1.1. The Concept of Relationship Marketing

Relationship marketing, which comes under one of the core marketing concepts entered the management glossary only recently (Berry, 1983) while the practice of Relationship Marketing has a long history. Berry stresses that attracting new customers should be viewed only as an intermediate step in the marketing process. Developing closer relationship with these customers and turning them into loyal ones are equally important aspects of marketing. Thus, he defined relationship marketing as “attracting, maintaining, and in multi-service organizations enhancing customer relationships”.

Different authors, who have various academic backgrounds, make different contributions to the definition of relationship marketing. An analysis of some of the most prevalent definitions suggests that three key aspects constitute relationship marketing. The first aspect deals with engagement activities across stages of the relationship lifecycle and thereby implicitly recognizes that relationships are dynamic processes that develop over time through typical stages, such that relationship marketing activities and exchange characteristics systematically vary across those stages (Dwyer, Schurr, and Oh, 1987). The number of stages and terminology used differ slightly among researchers, but the vast majority of definitions imply four general stages: identifying, developing, maintaining, and terminating.

The second key aspect deals with the target or scope of relationship marketing activities; whereas some definitions are restricted to customer relationships, others include relationships with any constituent (e.g., internal departments, competitors, customers, suppliers). Relationship marketing tactics vary across these different types of “partners,” but there is little reason to

expect that the underlying theories, frameworks, or models change fundamentally (Morgan and Hunt 1994). This is explained by a definition of relationship marketing done by Grönroos (1990) as “identifying and establishing, maintaining, and enhancing relationships with customers and other stake holders, at a profit, so that the objective of all parties involved are met, and that is done by a mutual exchange and fulfillment of promises”. The definition of Grönroos involves not only customer-supplier relationships but also includes relationships between stakeholders.

The third aspect deals with the locus of benefits derived from relationship marketing activities. The relational benefits approach is founded on the assumption that for a long-term relationship to exist, both the service provider and the customer must benefit from the relationship. Several different customer relationship motives have been identified, and their fulfillment is conceived as the basis for relationship continuity and stability (Hennig-Thurau, Gwinner, and Gremler, 2000).

Relationship marketing basically represents a shift in focus within marketing. This is a little bit away from acquisition and transaction orientation towards a relationship retention focus. The concept does, therefore, concentrate on “maintenance” of old customers so that repeat purchases can be generated over time. In fact, relationship marketing is a philosophy of doing business, which definitely calls for a revolution in the top management’s thinking and outlook towards customers.

1.1.2. Relationship Marketing in Banking Sector

In the services marketing area Relationship Marketing is practiced most widely. Services provided by banks are particularly suitable for Relationship Marketing initiatives because they supply multiple services deliverable over several contacts, in person. Because of their participation in the production of services, customers come face to face with employees and are able to form an interpersonal relationship with the service providers (Buttle, 1996).

Walsh, Dinnie, and Wiedmann (2004) defines Relationship Marketing in banking is “the activities carried out by banks in order to attract, interact with, and retain more profitable or high net-worth customers.” Banks, like other institutions, are subject to great changes. Today’s banking industry is changing rapidly. With the development of international economy and competitive markets, banks are also affected. According to existing conditions for survival and

profitability, they need to remove obstacles and correct deficiencies, follow modern methods of marketing and adopt new constructive ways for their survival and profitability. Relationship marketing is one of the most successful approaches in this area.

In relationship marketing, banks try to recognize the needs of customers and, at the same time, offer their services to them. They create loyalty by customer satisfaction so that long-term relationships are established between banks and beneficiary groups related to the organization. In fact, institutes in this kind of marketing seek to gain and retain more customers. They also intend to build up ties so that customers will also benefit from banking services and encourage others to do so in the future (Nauroozi and Moghadam, 2015).

Among banks at the global level, relationship marketing is taken into consideration as the ideal way to create and maintain long-term relationships with customers; because deliverable services in commercial banks is relatively same and for most banks, to differentiate services towards competition is difficult. So many of the world's banks are oriented the use of relationship marketing approach and implementation of its foundations (So and Speece, 2000).

As competitive global financial world increased, relationship marketing has been promoted as an excellent method for banks to establish a unique sustaining relationship with their customers. As a result, acknowledgment of the significance of relationship marketing has increased in recent years (So and Speece, 2000). So, the long-term relationship between a bank and its customers brings numerous financial benefits to both bank and customer which have a real economic value (Ashton and Pressey, 2004).

1.1.3. Customer Satisfaction

Satisfaction is a customer's emotional response when evaluating the discrepancy between expectations regarding the service and the perception of actual performance. This perception of performance is gained through the physical interaction with the business and the product and services of the business (Salami, 2005).

Customer satisfaction is influenced by expectations, perceived service and perceived quality (Hu, Kandampully and Juwaheer, 2009). Expectations influence total satisfaction when the customer

evaluates a product or service. Customer satisfaction provides many advantages for companies. Higher levels of customer satisfaction lead to more loyalty. Finally, it is more beneficial to maintain a good customer than constantly replacing a customer who has left the company with new one. Customer satisfaction is very important concept and also has been extremely analysed subject in the marketing research. In recent time, customer satisfaction has gained attention within the context of the paradigm shift from transaction marketing to relationship marketing (Gronroos, 1990).

In service industries where service offering requires communication and interaction with customers, overall customer satisfaction depends on how they face the organization and also their experience there. Full awareness about the customer and their needs and demands require establishing close relationships with them. Relationship marketing is a new approach in banking industry that mainly aims to establish close and long term relations in order to fully understand and know the customer and to provide their satisfaction (Ndubisi and Wah, 2005).

And the significance of customer satisfaction cannot be neglected since happy customers are serving as free advertisement for the financial institutions and it is important to put the customer at the center of the business according to its strategies, events and process. Hence, giving much emphasis to customer satisfaction, financial institutions are setting their strategies to ensure customer satisfaction and retention. So, maintaining customer satisfaction and focusing on customer centric approach become the most important goal of organizations in their marketing strategies (So and Speece, 2000).

Within Ethiopian financial sector the banking industry is becoming one of the most important industry in providing banking service to the society which consists of two public banks (i.e. the Development Bank of Ethiopia (DBE) and Commercial Bank of Ethiopia (CBE)), and 16 private commercial banks. Commercial Bank of Ethiopia (CBE) a government owned bank that commits to deliver quality service to its customers and endeavours to be the first choice in the banking sector (NBE, 2013).

1.1.4. The Nature of International Banking or Trade Service

Following the implementation of Business Process Re-engineering (BPR), Commercial Bank of Ethiopia has adopted process-based organizational structure. The bank categorizes its process as core and support. The core processes of the bank are classified into three which are: Customers Account and Transaction Services (CATS), Trade Service (TS), and Credit. Trade service is one of the core processes of the bank that deals with international banking operations by providing facilitation of payment associated with import, export, and guarantee transactions (CBE-TS Procedure, 2012).

Trade service operation targets the international trading society of the country. It mainly focuses on facilitation of payments and mitigation of risks associated with international trade through a process that is compatible with customers' need and international standards (TS Training Manual, 2014). Services or products offered by the trade service process for trade participant customers from a bank includes: Handling of Documentary credits (Letter of Credits), Documentary Collections (Cash against Documents), Advance payments (inward and outward remittance) and Guarantee (CBE-TS Procedure, 2012).

In order to facilitate international trade and development, commercial banks convert and trade foreign currencies. The CBE's 2013/14 annual report shows that export is one of the sources of foreign currency for Commercial Bank of Ethiopia. Currently, the country's foreign currency generation capacity is significantly lower than its foreign currency spending to finance the consumption or import need of the country (NBE, 2013). It is obvious that further to the national development strategy of the country's endeavor, Commercial Bank of Ethiopia require to exert its effort on its customer's retention strategy to exploit every opportunity available.

Moreover, currently all banks in Ethiopia do not have enough foreign currency deposit to meet the rising demand for imports. As a result, the only choice remains to the banks are competing against each other to gain foreign currency from the existing limited market sources. Sources of foreign currency are areas in which economic and financial transactions between countries affect exchange rate level (Nicholas, 2014). As a result, the level of competition between Ethiopian banks to have exporters is extremely high.

Despite the fact that trade service customers are sources of large amount of revenue as well as exporters are one source of foreign currency earning of the bank, researchers have shown little concern regarding the study of trade service customer's satisfaction. As far as the researcher knowledge, most of the studies done on Customer relationship management as well as customer satisfaction of Commercial Bank of Ethiopia are on the relationship marketing of retail and domestic banking customers.

To address this concern, this study tries to examine the effect of relationship marketing on trade service customer satisfaction. Specifically the study was conducted in Commercial Bank of Ethiopia trade service customers (importers and exporters) by making analysis on the effect of relationship marketing variables, on customer satisfaction.

1.2 Statement of the problem

A long-term relationship with customers is the key to stability in an increasingly dynamic market. Customer Relationship Marketing has become the main strategy to retain customers for companies regardless of its size. The emergence of customer satisfaction at financial institutions has been widely studied and focus on customer satisfaction is the primary goal of any organization, especially bank.

In services marketing literature, switching remains prime focus in relationship marketing concept (Oliva, Oliver, and MacMillan, 1992). Numerous empirical studies revealed that customer satisfaction has a positive impact on different variables such as, customer loyalty and recommendation behavior. On the contrary, it has a negative effect on customer switching intentions (Mittal and Lassar, 1998; Hennig-Thurau, Gwinner, and Gremeler, 2002).

According to Reichheld and Sasser (1990), longer relationship results into increased sales and profits per account. To explain the relevance of relationship paradigms, they asserted that firms could retain customers either by outperforming the competitors or by creating a special bond with the customer through relationship marketing.

With increasing competition among banks, customer loyalty to their banks has declined. Trade service customers especially exporters are approached by more competitors with better offers. As such many customers have become more willing to use more than one bank to meet their needs

and to switch funds for the short-term gain. Commercial Bank of Ethiopia's market share in foreign exchange transaction has been declined in 10.56% with consecutive three years bank performance (NBE, 2015/16). The ultimate challenge facing bankers today is not merely to produce satisfied consumers but rather loyal customers for strategic purposes.

Many empirical studies have provided evidences that relationship marketing tactics have positive impact on behavioral loyalty which affects customer retaining. As a result, awareness of the target customers and building good relationship with them is becoming the most noteworthy issue. As customer relationship marketing's role in both the marketing and overall strategy of an organization's strategic mix gains momentum, thus research into this area becomes increasingly important (Seid Hussen, 2016).

Different studies in banking industries have been conducted mainly focused on the effect of relationship marketing on customer satisfaction on the area of retail or domestic banking. However, as far as the researcher's knowledge, there are no studies conducted in the area of international banking or trade services.

The nature of business transactions of international banking customer is different from the local customer of the bank. International trade exposes exporters and importers to substantial risks, especially when the trading partner is far away or in a country where contracts are hard to enforce. Firms can mitigate these risks through specialized trade finance products offered by financial intermediaries or Banks (Ahn, 2011). So, the contextual use of some variables of relationship marketing in international banking is different from retail or domestic banking practice as some consideration has to be taken. For instance conflict management; communication and trust do not only occur between the service provider and the customer. Because banks handle conflict between the supplier or exporter and the buyer or importer serving as an intermediary, the level of significance and extent of handling conflict as well as communication varies from that of the domestic banking practice which involves the direct contact between the service provider or the bank and the customer.

On the other hand, the previous empirical studies revealed that there are mixed view regarding the effect of conflict handling on customer satisfaction. The dominant view is conflict has

impact on customer satisfaction (Ndubisi, 2007). To the contrary there is a view that conflict management doesn't affect the satisfaction of bank customer (Krishnamoorthy, et al., 2016).

Besides, as it is observed from empirical researches conducted, the relationship marketing variables such as trust, commitment, and conflict management and communication in the context of retail banking and other firms have been studied as well. But other relationship marketing variables such as competency and special treatment in relation to satisfaction of bank customer have not been well addressed.

Therefore, this research seeks to study among others, the effect of relationship marketing variables such as trust, commitment, conflict handling, competency, and special treatment on customer satisfaction of trade service customers of Commercial Bank of Ethiopia.

1.3 Basic Research Questions

In accordance to the problem statement, below are the questions that were addressed in this research.

1. What is the effect of trust on satisfaction of trade service customers of Commercial Bank of Ethiopia?
2. What is the effect of commitment on satisfaction of trade service customers of Commercial Bank of Ethiopia?
3. What is the effect of communication on satisfaction of trade service customers of Commercial Bank of Ethiopia?
4. What is the effect of conflict handling on satisfaction of trade service customers of Commercial Bank of Ethiopia?
5. What is the effect of competence on satisfaction of trade service customers of Commercial Bank of Ethiopia?
6. What is the effect of special treatment on satisfaction of trade service customers of Commercial Bank of Ethiopia?

1.4 Objective of the study

General Objective of the study is to investigate the effect of relationship marketing on customer satisfaction of trade service customers of Commercial Bank of Ethiopia.

The study however, sought specifically to:

1. To examine the effect of trust on satisfaction of trade service customers of Commercial Bank of Ethiopia.
2. To scrutinize the effect of commitment on satisfaction of trade service customers of Commercial Bank of Ethiopia.
3. To examine the effect of communication on satisfaction of trade service customers of Commercial Bank of Ethiopia.
4. To analyze the effect of conflict handling on satisfaction of trade service customers of Commercial Bank of Ethiopia.
5. To investigate the effect of competence on satisfaction of trade service customers of Commercial Bank of Ethiopia.
6. To inspect the effect of special treatment on satisfaction of trade service customers of Commercial Bank of Ethiopia.

1.5 Significance of the study

The importance of this study can be viewed from two main aspects:-

- The academic aspect: This study represents an attempt to add value with an important issue that can be beneficial for further studies i.e. Relationship Marketing.
- The practical aspect: Relationship marketing topic is considered to be one of the base stone for success of many financial institutions in particular and other institution in general.

For financial institution it is very important to verify the main elements of Relationship Marketing which can lead to customer satisfaction with the critical competition in this industry. Therefore, this research provides useful insights to bankers and marketing researchers, as it will help top management in framing such policies that can reduce customer switching in banks.

1.6 Delimitation/scope of the study

Trade service process provides bank services for importer, exporter and foreign guarantee service customers to execute their international business. But foreign guarantee service users are not regular customers like importers and exporters. They come to Commercial Bank of Ethiopia only when their international business requires to be backed by the guarantee. Further, most of the local banks operating in Ethiopia are not in a position to issue foreign guarantees because the guarantee issuance request is initiated from any foreign banks depending on guarantee line relationship of banks which makes CBE the most chosen bank for guarantee business as result of many years of experience. Considering the practical research problem stated earlier, the researcher find it important to focus on importers and exporters. So among the trade service customers, this study is delimited to importers and exporters of the Commercial Bank of Ethiopia.

1.6.1 Theoretical/Conceptual Scope

Relationship marketing is one of the best contemporary marketing strategies for all companies to satisfy their customer needs and wants and attracting, developing, and retaining customers. While relationship marketing has many variables, this study is delimited to analyse the effect of relationship marketing on customer satisfaction by taking six explanatory variables representing trust, commitment, communication, competency, conflict handling and special treatment on customer satisfaction.

1.6.2 Geographical Scope

The study is confined to the effect of relationship marketing on satisfaction of trade service customers in Commercial Bank of Ethiopia and due to various constraints the researcher undertake the research activity only in Addis Ababa. So, this research is delimited geographically to study on trade service customers of Addis Ababa area only.

1.6.3 Methodological Scope

This study is intended to determine the effect of relationship marketing on satisfaction of trade service customer using quantitative approach and explanatory study. The study is delimited to the trade service customers of Commercial Bank of Ethiopia found in six special grade-4 branches and one trade service special outlet and to achieve the objective of the study, structured questionnaire is distributed among the study respondents selected on purposive sampling technique. Accordingly, the samples are taken from Trade service special outlet and six grade-four special branches.

1.7 Definition of terms

Advance Payment: Is a method under which a seller or exporter receives payment from a buyer (importer) prior to shipment of the agreed upon goods or rendering the agreed upon service (CBE-TS Training Manual, 2014).

Applicant-Means the party on whose request the letter of credit is issued or importer (UCP 600).

Beneficiary -Means the party in whose favour a letter of credit is issued or exporter (UCP 600).

Branch Grades: The bank categorizes the branches based on volume of transaction, variety of services provided, site location, amenities and staff strength, cash holding limits and other similar considerations.

Commitment- Is an enduring desire to maintain a valued relationship (Moorman, Zaltman and Despondé 1992).

Communication- Is the formal as well as informal sharing of meaningful and timely information between firms (Anderson and Narus 1990).

Competence-Is the customer's perception of the supplier's technological and commercial competence (Anderson and Weitz, 1989).

Complying presentation- Means a presentation that is in accordance with the terms and conditions of the letter of credit, the applicable provisions of these rules and international standard banking practice (UCP 600).

Conflict handling-Defined as a supplier's ability to avoid potential conflicts, solve manifest conflicts before they create problems, and discuss solutions openly when problems do arise (Dwyer, Schurr and Oh,1987).

Customer Satisfaction: Is Satisfaction is a customer's emotional response when evaluating the discrepancy between expectations regarding the service and the perception of actual performance. This perception of performance is gained through the physical interaction with the business and the product and services of the business (Salami, 2005).

Documentary collections: The ICC publications under URC522 define documentary collection as the handling of documents (financial and/or commercial) by banks in accordance with instructions received from the instructing bank (seller's bank).

Export: Selling or sending abroad of goods or services by payment (CBE-TS training manual, 2014).

Guarantee: Isa letter of undertaking issued by an issuing bank/Guarantor to compensate (pay a sum of money) to the Beneficiary (local or foreign) in the event that the obligor/Principal fails to fulfil his/her/its obligations, in accordance with the terms and conditions of the guarantee (CBE-TS Procedure, 2012).

Letter of Credit or credit: Means any arrangement, however named or described, that is irrevocable and thereby constitutes a definite undertaking of the issuing bank to honour a complying presentation (UCP 600).

Import: Purchase of goods/services from abroad by payment (CBE-TS training Manual, 2014)

Issuing Bank: Means the bank that issues a credit at the request of an applicant or on its own behalf (UCP 600).

Relationship marketing- Is identifying and establishing, maintaining, and enhancing relationships with customers and other stake holders, at a profit, so that the objective of all parties involved are met, and that is done by a mutual exchange and fulfillment of promise (Gronos, 1990).

Special Grade four branches- Is the highest status given to the branches which have variety of services and volume of transactions.

Special Treatment: takes the form of relational consumers receiving price breaks, faster service, or individualized additional services (Hennig-Thurau, Gwinner, and Gremler, 2000).

Trade service operation-means facilitation of payments and mitigation of risks associated with international trade through a process that is compatible with customers' need and international standards (CBE-TS Training Manual, 2014).

Trade Service Special Outlet –means a special outlet which is engaged in handling foreign (international banking) customer transactions (CBE-TS Training Manual, 2014).

Trust- Is the belief that one's alliance partner will act in a predictable manner, will keep his or her word, and will not behave in a way that negatively affects the other (Hollensen 2010, p. 202).

1.8 Organization of the study

The research has five chapters. The first chapter of the research deals with introduction, which includes background of the study, statement of the problem, objective, significance, scope of the study, limitation and organization of the study.

The second chapter covers the important related literature reviews in the study area, which includes the theoretical, empirical reviews and conceptual framework development.

In the third chapter, the methodology of the research and sampling design, data source, data collection and analysis technique is discussed.

The fourth chapter deals with data presentation, interpretation and discussion of the finding and;

Finally chapter five contains summary of findings, conclusion and practical recommendations.

CHAPTER TWO

2. REVIEW OF RELATED LITERATURE

This section presents theoretical, empirical review and conceptual framework on the effect of relationship marketing on satisfaction of trade service customers of Commercial Bank of Ethiopia. Accordingly, the first part addresses theoretical literature about relationship marketing theories. The second part covers about various empirical studies on relationship marketing dimensions and finally the conceptual framework depicted in the third part.

2.1. Relationship Marketing Theories

Since the 1960s, several marketing theories related to the relationship marketing theories have been developed (Hunt, 2002). The following are some of the theories reviewed for this study.

2.1.1. Social Exchange Theory

Based on works of Homans (1958) and Blau (1964) social exchange theory (SET) served as one of a theory used in relationship marketing since the 1970s. The basic concept of Social Exchange theorist views exchange as a social behavior that may result in both economic and social outcome (Blau, 1964).

Social Exchange Theory has been generally analyzed by comparing human interactions with the marketplace. Not only is the market permeated by exchange but also the non-economic realm the social relations situated between extremes of intimacy, self-interest or cost-benefit calculation and disinterested, expressive behavior (Blau, 1964).

Social exchange theory argues that individuals direct their reciprocation efforts toward the source from which benefits are received. Social exchange relationships evolve when an 'individual who supplies rewarding services to another obligates him. To discharge this obligation, the second must furnish benefits to the first in turn'. In other words, social exchange entails 'an unspecified obligation' (Blau, 1964).

Social exchange theory suggests that when a person perceives the costs of a relationship as outweighing the perceived benefits, the person will choose to leave the relationship. On the contrary, it is also reasonable to hypothesize that a person will choose to stay in the relationship in a situation where the benefit of avoiding the exit penalties outweighs the emotional cost of distrust. These exit penalties or switching costs involve time, money and effort (Fornell, 1992).

The basic assumption of exchange theory is that individuals establish and continue social relations on the basis of their expectations that such relations will be mutually advantageous. The initial impetus for social interaction is provided by the exchange of benefits, intrinsic and extrinsic, independently of normative obligations. Positive economic and social outcomes resulting from an exchange increase partners' trust on each other and the commitment to maintaining the relationship. Trust in an exchange partner remains a fundamental concept in the emergence and maintenance of social exchanges between two parties (Blau, 1964).

2.1.2. Resource Based View Theory

The dynamic capabilities view of the firm is one extension of the resource-based perspective. It refers to how capabilities evolve and how organizations deal with environmental turbulence. The term "dynamic" differentiates one capability (e.g. the operational ability to develop new products) from another form of ability (e.g. the ability to reform the way the organization develops new products) (Zahra, Sapienza, and Davidsson, 2006). As resources in the context of the dynamic capabilities view, the Resource Based View (RBV) and the Knowledge based view (KBV) are developed to enhance customer value. These strategic management approaches can also help advance the subordinated direct marketing approaches of a company.

During the 1990s, a number of ideas and streams of research converged to produce what is described as "the knowledge-based view of the firm". Some researchers argue that the KBV is a natural development of resource based thinking where the concept of resources is extended to include intangible assets and, specifically, knowledge-based resources (Grant, 1996).

The Resource Based View sees the firm as a collection of unique resource and capability pools that, if utilized in a distinctive way, can be employed to create and preserve competitive

advantage (Osarenkhoe, 2008). However, whilst recognizing Resource Based View's potential as a strategic management theory, firms must understand it before implementation efforts are bh

Hunt, Arnett, and Madhavaram (2006) explore why some firms' efforts are more successful than others when many firms adopt (or claim to adopt) Relationship Marketing based strategies. In answering this question, among other factors, they propose that competence (operant resource) factors are important for Relationship Marketing based strategy success. Relationship marketing theory concerning competence (operant resource) factors draws on the strategic management literature. Because competences are crucial for enabling firms to use their resources efficiently and or effectively, competences represent a logical extension of the resource-based view.

Other researchers claim that both relationships and knowledge are key strategic resources, as they can provide a company with a unique resource barrier position in the marketplace. According to Grant (1996), the key contribution of the knowledge-based approach his in offering understanding of the process in which knowledge inputs are converted into goods and services and the role of the company in this process. According to the literature of (e.g. Morgan and Hunt, 1994) relationship resources consist of trust and commitment.

When a company has confidence in its partner's willingness to forgo opportunistic activities, it is more willing to commit to the relationship and pursue long term, common goals (Morgan and Hunt, 1994). In line with Grant (1996), the author conceptualizes "knowledge resource" as the sharing of generalized information about the company and its products. The term "problem resolution" explains the sharing of information to assist a partner, when unexpected problems arise that could disrupt the exchange relationship.

In marketing relationships, communication plays a central role in providing an understanding of the exchange partner's intentions and capabilities, thus, forming the groundwork for relationship development. Communication is a prerequisite for building trust among exchange partners. (Anderson and Narus, 1990). The view is that problem resolution and information sharing both contributes to the enhancement of trust.

In marketing relationships, communication plays a central role in providing an understanding of the exchange partner's intentions and capabilities, thus, forming the groundwork for relationship

development. Communication is a prerequisite for building trust among exchange partners. (Anderson and Narus, 1990). The view is that problem resolution and information sharing both contributes to the enhancement of trust.

2.1.3. The Commitment-Trust Theory

Morgan and Hunt (1994, p. 22), in “The Commitment-Trust Theory of Relationship Marketing”, hypothesize that “presence of relationship commitment and trust is central to successful relationship marketing, not power.”

In relationship marketing literature, commitment has widely been acknowledged to be an integral part of any long-term business relationship (Morgan and Hunt 1994). In most cases it is described as a kind of lasting intention to build and maintain a long-term relationship (Anderson and Weitz 1989).

Customer commitment to the vendor has been found to mediate the effects of a number of variables such as quality, shared values, communication and trust on a number of consumer behavioral intentions, including customer retention, advocacy, and acquiescence. Trust serves as a governance mechanism that limits opportunistic activities as well as a facilitating mechanism for developing commitment. Commitment includes the desire to continue the relationship and work to ensure its continuance in what is described as the long-term orientation of a party toward a partner.

Relationship commitment is central to relationship marketing. Though fairly new in discussions of inter organizational relationships, commitment long has been central in the social exchange literature (Blau, 1964). Commitment is a desire to maintain a relationship (Morgan and Hunt, 1994; Moorman, Zaltman and Despondé, 1992) or resistance to change the supplier. Commitment implies the importance of the relationship to the relationship partners and their desire to maintain the relationship in the future (Wilson, 1995). Moorman, et al. (1992, p. 316) proposed it is ‘an enduring desire to maintain a valued relationship.’ What is common to the different definitions of commitment is that commitment is characterized by a disincentive to replace relationship partners (Young and Denize, 1995).

As business partners interact with one another on a regular basis, trust may develop (Friman, Garling, Millett, Mattson, and Johnston, 2002). Morgan and Hunt 1994 explained trust as, the willingness to rely on an exchange partner in whom one has confidence, is viewed as an important feeling: because of its ability to moderate risk in the buying process. Trust captures the company's belief that another company will perform actions that result in positive outcomes for the company, as well as not take unexpected actions that could result in negative outcomes (Anderson and Narus, 1990). A trusted supplier reduces behavioral uncertainty of the buyer by reducing risk; search costs (such as opportunity or disincentive costs) and expenses (Ganesan, 1994) as well as opportunistic activities (Morgan and Hunt, 1994). In the same vein, claim that information provided by a trusted party is used more and provides greater value to the recipient.

In summarizing the conceptual approaches of other scholars, believe trust to have three essential components: Firstly, there is the belief that the relationship partner will show benevolence in his or her actions which affect the relationship in question directly or indirectly (Anderson and Weitz 1989). Secondly, trust also encompasses honesty, which means that the trusting party relies to the relationship partner being credible (Ganesan, 1994). Beside these two motivational or intentional trust dimensions, there is a dimension which encompasses an ability-related component of trust: The belief that the relationship partner has the competence to act for the benefit of the relationship (Ganesan, 1994). Therefore, customer trust is the customer's belief in the supplier's benevolence, honesty and competence to act in the best interest of the relationship in question.

2.1.4. Relational Benefit Theory

A review of the existing work on the determinants of relationship marketing outcomes reveals some promising conceptual models that might explain a significant amount of the success or failure of relationships between service providers and their customers. Two of the most promising conceptual approaches are (a) the relational benefits approach (Gwinner, Gremler, and Bitner 1998) and (b) the relationship quality approach. The relational benefits approach argues that categories of relationship oriented customer benefits exist, the fulfillment of which can predict the future development of existing relationships. The relationship quality approach is based on the assumption that customer loyalty is largely determined by a limited number of

constructs reflecting “the degree of appropriateness of a relationship” (Hennig-Thurau and Klee 1997, p. 751) from the customer’s perspective.

Thus, although relationship quality focuses on the nature of the relationship and relational benefits focus on the receipt of utilitarian-oriented benefits, both concepts view the fulfillment of customer needs as central for relationship success.

The relational benefits approach assumes that both parties in a relationship must benefit for it to continue in the long run. For the customer, these benefits can be focused on either the core service or on the relationship itself (Hennig-Thurau, Gwinner, and Gremler, 2000). Relational benefits (i.e., benefits customers likely receive as a result of having cultivated a long-term relationship with a service provider; Gutek, Bhappu, Liao-Troth, and Cherry 1999; Gwinner, Gremler, and Bitner 1998).

According to these researchers, relational benefits include:

1. Confidence benefits, which refer to perceptions of reduced anxiety and comfort in knowing what to expect in the service encounter;
2. Social benefits, which pertain to the emotional part of the relationship and are characterized by personal recognition of customers by employees, the customer’s own familiarity with employees, and the creation of friendships between customers and employees; and
3. Special treatment benefits, which take the form of relational consumers receiving price breaks, faster service, or individualized additional services.

2.2. Empirical Literature Review

Most of the researches conducted on Relationship marketing are based on evidence from majority of prior empirical studies that are done by various researchers. Here, in this section a certain empirical findings on the effect of relationship marketing conducted by different authors are reviewed.

2.2.1. Relationship marketing and customer satisfaction

Many studies have been conducted by using different methods and data from various firms to define the effects of relationship marketing on customer satisfaction. They investigate the link between the relationship marketing variables such as, trust, commitment, bonding, communication, shared values, empathy, reciprocity, gratitude, responsiveness, equity, convenience, competence, conflict management, and so on. The results provide useful evidence supporting the negative/positive correlation between relationship marketing and customer satisfaction in banks as well as other firms.

Adamson, Chan, and Hanford (2003), in a research entitled “Relationship marketing: customer commitment and trust as a strategy for the smaller Hong Kong corporate banking sector”, investigated the impact of independent variables of customer-oriented strategy, long-term approach, relationship benefits, communication, relationship norms and negative reputation on dependent variables of trust and commitment. In this research, correlation method (correlation coefficient) was used. They concluded that customer-oriented strategy, long-term approach, and relationship benefits are positively correlated with trust, and variables such as communication, and relationship norms are positively correlated with commitment, while negative reputation are negatively correlated with trust.

Khandabi, Klidbari, and Fadayi (2014) in research entitled “The effect of relationship marketing on customer satisfaction of Melli Bank” examines the impact of the dimensions of relationship marketing (trust, bonding, communication, shared values, empathy, and reciprocity) on customer satisfaction in order to first determine that if relationship marketing has any effect on customer satisfaction and second, if so, which aspect has greatest impact on customer satisfaction. The statistical population of this research is all customers of ten branches of Melli Bank in

Bandaranzali. The method used for sampling was convenience and non-probability sampling and questionnaires were used for collecting data which were distributed. The findings and the results of data analysis obtained by using SPSS18 software show that, all the dimensions of relationship marketing have positive impact on the level of customer satisfaction. Dimension of "trust" has greatest effect and dimension of "shared value" has lowest effect on customer satisfaction.

Another study undertaken by Velnampy and Sivesan (2012) with the title "Customer Relationship Marketing and Customer Satisfaction: A Study on Mobile Service Providing Companies in Srilanka". Correlation and regression analysis has been employed to measure relationship and contribution among the dependent and independent variables. Correlation (matrix) analysis was applied to identify the relationship among these variables and results are revealed significant correlation among dimension of customer relationship marketing and customer satisfaction. Four main dimensions such as trust, commitment, empathy, and equity were used to measure the customer relationship marketing and four main dimensions such as reliability, responsiveness, functionality, and call charges were used to measure customer satisfaction. Correlation between CRM and dimensions of the customer satisfaction such reliability, responsiveness, functionality and call charges were positively correlated.

In addition, Krishnamoorthy, Aishwaryadevi, and Bharathi, (2016) studied to investigate the antecedents of bank retail customer relationship management. It further seeks to assess the influence of customer relationship management on customer satisfaction in his research entitled "A Study on Linkage between Customer Relationship Management and Customer Satisfaction in Banking Sector". Five dimensions of customer relationship were identified: Trust, competence, special treatment, conflict handling and convenience. To collect the data for the research, questionnaire method was administered and factor analysis was applied and his finding shows that only trust, competence, special treatment and convenience significantly affect customer satisfaction with bank.

Moreover, Hassan, Nawaz, Lashari, and Zafar, (2015), the purpose of the study is to check the effectiveness of customer relationship management (CRM) in retaining and satisfying customers with reference to Shell Pakistan. The research instruments used in this study is questionnaire. Respondents of the research are the employees of the banks that are directly deal with the

customers and distributed the questionnaire to 100 Employees. Regression analysis has been used to examine the relation of a dependent variable “customer satisfaction” responding to specified independent variables “Customers relationship management”. This study shows that customer relationship management has significant effect on the customer satisfaction and both variables have positive relation.

The study done by Yulisetiari, (2016) in the research entitled “The Effect of Relationship Marketing towards Customer Satisfaction and Customer Loyalty on Franchised Retails in East Java” aimed to analyze the effect of relationship marketing on customer satisfaction, customer satisfaction and customer loyalty on franchised in East Java. Specifically, the study analyzes the direct effect of relationship marketing on customer satisfaction and customer loyalty. The study also focused on indirect effect between of relationship marketing on customer loyalty. The result of explanatory research using path coefficient analysis shows that there is a significant influence of relationship marketing on customer satisfaction; the more satisfied customers feel then the more long-term relationship between the customer and the franchised retails increases in the form of relational marketing and also satisfaction perceived by customers will increase their loyalty.

Finally, a descriptive study done by Taleghani, Biabani, Gilaninia, Rahbarinia and Mousavian, (2011) with the title The Relationship between customer Satisfaction and Relationship Marketing Benefits. The study population was all customers that having accounts at Saderat bank branches in Iran (Anzali). In this study, non-probability sampling with the 384 sample size applied. Questionnaire was used to collect data. By using Pearson correlation and regression analysis, the research hypotheses were tested. The result revealed that confidence benefits and special treatment benefits have significant relationship with customer satisfaction.

2.2.2. Relationship Marketing and Customer Loyalty

The study done by Anabila, Narteh, and Tweneboah-Koduah (2012) with the title “Relationship Marketing Practices and Customer Loyalty: Evidence from the Banking Industry in Ghana.” The objective of this study is to explore the relationship between Relationship Marketing (RM) and customer loyalty in Ghana’s banking industry. In order to achieve the objective of the study, data was collected using questionnaires from 247 relationship marketing staff of universal banks in Ghana. Reliability test and multiple regression analysis were carried out using Statistical Package for Social Sciences (SPSS). The study found that the six Relationship Marketing constructs namely, trust, competence, conflict handling, commitment, communication, social and financial bonds cumulatively had significant positive effect on customer loyalty. Individually, competence, commitment and communication were found to be significant drivers of customer loyalty.

Other study conducted by Dölarslan (2014), “Assessing the effects of satisfaction and value on customer loyalty behaviors in service environments” effects of perceived value/customer satisfaction on customer loyalty behaviors were tested using structural equation modeling and the findings of his study show that both customer satisfaction and perceived value directly influence the loyalty behaviors of customers.

Nauroozi and Moghadam (2015) in their study “the relationship of relationship marketing with customer satisfaction and loyalty among customers of Ghavamin Bank in Sistan and Baluchestan Province. The research used descriptive study and the study population was composed of Ghavamin Bank customers in the province of Sistan and Baluchistan. Cluster sampling was used with a sample size of 385 people. Data analysis was performed using descriptive and inferential statistics by means of SPSS software using Pearson correlation and regression testing. The results indicated that there is a significant, direct relationship between the relationship marketing variables, trust, commitment, conflict management and customer satisfaction and loyalty.

More study conducted by Ndubisi (2007) using a sample of bank customers in Malaysia and applying multiple regression analysis assessed the impact on customer loyalty of four key constructs of relationship marketing (trust, commitment, communication and conflict handling).

Their finding shows that the four variables have a significant effect and predict a good proportion of the variance in customer loyalty. Moreover, they are significantly related to one another.

Finally, Rizan, Warokka and Listyawati (2014) in their research title “Relationship Marketing and Customer Loyalty: Do Customer Satisfaction and Customer Trust Really Serve as Intervening Variables?” examined the nature of linkages between relationship marketing and customer loyalty by using customer satisfaction and customer trust as the intervening variables. They investigated the customer perception on customer satisfaction’s characteristics and confidence in exchange partner's reliability and integrity as the mediating factors to build their trust on the banking services. The researchers employed 150 respondents of private banking as the sample. Using Structural Equation Modeling (SEM) to analysis the relationship, the results revealed that the relationship marketing tactics affected customer loyalty significantly through customer trust and customer satisfaction.

2.2.3. Related Empirical Studies in Ethiopia

A research entitled “Determinants of Relationship Marketing: The Case of Ethiopian Airlines” by Adanech Gedefaw (2014) the objective of this study is to assess the determinants of relationship marketing on overall relationship quality of Ethiopian Airlines. The study employed both quantitative and qualitative study approaches. Both domestic and international flight clients, who fly Ethiopian during the study periods, were respondents for the five Likert scale survey questionnaire. Semi-structured key informant interview was also conducted with employees of the organization. To analysis the data, different kinds of statistical methods including descriptive statistics like percentage and inferential statistics (correlation and multiple regressions) were used. The findings of descriptive study show that all the variables; commitment, conflict handling, trust and communication have positive contribution to firm-customer relationship quality.

Another study conducted by Asmamaw Abera, (2016) under the title “The effect of customer relationship marketing on customer retention: a case study of Commercial Bank of Ethiopia” investigated the effect of customer relationship marketing on customer retention Data were collected through the five point’s Likert scales of questionnaires and used mixed research approach. The questionnaire was physically distributed to 322 customers and four interview

questions to branch managers of those selected branches. Data analyzed by using SPSS software version 20 and Questionnaires reliability was estimated by calculating Cronbach's Alpha. Descriptive analysis tools such as frequency, percentage, mean and standard deviation to present results statistical analysis tools such as correlation coefficient was worked out and used to explore the relationships between variables. Regression analysis was performed to study the effect of independent variables on customer retention. Research findings indicates that there is a significant relation between customer relationship marketing components including trust, bonding, reciprocity, empathy and responsiveness on customer retention and also to regression testing that all variables were examined simultaneously on customer retention; results showed that all components have a significant effect on customer retention .

Moreover, the study contributed by Cherinet Boke, (2015), in his research entitled "The effect of relationship marketing on customers' loyalty (Evidence from Zemen bank)" investigated the influence of relationship marketing underpinnings on customers' loyalty. The study also investigated the mediating role of top management commitment between relationship marketing and customers' loyalty. The study is based on information collected from both primary and secondary sources of data. The sample for this study is taken from customers of Zemen bank in Addis Ababa. Inferential statistics of bivariate correlations and simple as well as multiple regressions were used. Findings of this study reveal that there is a significant and strong correlation between relationship marketing and customer's loyalty. Moreover, the study reveals that there is significant effect of trust, commitment, communication, and gratitude on predicting customers' loyalty. Of this relationship gratitude emerged as the strongest factor which influences customers' loyalty while conflict management remained statistically insignificant and negligible influence on customer's loyalty.

Additionally, the study conducted by Selam Zerou (2014) with the title 'the effect of relationship marketing on customer retention: the case of Commercial Bank of Ethiopia' used the sample of 308 customers of the bank. A structure questionnaire with a five-point Likert scale, was used. Correlation and regression techniques used to examine the relationship between communication, commitment, customer satisfaction and trust and customer retention. Results of regression analysis show that, relationship marketing is significant in explaining the variation in customer retention. Moreover the results revealed that on the whole, customer satisfaction emerged as the

most significant factor followed by communication in influencing customer retention, while commitment and trust are found to be insignificant to influence customer retention.

The recent work by Meseret Kebede (2015) in her study under the title ‘the impact of relationship marketing on customer loyalty in Commercial Bank of Ethiopia Addis Ababa district branches investigated the impact of relationship marketing variables such as trust, commitment, empathy and conflict handling on customer loyalty. The study was done using convenient sampling method by taking 384 respondents of bank customers to respond questionnaires. The finding of the study using correlation and multiple regression analysis shows all the four dimensions, trust, commitment, empathy and conflict handling have positive correlations with customer loyalty. So, the relationship between the relationship marketing and customer loyalty is significant.

Finally, Seid Hussen (2016) in his work entitled “The Influence of Customer Relationship Marketing on Customer Loyalty (Case of Selected CBE, in Jimma Zone)”. In an effort to contribute to the existing customer relationship marketing works, a study of selected Commercial Bank of Ethiopia in Jimma Zone was conducted. A framework of customer relationship marketing was designed to guide the study and quantitative research techniques and semi-structured questionnaire were designed. In order to collect primary data, a self-completed questionnaire was designed and distributed to the customers of the banks. For the purpose of analysis, SPSS 20.0 version was used to carry out descriptive statistics and correlation analysis. Additionally, regression analysis was carried out to examine the influence or contribution of independent variables. He tries to examine the correlation of independent relationship marketing variables such as bonding, empathy, communication and trust with customer satisfaction and loyalty and the result shows there is a significant effect of independent variables on dependent variables satisfaction and loyalty.

2.3. Conceptual Framework

Scholars have listed key virtues that have been theorized in the relationship marketing literature and documented the following constructs, namely trust, commitment, communication, conflict handling, competence and special treatment as the underpinnings of relationship marketing. (Ndubisi, 2007; Krishnamoorthy, Aishwaryadevi, and Bharathi, 2016).

Based on the literature on this research it is hypothesized that relationship marketing is a one-dimensional construct consisting of the following six underpinnings (namely trust, commitment, communication, conflict handling, competence and special treatment) and they have been linked in this study to customer satisfaction.

Accordingly, this study employed the model adapted from Ndubisi (2007); and Krishnamoorthy, et al. (2016) to measure the effect of relationship marketing on satisfaction of trade service customers of Commercial Bank of Ethiopia.

2.3.1. Conceptual Model

As indicated in Figure 1, the conceptual model adapted from Ndubisi, (2007) and Krishnamoorthy et al. (2016) the conceptual model shows the effect of each independent relationship marketing variables on dependent variable. Accordingly, customer satisfaction is considered as dependent variable whereas relationship marketing variables, trust, commitment, communication, conflict handling and special treatment are independent variable.

Relationship Marketing
Independent variables

Dependent variable

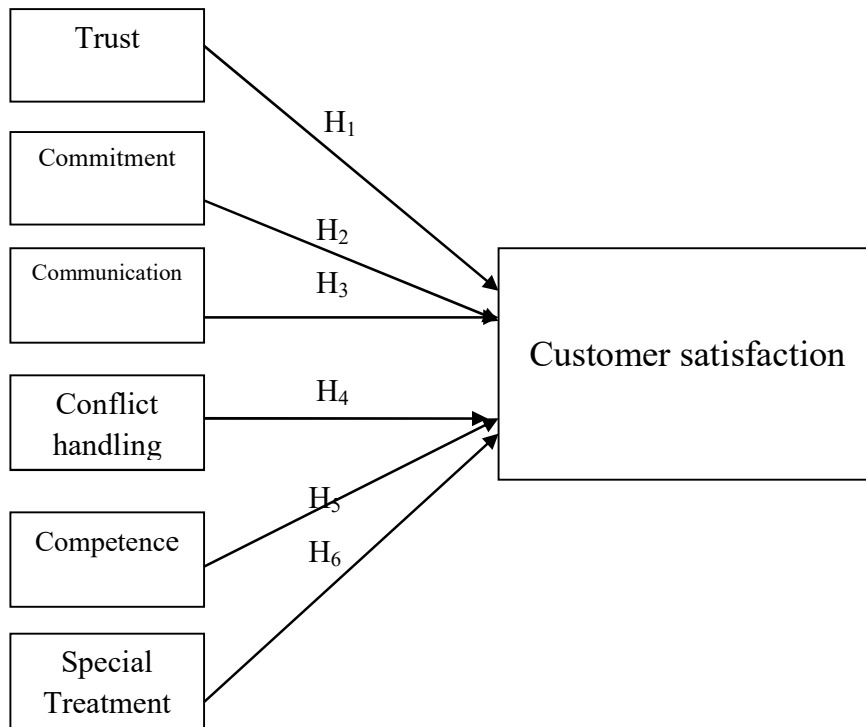


Figure 2.2.4. Conceptual Model

Source: adapted from (Ndubisi, 2007; Krishnamoorthy, Aishwaryadevi, and Bharathi, 2016)

2.3.2. Research Hypotheses

The main hypotheses of this study are follows:

H1. Trust has a positive and significant effect on the customer satisfaction of trade service customer of CBE.

H2. Commitment has a positive and significant effect on the customer satisfaction of trade service customer of CBE.

H3. Communication has a positive and significant effect on the customer satisfaction of trade service customer of CBE.

H4. Conflict handling has a positive and significant effect on the customer satisfaction of trade service customer of CBE.

H5. Competence has a positive and significant effect on the customer satisfaction of trade service customer of CBE.

H6. Special treatment has a positive and significant effect on the customer satisfaction of trade service customer of CBE.

CHAPTER THREE

3. RESEARCH DESIGN AND METHODOLOGY

This chapter deals with research methodology used to carry out the research. This chapter outlines and explains the methodology employed to achieve the research objective and test the research hypotheses formulated in the study. The chapter is organized in nine sub sections. In its first part there is a description of the study area, research approach, then it presented subsequently research design, population, sample and sampling technique, data sources and type, data collection procedure, validity and reliability and finally ethical consideration.

3.1 Description of the study area

The study is undertaken in Commercial Bank of Ethiopia Trade Service Outlet formerly known as International Banking Department and special grade four branches in Addis Ababa. There are the total of eight special grade 4 branches in Commercial Bank of Ethiopia out of which, the two are outline branches explicitly Bahirdar and Mekelle branches. This study included six special grade-4 branches found in Addis Ababa in addition to Trade service special outlet.

3.2 Research Approach

This study is aimed to determine the effect of relationship marketing on satisfaction of trade service customers. The approach used in this study is a quantitative research. Quantitative research is an approach for testing objective theories by examining the relationship among variables. These variables, in turn, can be measured, typically on instruments, so that numbered data can be analysed using statistical procedures (Creswell, 2014).

Quantitative researches test theories deductively from existing knowledge, through developing hypothesized relationships and proposed outcome (Muijs, 2004). And to arrive at this point this research approach employs a review of the existing literature to deductively develop theories and hypotheses to be tested and requires translating of the research problem to specific variables. As Muijs, further noted quantitative research approaches tests the theoretically established relationship between variables using sample data with the intention of statistically generalizing

for the population under investigation. So, quantitative research is good at providing information in breadth from a large number of units.

3.3 Research Design

According to Kothari (2004), the choice of research design depends on the nature of the study. The primary aim of this study was to examine the effects of relationship marketing on satisfaction of trade customers of Commercial Bank of Ethiopia. To achieve this objective, descriptive and explanatory research design is employed in this study.

A research study classified as explanatory type of research design helps to identify and evaluate the causal relationships between the different variables under consideration (Marczyk, Matteo, and Festinger, 2005). If the objective is to determine which variable might be causing a certain behaviour, i.e. whether there is a cause and effect relationship between variables, explanatory research must be undertaken (Shields and Rangarajan, 2013).

Therefore, since the objective of this study is to examine the cause effect relationships between relationship marketing and satisfaction of trade service customers of Commercial Bank of Ethiopia, explanatory research design is applied.

3.4 Population and Sample

This section explains the population, the population characteristics and the sample size drawn for this study.

3.4.1. Population

The population for this study was all trade service customers i.e. importers and exporters who are actively working with trade service process of Commercial Bank of Ethiopia. As of November 2017, there are around 3,164 importers and exporters.

The target populations of this study are importers and exporters who are currently working with Commercial Bank of Ethiopia.

3.4.2. Population Characteristics

The population of this study constitute both importer and exporter who use different type of trade service products such as, Letter of credit, Cash against document and Advance payment or Telegraphic transfer.

3.4.3. Sample size

In addition to the purpose of the study and population size, three criteria usually will need to be specified to determine the appropriate sample size: the level of precision, the level of confidence or risk, and the degree of variability in the attributes being measured (Miaoulis and Michener, 1976).

In order to define the volume of the sample, for the size of the population that are large and determined a simplified formula to calculate sample sizes developed by (Yamane, 1967) is used as follows:

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

A 95% confidence level and

Where;

n is the sample size,

N is the population size, and

e is the level of precision.

Accordingly, 355 trade service customers of Commercial Bank of Ethiopia are selected as respondents of this study.

3.5 Sampling Technique

Sampling is the process by which a relatively small number of individuals are selected and analysed in order to find out something about the population (Vander Stoep and Johnson 2009). The method of sampling employed for this research is purposive type of non-probability sampling whereby only most relevant respondents are contacted.

Purposive or judgmental sampling strategy when it is used in quantitative research, the predetermined number of people who, in researcher judgment, are best positioned to provide the needed information for the study are selected (Kumar, 2011). Purposive or judgemental sampling technique is preferred to take sample from importers and exporters using various trade service products because it is actually impossible to carry on a probability sampling as there is no time at which all the importers and exporters are around and also difficult to access the selected customers to their address.

Most importantly purposive sampling is appropriate in this study in selecting customers that uses different trade service products and those who working for more than a year in Commercial Bank of Ethiopia Trade Service Special Outlet and special grade four branches in Addis Ababa namely, Addis Ababa branch, Arat kilo branch, Arada Giorgis branch, Finfine branch, Nifassilk and Sellasie branches taking into consideration those customers having relatively good experience of banking services and provisions.

3.6 Data Sources and Types

The study mainly relied on data which were obtained from two different sources namely: primary and secondary. The primary data are collected from import and export customers of Commercial Bank of Ethiopia.

The advantage of primary data is firstly, since the data are customized collected towards the research topic, it is more targeted, reliable to the study with low-error. Secondly, it is possible to collect more additional data during the study in order to adapt to the changing situation.

Given that, this study attempt to test hypothesis through survey, the quality of the data is the precedence, should be measurable data and; are used to test thorough statistical method. Besides, primary data are more appropriate data source and questionnaire is selected as a primary data collection method in this study.

The secondary data are obtained from different up to date reports of the bank, prior researches available in the library and electronic resources. Sreejesh, Mohapatra, and Anusree (2014) explained the advantage of secondary data as it can help to identify, clarify and redefine the research problem: In situations where the actual problem in a research study cannot be defined or

is defined in an ambiguous way, the use of secondary data can help clear the confusion with a clear definition of the problem to be probed into.

3.7 Data Collection Procedure

Survey research is one of the most common research methods in social science and education. This is largely because it is an efficient way of collecting large amounts of data and is flexible in the sense that a large number of topics can be studied (Muijs, 2004).

Accordingly, a structured questionnaire in English language was employed. The questionnaire targets exporters and importers working with trade service special outlet and selected special grade four branches for the study to answer the effect of relationship variables on satisfaction of trade service customers of Commercial Bank of Ethiopia.

Based on the research objective, questionnaire was employed to extract trade service customer's experience regarding relationship marketing variables (independent variables) namely, trust, commitment, communication, conflict handling, competence, special treatment and satisfaction (dependent variable).

The questionnaire consists of two parts, part one was prepared to gather general information about the respondents. Part two prepared to ask respondents to answer relationship marketing and customer satisfactions. This part consists of 38 questions and measures the effect of relationship marketing on customer satisfaction which is divided in seven dimensions. The first four relationship marketing dimensions, trust, commitment, communication and conflict handling each consists of five questions adapted from (Ndubisi, 2007). The fifth dimension which consists also five questions that measure competence is adapted from (Ndubisi, 2007). The six dimension special treatment contained four questions which is adapted from (Hennig-Thurau, Gwinner, and Gremler 2002). Finally, the dependent variable(customer satisfaction) questions are also adapted from (Hennig-Thurau, Gwinner, and Gremler 2002).

Each statements of the questionnaire measured on a five point Likert type of scale ranging from “strongly disagree =1” to “strongly agree=5”. Five point Likert type of scale is selected for this study as it is explained by Babakus and Mangold (1992) the advantage of using five-point Likert

scales is, it would reduce the frustration level of respondents, increase response rate and response quality.

3.8 Data Analysis Techniques

Since this study used quantitative analysis to achieve objective of the research, after the data is collected through questionnaire then processed by using the Statistical Package for Social Scientists (SPSS) software version 20. Depending on the collected data and the objectives, research questions and hypothesis, descriptive and inferential statistics were used.

3.8.1 Descriptive Analysis

Descriptive statistics used to describe the data collected in research studies and to accurately characterize the variables under observation within a specific sample. This provides information about the overall representativeness of the sample, as well as the information necessary for other researchers to replicate the study (Marczyk, Matteo, and Festinger, 2005). So, descriptive analysis were used to discuss demographic profile of the respondent and the variables of relationship marketing were analysed using descriptive statistics of frequency and the mean presented and summarized by using tables and interpreted with statements followed by discussions.

3.8.2 Inferential Analysis

Statistical analysis goes beyond describing the characteristics of the data and the examination of correlations of variables in order to produce predictions through inference based on the data. As inferential statistics are used to draw conclusions about significant relationships between variables (Vanderstoep and Johnston, 2009) the relationship between independent variables of relationship marketing (trust, commitment, communication, competence, conflict handling and special treatment) and the dependent variable customer satisfaction were analyzed using correlation and regression analysis.

3.8.2.1 Correlation Analysis

Marczyk et.al. (2005), Correlations are perhaps the most basic and most useful measure of association between two or more variables. Expressed in a single number called a *correlation*

coefficient (r), correlations provide information about the direction of the relationship (either positive or negative) and the intensity of the relationship (−1.0 to +1.0).

Accordingly, in this study correlation analysis applied to measure the strength of association between relationship marketing variables and customer satisfaction.

3.8.2.2 Regression Analysis

According to Marczyk et. al. (2005), like correlations, statistical regression examines the association or relationship between variables. Unlike with correlations, however, the primary purpose of regression is prediction.

In this study regression analysis is used to know by how much the independent variables of relationship marketing explains or influences the dependent variable which is customer satisfaction. Both simple linear and multiple regression analysis were carried out to examine the influence or contribution of independent variables or relationship marketing variables and to predict dependent variable i.e. customer satisfaction.

3.9 Validity and Reliability

The unique attribute of quantitative study designs are specific, well structured, have been tested for their validity and reliability, and can be explicitly defined and recognized (Kumar, 2011). Accordingly, this study tests the validity and reliability of research instrument as follows:

Validity: According to Kumar (2011) validity refers to the ability of an instrument to measure what it is designed to measure. To ensure the validity of this study the following measures have been used.

- Data are collected from reliable sources, from respondents who have experiences using the trade service of the bank.
- Standardized questionnaire is used so that the instrument is already tested and valid.

Reliability: refers to the consistency or dependability of a measurement technique, and it is concerned with the consistency or stability of the score obtained from a measure or assessment over time and across settings or conditions. (Marczyk, et al., 2005)

In this case, the reliability of the Relationship marketing variables has been checked with the help of Cronbach's alpha index to assess the internal consistency. Internal consistency reliability is only applicable to instruments that have more than one item as it refers to how homogeneous the items of a test are or how well they measure a single construct. Above 0.7 is usually considered to offer reasonable reliability for research purposes (Muijs, 2004).

Table 3.9 Reliability Analysis

Dimensions	No. of Item	Cronbach's Alpha
Trust	5	0.839
Commitment	5	0.824
Communication	5	0.837
Conflict handling	6	0.798
Competence	5	0.709
Special Treatment	4	0.733
Customer Satisfaction	8	0.896
Grand Cronbach's Alpha		0.805

Source: Survey finding (2018)

Accordingly, the result indicates the existence of strong internal consistency or reliability within the research questions used for the study.

3.10 Model Specification

In order to study the effect of relationship marketing on customer satisfaction in Commercial Bank of Ethiopia trade service customers and to test and explain the causal relationship models were provided.

$$SF = \beta + \beta_1(TR) + \beta_2(CT) + \beta_3(CN) + \beta_4(CH) + \beta_5(CP) + \beta_6(ST)$$

Where:

SF = Customer Satisfaction (dependent variable/ explained variable/predicted variable) while independent variables are:

TR =Trust

CT = Commitment

CN =Communication

CH=Conflict Handling

CP =Competence

ST =Special Treatment

The above beta values were representing the following: β represents constant beta value for the model, β_1 shows the beta value of trust, β_2 represents beta value of Commitment; β_3 indicates the beta value of communication, β_4 shows beta value of Conflict handling and β_5 represents beta value of Competence and finally β_6 shows the beta value of Special treatment.

3.11 Ethical Consideration

In order to make the study ethically acceptable, an attempt has been made to first explain to the respondents the objective and significance of the study. The respondents also assured that their responses would be used only for the purpose of the study and therefore would be kept confidential. Moreover, they have been assured that their identity would be anonymous.

CHAPTER FOUR

4. DATA ANALYSIS AND PRESENTATION

This chapter presents the results of the survey questionnaires distributed to trade service customers of Commercial Bank of Ethiopia. Therefore, this section presents the results found from survey in tables and figures to demonstrate the results of data set being studied. The result of descriptive analysis including frequency, percentage, mean, standard deviations, Pearson's correlation and using inferential statistics the six hypotheses are tested. Finally the finding and discussion are presented.

4.1 Sample and Response Rates

From the 355 questionnaires distributed to the trade service customers of Commercial Bank of Ethiopia, 304 were returned out of which 8 were incomplete so they were eliminated. This resulted in 304 completed and useable questionnaires generating 86% useable response. This indicates that the existence of good response rate.

4.2 Respondent Demographics

This section presents the description for the characteristics of the target population gives some basic information about the sample population involved in this study. From the data collected and tabulated, the following significant characteristics of the respondents have been obtained: Customer type, Organization type, job category of the respondents, type of product/service they use, type of their account, length of relation with the CBE, are variables which were included under respondents' relation with banking profile.

4.2.1 Customer Category

As indicated in table 4.2.1 below, looking at the composition of respondents based on customer type, majority of the respondents in the survey were customers who importers which accounts for 78.3% and the remaining 21.7% accounts for customers who exports. 15.1% of customers those who engage on both import and export. In general, 90.1 % who imports and 25.% of who exports are participated under the study. With regard to customer status within the bank, 89.5% of the customers who imports and 30.7% of the customers who exports are corporate. On the other hand, 90.5% and 21.6% of customers who imports and exports are non-corporate respectively.

Table 4.2.1 Trade Service Demographic Profile

Description		Frequency	Percentage
Customer Category	Corporate	114	37.5
	Non-corporate	190	62.5
	Total	304	100.0
Type of Organization	Private	282	92.8
	Public	22	7.2
	Total	304	100.0
Product type	Letter of Credit	273	38.8%
	Cash against Document	231	32.9%
	Advance payment/ Telegraphic Transfer	199	28.3%
	TOTAL	703	100.0%

Source: Survey result (2018)

4.2.2 Job category of the respondents

From the total number of respondents who indicated their job categories (304), around 45.07% were Import-Export managers, 26.32% and 13.49% were from Manager Foreign Procurement and other managerial positions respectively. The remaining 15.13 % was shared among Import and export officers (11.18%) and Owner of the company (3.95%). Hence, the respondents have significant experience of relationship with the bank and can easily understand the relationship marketing dimensions measuring questions.

4.2.3 Type of Product/Service the Customers Use

Customers were asked the type of product/service they are using with the Bank. As table 4.2.1 stipulates above, majority (38.8%) of customers use letter of credits followed by Cash against document (32.9%), and the remaining 28.3% uses advance payment or telegraphic transfer.

4.2.4 Length of Relationship with the Bank

Respondents were asked to reveal the length of time since they established relationship with CBE. Accordingly, majority (46.05%) of the respondents have been customers of the CBE for more than 15 years, while those respondents who have been customers of CBE for years between six and fifteen account for 32.57%. Respondents being customers of the CBE for the years between 1 and 5 constitute 21.05%. Generally, the survey result indicates that 98.12% of the respondents have more than one year banking relationship with CBE. The remaining 0.33% of the respondents has less than one year relationship with the bank. Hence, the respondents supposed to give appropriate information about the different relationship marketing dimensions as they could be familiar with the service of the bank for the long time.

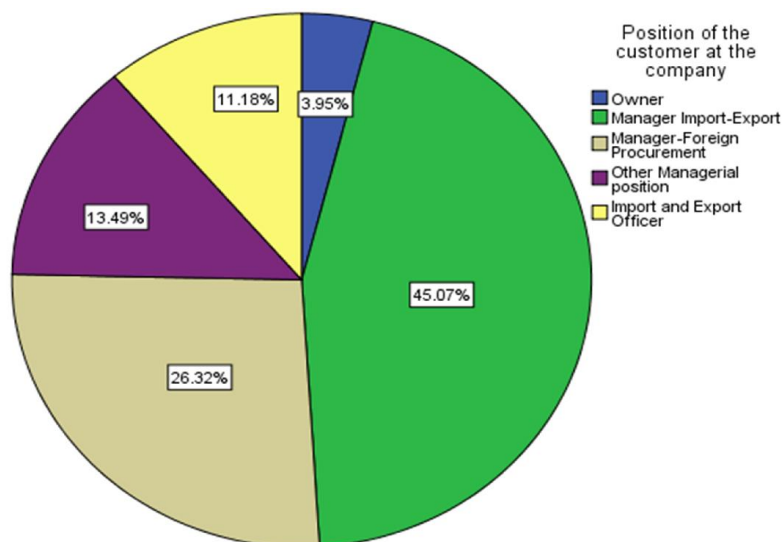
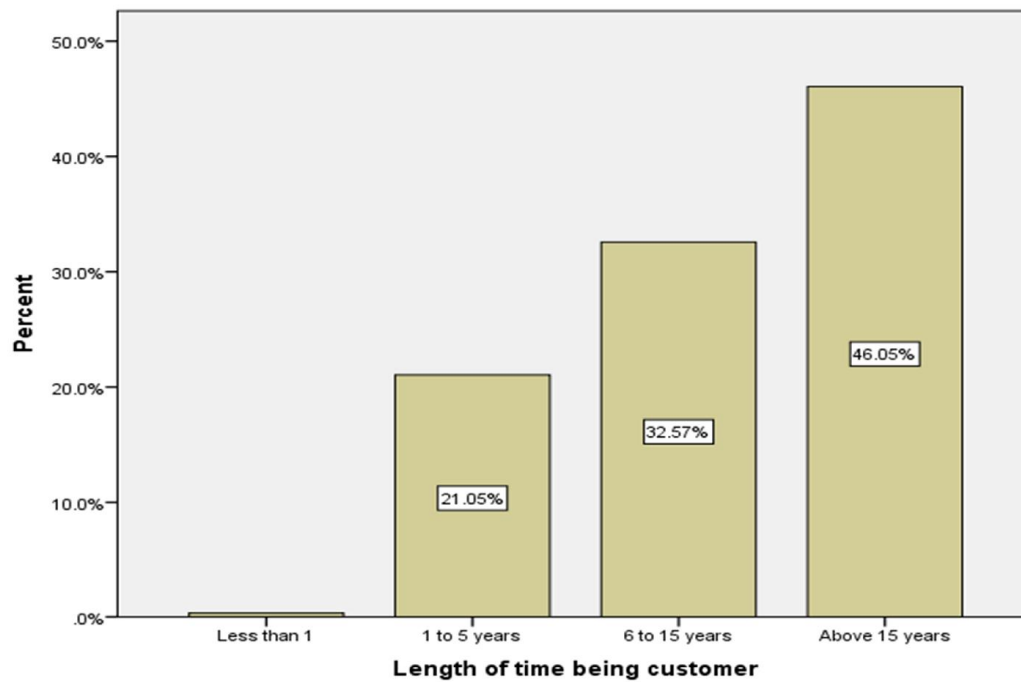


Figure 4.2.2 Job position of the respondents
Source: Survey findings (2018)

Figure 4.2.4 Trade service customer's length of relationship with bank



Source: Survey finding (2018)

A close look into the result of the survey description regarding the respondent's profile indicates that most of the respondents well represent in terms of knowledge of the questions as well as their relationship with the bank.

4.3 Descriptive Analysis

In this section, the descriptive analysis of each relationship marketing dimensions, trust, commitment, communication, conflict handling, competence and special treatment has been done using the responses under rating 1- Strongly disagree, 2- Disagree, 3-Neutral, 4-Agree, 5- Strongly agree. The mean values and standard deviation of all responses are analysed.

4.3.1 Trust

Morgan and Hunt (1994) Conceptualized trust existing when one party has confidence in an exchange partner's reliability and integrity" in all relational exchanges. Trust is important because it provides a basis for future collaborations (Dwyer, Schurr and Oh, 1987). Once trust is

established, firms learn that coordinated, joint efforts will lead to outcomes that exceed what the firm would achieve if it acted solely in its own best interests (Anderson and Narus, 1990).

Table 4.3.1 Descriptive Statistics of Trust

	N	Mean	Std. Deviation
I feel safe in all trade service transactions with my bank	304	3.93	.767
I am confident on the financial status of the bank.	304	3.80	.931
The bank has the ability to keep its promises.	304	3.80	.759
The bank is trustworthy in handling Import or Export transactions.	304	4.01	.821
The bank is very concerned with security for my trade service transactions.	304	4.17	.863
Mean		3.94	

Source: Survey finding (2018)

As it is shown in table 4.3.1 the mean score for each question indicates that there is above average result with all five questions. The mean score of all items also shows that the relative strength of the agreement of the respondents which is 3.94. The mean value in question two and three which is the minimum value when compared to others, with mean score of 3.80. From this it can be inferred that the bank is good at in securing trade service transaction. The standard deviation result of all items under trust indicates that it is below 1 which confirms that there is no high variation within the respondent's response.

4.3.2 Commitment

Relationship commitment is defined as “enduring desire to maintain the valued relationship. Research suggests that relationship commitment is important in relational exchanges and in successful long-term relationships (Anderson and Narus, 1990). Relationship commitment often provides a solid base from which additional characteristics essential to develop relationships can be built on. In addition, a partner committed to the relationship will cooperate with another member because of a desire to make the relationship work (Morgan and Hunt, 1994).

4.3.2 Descriptive Statistics of Commitment

	N	Mean	Std. Deviation
The bank takes the trade service customers' benefit into consideration while taking decisions.	304	3.53	.947
The bank offers customized services to meet its trade service customers need.	304	4.04	.948
The bank is flexible when its trade services are changed.	304	3.39	.861
The bank provides important advises on how to deal with import or export transaction.	304	4.29	.898
The bank provides training on international trade to its trade service customers.	304	3.89	.896
Mean		3.83	

Source: Survey finding (2018)

The results under commitment as presented in table 4.3.2 shows that Commitment was measured by five items for which the mean score value fall between 3.39 for respondents who agreed when asked if the bank is flexible when its trade services are changed and the highest mean score 4.29 with the item “the bank provides important advises on how to deal with import or export transaction.” The mean score value for the entire five items was computed to be 3.83 which is above average. The standard deviation result of all items under commitment indicates that it is below 1 which confirms that there is no high variation within the respondent’s response.

4.3.3 Communication

Third, communication is described as “formal as well as informal sharing of meaningful and timely information between firms” (Anderson and Narus, 1990: 44). Empirical evidence has revealed that communication increases the extent of trust between partners (Anderson and Narus, 1990; Anderson and Weitz, 1989; Morgan and Hunt, 1994). Communication typically helps build trust by providing partners with a mechanism that can be used to resolve disputes. In addition, it improves partners’ ability to align their expectations and perceptions.

Table 4.3.3 Descriptive Statistics of Communication

	N	Mean	Std. Deviation
The bank provides timely and trustworthy information in trade service transactions.	304	3.82	.735
The bank requests timely feedback from customers of trade service.	304	3.13	.811
The bank provides information to its trade service customers when there is new banking service.	304	3.76	.886
The bank provides accurate information to its customers about trade service transaction progress.	304	3.89	.907
The bank communicates effectively to deal with problems when they occur in the trade service transactions.	304	3.92	.900
Mean		3.70	

Source: Survey finding (2018)

As it is shown in table 4.3.3 above, communication was measured by five items for which the mean score values fall between the lowest mean score 3.13 for respondents who agreed when asked if the bank requests timely feedback from customers of trade service and the highest mean score 3.92 for respondents who agreed that the bank communicates effectively to deal with problems when they occur in the trade service transactions. The mean score value for the entire five items was computed to be 3.70 which is above average. The standard deviation result of all items under communication indicates that it is below 1 which confirms that there is no high variation within the respondent's response.

4.3.4 Conflict handling

Conflict handling refers to the bank's ability to minimize the negative consequences of manifest and potential conflicts and openly discuss with business customers on solutions when problems arise (Anderson and Weitz 1989).

As conflicts increases, customers are less likely to have confidence in the long-term orientation of the seller or invest in building or maintaining a relationship; thus, conflict negatively influence the customer's trust and commitment toward the seller and can negatively affect the quality relationship (Anderson and Weitz 1989).

Table 4.3.4 Descriptive Statistics of Conflict handling

	N	Mean	Std. Deviation
Employees of the Bank solve problems quickly before it causes more damage to trade service transactions.	304	3.85	.673
The bank has the ability to openly discuss solutions when problems arise in trade service transactions.	304	3.99	.844
The bank shows a sincere interest in solving customer problem in trade service transactions.	303	4.22	1.110
The bank can solve problems when it occurs between importer and exporter and vice versa.	304	2.71	1.300
The bank tries to avoid potential conflict that may occur in trade service transactions.	304	3.96	.876
Mean		3.74	

Source: Survey finding (2018)

The mean scores shown in the above **table 4.3.4** evidences respondents agreement in four items while one question is responded below average on the item “the bank can solve problems when it occurs between importer and exporter and vice versa.”On the other hand the customer level of agreement for item “The bank shows a sincere interest in solving customer problem in trade service transactions” is the highest means score 4.22. The mean score value for the entire five items was computed to be 3.74 which is above average. There were also two high standard deviations among responses of respondents of which the highest variation in respond was found in the item that “the bank can solve problems when it occurs between importer and exporter and vice versa”(std. deviation of 1.3).

4.3.5 Competence

Competence is defined as the buyer’s perception of the supplier’s technological and commercial competence (Anderson and Weitz 1989). In this study competence is measured with factors such as sufficient knowledge, necessary skills, providing error free service and applying efficient technologies that support trade service business.

Table 4.3.5 Descriptive Statistics of Competence

	N	Mean	Std. Deviation
Employees of the bank have sufficient knowledge of trade service transaction.	304	3.99	.928
Employees of the bank have necessary skills to perform trade service transactions.	304	3.87	.800
Employees easily understand the need of trade service customers.	304	3.72	.744
Employees provide error free service in trade service transactions.	304	2.99	.864
The bank employees have the competence needed to apply efficient technologies that support trade service business.	304	3.68	.856
Mean		3.65	

Source: Survey finding (2018)

The competence variable as presented in table 4.3.5 was measured by five items which the mean values fall between 2.99 for respondents who responded employees of the bank provide error free service in trade service transactions and 3.99 with the highest mean score employees of the bank have sufficient knowledge of trade service transaction. The mean score value for the entire five items was computed to be 3.65 which is above average. The standard deviation result of all items under competence indicates that it is below 1 which confirms that there is no great variation within the respondent's response.

4.3.6 Special Treatment

Special treatment is a form of relational consumers receiving price breaks, faster service, or individualized additional services. The widespread use of special treatment benefits provided as a part of relationship marketing programs presumably is due to the expectation of positive financial returns. One way this may operate is through the presence of switching costs. That is, as an organization provides additional types of special treatment benefits (e.g., economic savings or customized service) emotional and/or cognitive switching barriers are increased (Fornell, 1992).

Table 4.3.6 Descriptive Statistics of Special Treatment

	N	Mean	Std. Deviation
I receive discounts or special deals in my trade service transactions that most customers don't get.	304	2.59	1.027
I receive faster service in my trade service transactions than other customers do.	304	3.36	.841
I am usually placed higher on the priority list when there is a line in trade service transactions.	304	3.22	.940
The bank provides me services that they don't do for most customers.	304	2.26	1.047
Mean		2.87	

Source: Survey finding (2018)

As it is shown in the above table, special treatment is measured by four items for which, the mean values were calculated and were found to range between 2.26 for respondents who said they get services that the bank do not offer for most customers and a mean value of 3.36 are those who responded that they receive faster service in trade service transactions than other customers do.

The mean score of all items indicates that there is weak agreement of customers with the score of 2.87. There were also two high standard deviations among responses of respondents of the highest calculated was 1.047, where a high variation in response among sample respondents for the item that states they get me services that the bank don't do for most customers.

4.3.7 Customer Satisfaction

Satisfaction is a customer's emotional response when evaluating the discrepancy between expectations regarding the service and the perception of actual performance. This perception of performance is gained through the physical interaction with the business and the product and services of the business (Salami 2005).

Table 4.3.7 Descriptive Statistics of Customer Satisfaction

	N	Mean	Std. Deviation
I am satisfied with the trustworthiness of the trade service provided by bank.	304	4.12	.643
I am satisfied with the commitment of the bank to its customers.	304	4.06	.692
I am satisfied with the overall bank's communication in the trade service.	304	3.88	.618
I am satisfied with the manner through which the bank handles conflicts in trade service transactions.	304	3.86	.590
I am satisfied with employees' competence to use technologies for better service in trade service transactions.	304	4.27	.847
I am satisfied with the special treatment that the bank provides in its trade service.	304	3.61	.810
I get the trade service provided by the bank beyond my expectation.	304	3.16	.726
Overall, I am satisfied with the trade services provided by the bank.	304	4.09	.881
Mean		3.88	

Source: Survey finding (2018)

The above results show that the item with the highest number of respondents responded that they strongly agree or agree with almost all the item listed under customer's satisfaction. From the mean score, it is observed that the customers are highly agreed on the statement no. 5. The item no. 7 shows the lesser mean score of 3.16. The rest of the statements revealed the respondents response of above average and also the mean score value for the entire eight items was computed to be 3.88 which is above average. The standard deviation result of all items under customer satisfaction indicates that it is below 1 which confirms that there is no great variation within the respondent's response.

4.4 Measurement of Model Validity

4.4.1 Test of Normal Distribution

A normal distribution is one of the importantly assumed statistical procedure, Normal distribution take the form of a symmetric bell shaped curve. The standard distribution is one with a mean of 0 and standard deviation of 1 (Garson, 2012). Severe asymmetry then is stated to be the result of strong outliers. A common test for normality is to run descriptive statistics to get the skewness and kurtosis. Skewness should be within +2 and -2 range, if the data is normally distributed. Kurtosis is the peak or flatness of a distribution and this distribution shall also commonly fall between +2 and -2, although a few other authors according to (Garson, 2012), are more lenient and allow kurtosis to fall within +3 and -3.

Table 4.4.1 Normal Distribution of relationship marketing variables

	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Trust	304	-1.814	.140	2.475	.279
Commitment	304	-1.002	.140	.115	.279
Communication	304	-1.228	.140	1.351	.279
Conflict handling	304	-1.437	.140	2.795	.279
Competence	304	-.750	.140	.379	.279
Special Treatment	304	.520	.140	.812	.279

Source: Survey finding (2018)

Following the above justification, as it shown in the above table, the normality test was done for six variables on SPSS, which resulted in all the variables skewness to fall within +2 and -2 range and the variables kurtosis to fall within +3 and -3 range. Consequently, the data used for this research are normally distributed.

4.4.2 Test of Linear Distribution

Testing for nonlinearity is necessary because correlation, regression, and other members of the general linear model assume linearity. Simple inspection of scatter plots is a common if non-statistical method of determining if nonlinearity exists in a relationship. In regression, as a rule

of thumb, an indicator of possible nonlinearity is when the standard deviation of the residuals exceeds the standard deviation of the dependent. (Garson, 2012)

Table 4.4.2 Residuals Statistics^a

	Mean	Std. Deviation	N
Predicted Value	3.8812	.46591	304
Residual	.00000	.23652	304
Std. Predicted Value	.000	1.000	304
Std. Residual	.000	.990	304

a. Dependent Variable: SF

Source: Survey finding (2018)

The result of residuals statistics in table 4.4.2 indicates that the standard deviation of residual $0.990 <$ standard deviation of predicted value (dependent) 1.00. Accordingly, it is found to be there is no non linearity.

4.4.3 Homoscedasticity

Homoscedasticity is an assumption in regression analysis that the residuals at each level of the predictor variables have similar variances. That is, at each point along any predictor variable, spread of residuals should be fairly constant. For a basic analysis, the plot *ZRESID (Y-axis against *ZPRED(X-axis) is used on SPSS because this plot is useful to determine whether the assumptions of random errors and homoscedasticity have been met (Field, 2009). The plot should look like a random array of dots evenly dispersed around zero. If this plot funnels out then the chances are that there is homoscedasticity in the data. If there is any sort of curve in this plot, then the chances are that the data have broken the assumption of linearity. (Field, 2009)

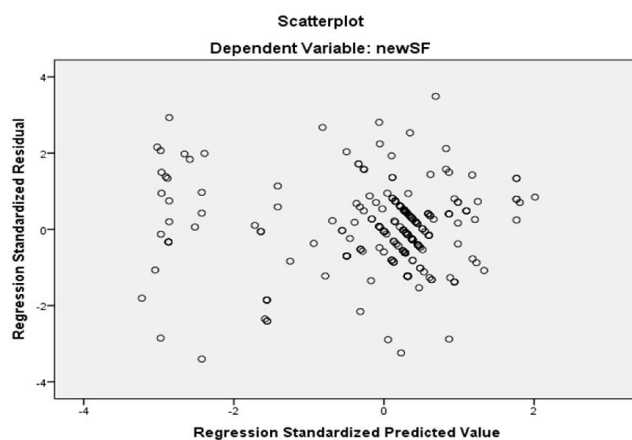


Figure 4.4.3 Scatterplot

Source: Survey finding (2018)

As it is shown in fig. 4.4.3 the scatter plot above, the residuals at each level of explanatory variables have similar variances and the plots look like evenly dispersed around zero except some outliers around lower predicted value. Therefore, there is no evidence of homoscedasticity problem.

4.4.4 Multicollinearity

Multicollinearity problem occurs when the explanatory variables are very highly correlated with each other, and this problem is known as multicollinearity. (Kothari, 2004). ‘Tolerance’ and ‘VIF’(Variance Inflation Factory) are measures of existence of multicollinearity problem. .A good regression model must not have a strong correlation among its independent variables or must not have a multicollinearity problem and that the value of variance inflation factor (VIF) must have a value between 1 and 10 and the tolerance level should be more than 0.2 (SPSS Inc, 2007)

Table 4.4.4 Test of Multicollinearity

Model	Collinearity Statistics		
	Tolerance	VIF	
1	Trust	.443	2.256
	Commitment	.489	2.045
	Commitment	.221	4.523
	Conflict handling	.238	4.203
	Competence	.420	2.380
	Special Treatment	.809	1.236

a. Dependent Variable: Customer Satisfaction

Source Survey findings (2018)

As shown on the above table, based on collinearity statistics, the obtained tolerance result indicates that it is above 0.2 and variance inflation factor (VIF) for all independent variables was found to be between 1 and 10, which means that there is no multicollinearity problem.

4.5 Inferential Statistics

This study is conducted to evaluate the effect of relationship marketing on satisfaction of trade service customers of Commercial Bank of Ethiopia. Accordingly, using inferential statistics the study result with respect to the effect of trust, commitment, communication, conflict handling, competence and special treatment on satisfaction of trade service customers of CBE presented in this section.

4.5.1 Correlation Analysis

Correlations are perhaps the most basic and most useful measure of association between two or more variables (Marczyk et. al., 2005). Test of correlations provides information on whether the correlation is statistically significant. As it is further explained by (Vanderstoep and Johnston, 2009) the most common statistical measure of correlation is the **Pearson correlation**.

The Pearson correlation measures the relationship between two interval variables. Its range is from -1.0 to $+1.0$. The magnitude of a correlation increases as the absolute value of the correlation increases. In other words, the closer a correlation is to $+1.0$ or -1.0 , the greater its magnitude. As the strength of the relationship the closer to ± 1 the stronger, the closer to 0 the

weaker. The following values of correlation interpretation of SPSS tutorial series are used as guidelines.

Sign of Correlation Coefficient	Strong	Moderate	Weak	Very Weak or None
+ values	0.5 to 1.0	0.3 to 0.49	0.1 to 0.29	0 to 0.09
- values	-1.0 to -0.5	-0.49 to -0.3	-0.29 to -0.1	-0.09 to 0

The Correlations procedure computes the pair wise associations for a set of variables and displays the results in a matrix based on table 4.5.1. It is useful for determining the strength and direction of the association between two variables.

Table: 4.5.1 Correlations Matrix of relationship marketing variables

		TR	CT	CN	CH	CP	ST	SF
TR	Pearson Correlation	1						
	Sig. (2-tailed)							
	N	304						
CT	Pearson Correlation	.608**	1					
	Sig. (2-tailed)	.000						
	N	304	304					
CN	Pearson Correlation	.685**	.661**	1				
	Sig. (2-tailed)	.000	.000					
	N	304	304	304				
CH	Pearson Correlation	.653**	.566**	.849**	1			
	Sig. (2-tailed)	.000	.000	.000				
	N	304	304	304	304			
CP	Pearson Correlation	.640**	.593**	.666**	.687**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
	N	304	304	304	304	304		
ST	Pearson Correlation	.251**	.179**	.301**	.392**	.377**	1	
	Sig. (2-tailed)	.000	.002	.000	.000	.000		
	N	304	304	304	304	304	304	
SF	Pearson Correlation	.793**	.671**	.762**	.756**	.709**	.457**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	304	304	304	304	304	304	304

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

Source: Survey finding (2018)

By looking at the correlation matrix between the factors we can understand that trust is the most correlated element with satisfaction. The correlation of 0.793 with p-value of (<0.01) between these two factors shows that a little change in the trust has a major influence on the satisfaction of trade service customers towards CBE.

The next variable which is also important is the communication with a correlation of 0.762 with p-value (<0.01) which shows a strong relationship with satisfaction of trade service customers of CBE. This shows that banks timely communication with customers have association with having satisfied customer.

The correlation between conflict handling and satisfaction is 0.756 with p-value (<0.01) which shows that the high effort of conflict handling of the bank's trade service have very strong and positive relationship with satisfaction of trade service customers of CBE.

The correlation between competence and satisfaction is 0.709 which has p-value (<0.01) implies that the bank the bank employees competence in handling trade service has also strong and positive relationship with satisfaction of trade service customers of CBE. The remaining variables, commitment and special treatment which have positive and moderate relationship with customer satisfaction of trade service customers of CBE and also significantly correlated with the result of 0.671 and 0.457 respectively with p-value of (<0.01).

Generally, the correlation analysis indicates that the correlation coefficient for all the relationship constructs ranges from (0.457 to 0.793) which indicate that all relationship marketing constructs have positive relationship with customer satisfaction of trade service customers of CBE. Among all the relationship marketing constructs, trust has the highest and very strong correlation coefficient which is 0.793 followed by communication also with strong correlation coefficient 0.762. Next, conflict handling and Competence have correlation coefficient of 0.756 and 0.709 respectively which is also strong correlation with customer satisfaction. The remaining constructs commitment and special treatment constructs have correlation coefficient of 0.671 and 0.457 respectively. All correlation coefficients are significant on all constructs since the p-value (<0.01).

Thus, it can be concluded that there is a positive and significant relationship between trust, commitment, communication, conflict handling, competence, special treatment and customer satisfaction of trade service customers of CBE.

4.5.2 Regression Analysis

The regression model was used to determine how the six relationship marketing variables impact on customer satisfaction. In multiple linear regressions, we may look at the relationship between one 'effect' variable, called the dependent or outcome variable, and one or more predictors, also called independent variables (Muijs, 2004). In this study a number of independent variables, (trust, commitment, communication, conflict handling, competence and special treatment) used to predict dependent variable (customer satisfaction).

'Adjusted R Square'. This is, as the name implies, a correction to R square, which takes into account that we are looking at a sample rather than at the population. As the model is likely to fit the population less well than the sample, R square is adjusted downwards to give us a measure of how well our model is likely to fit in the population. Adjusted R square also lies between 0 and 1. (Muijs, 2004)

4.5.3 Multiple regression Analysis

In multiple regressions we form a linear composite of explanatory variables in such way that it has maximum correlation with a criterion variable. This technique is appropriate when the researcher has a single, metric criterion variable which is supposed to be a function of other explanatory variables.

The main objective in using this technique is to predict the variability the dependent variable based on its covariance with all the independent variables. One can predict the level of the dependent phenomenon through multiple regression analysis model, given the levels of independent variables. (Kothari, 2004)

The results in **table 4.5.3a** below show that there is a significant relationship between relationship marketing and customer satisfaction with significant level ($P < 0.05$). The value of R square 0.795 was obtained indicating that all six relationship marketing variables jointly can

determine 79.5 % of customer satisfaction. So, it implies that the variance in dependent variable (customer satisfaction) can be predicted from relationship marketing variables.

Table 4.5.3a Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.892 ^a	.795	.791	.23889

a. Predictors: (Constant), ST, CT, TR, CP, CH, CN,

In this model, Adjusted R square value is 0.791 which does suggest that the predictors are good at predicting customer satisfaction. And the difference between R and R square is 0.097 (0.892-0.795) which implies if the model were derived from population rather than the sample it accounts for 9.7 % less variance in the result.

Table 4.5.3b ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	65.773	6	10.962	192.080	.000 ^b
Residual	16.950	297	.057		
Total	82.723	303			

a. Dependent Variable: SF

b. Predictors: (Constant), ST, CT, TR, CP, CH, CN

Source: Survey findings (2018)

The significant level in ANOVA table shows that the combination of variables significantly predicts the dependent variable. ANOVA test whether the model is significantly better at predicting the outcome than using the mean as a best guess.

The F-ratio represents the ratio of the improvements in prediction that results from fitting the model, relative to the inaccuracy that still exists in the model. The above ANOVA^a table shows that the significance value of the F-statistics is 0.000^a which is less than 0.05 which means that the variation explained by the model is not due to chance.

Table 4.5.3c Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.609	.099		6.137	.000
TR	.321	.032	.392	9.943	.000
CT	.127	.028	.170	4.527	.000
CN	.106	.044	.135	2.408	.017
CH	.117	.042	.150	2.784	.006
CP	.081	.036	.091	2.258	.025
ST	.139	.021	.195	6.674	.000

a. Dependent Variable: SF

The regression model of this study can now be properly written in an equation form as the following.

$$SF = (0.609) \text{ constant} + (0.321)TR + (0.127)CT + (0.106)CN + (0.117)CH + (0.081)CP + (0.139)ST + \varepsilon$$

4.6 Hypothesis Testing

There were six major hypothesis constructed in this study to answer the research questions. Since Pearson correlation coefficient shows only the strength and direction of the relationship between variable on dependent variable, regression analysis is used to predict the outcome variable from several predictor or multiple regression. All the six hypothesis developed for this study revolve around the effect of relationship marketing dimensions (trust, commitment, communication, conflict handling, competence and special treatment) on customer satisfaction.

The level of significance is the probability that a relationship between variables is not real, but rather due to chance factors. Most social science researchers use 0.05 as the level of significance to decide if a relationship is **statistically significant**. (Vanderstoep and Johnston, 2009) Accordingly the significant level used for this model is $P < 0.05$.

The above coefficient^a **table 4.5.3c** presents the cumulative effect of relationship marketing variables on customer satisfaction in multiple regression analysis simultaneously computed to predict the dependent variable customer satisfaction.

Hypothesis 1: **H1.** Trust has a positive and significant effect on the customer satisfaction of trade service customer of CBE.

As it is shown in coefficient^a table, trust as underpinning of relationship marketing with the coefficient of $B = 0.321$, at the significance level $p < 0.05$ trust has a positive effect on customer satisfaction. **So, H1 is confirmed.**

H2. Commitment has a positive and significant effect on the customer satisfaction of trade service customer of CBE.

Commitment has coefficient $B = 0.127$ with the significance level $p < 0.05$ has a positive effect on customer satisfaction of trade service customers of Commercial Bank of Ethiopia. **So, H2 is confirmed.**

H3. Communication has a positive and significant effect on the customer satisfaction of trade service customer of CBE.

In the above coefficient table, the coefficient of $B = 0.106$ for communication with the significance level $p < 0.05$ has a positive effect on customer satisfaction of trade service customers of Commercial Bank of Ethiopia. **So, H3 is confirmed.**

H4. Conflict handling has a positive and significant effect on the customer satisfaction of trade service customer of CBE.

Conflict handling has coefficient $B = 0.117$ with the significance level $p < 0.05$ has a positive has a positive effect on customer satisfaction of trade service customers of Commercial Bank of Ethiopia. **So, H4 is confirmed.**

H5. Employee Competence has a positive and significant effect on the customer satisfaction of trade service customer of CBE.

Competence has coefficient $B = 0.081$ with the significance level $p < 0.05$ has a positive trust has a positive effect on customer satisfaction of trade service customers of Commercial Bank of Ethiopia. **So, H5 is confirmed.**

H6. Special treatment has a significant effect on the customer satisfaction of trade service customer of CBE.

Special treatment has coefficient $B = 0.139$ with the significance level $p < 0.05$ has a positive trust has a positive effect on customer satisfaction of trade service customers of Commercial Bank of Ethiopia. So, **H6 is confirmed.**

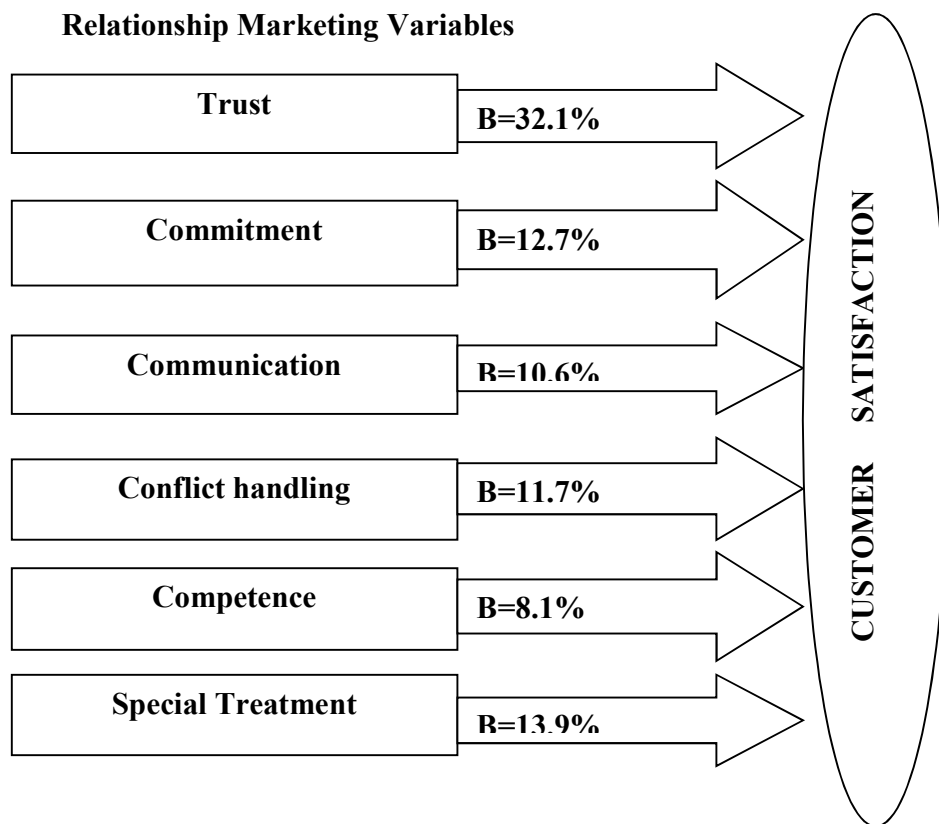


Figure 4.6 The effect of relationship marketing variables on customer satisfaction

4.7 Discussion of Findings

Multiple regression analysis was applied to investigate the effect of relationship marketing variables on customer satisfaction of trade service customers of Commercial Bank of Ethiopia. This section discusses in detail the analysis of the results for each explanatory variable and their effect on satisfaction of trade service customers of Commercial Bank of Ethiopia. Furthermore, the discussion analyzed the statistical findings of the study in relation to the previous empirical evidences. Hence, the following discussions present the interpretation on the relationship marketing regression results.

4.7.1 Trust

Trust as one of the relationship marketing dimension is defined by many scholars. Morgan and Hunt (1994, p. 22), in “The Commitment-Trust Theory of Relationship Marketing”, hypothesize that “presence of relationship commitment and trust is central to successful relationship marketing, not power.” All definitions of trust suggest that trust involves one party having in or relying on another party to fulfil its obligations. (Anderson and Narus, 1990; Moorman et al, 1993; Morgan and hunt, 1994). On the other hand in social exchange theory suggest trust reduces risk in the transaction (Morgan and Hunt, 1994), and enhances satisfaction and commitment to the exchange (Anderson, and Narus, 1990). Positive economic and social outcomes resulting from an exchange increase partners’ trust on each other and the commitment to maintaining the relationship (Blau, 1964).

Based on the finding from regression result, trust has a significant and positive effect on customer satisfaction of trade service customers of Commercial Bank of Ethiopia by a coefficient estimate of 0.0321. This means that holding other independent variables constant and when one percent increases in trust, consequently it increases trade service customer satisfaction by 32% and the p value of trust (TR) is <0.05 . This findings indicate that relationship marketing strategy implemented by banks to enhance trust efficiently assists to increase customer satisfaction, which supports the commitment-trust theory and social exchange theory also this outcome is consistent with prior study of Adamson, Chan and Hanford, 2003; Khandabi, Klidbari and Fadayi, 2014; Velnampy and Sivesan 2012; Krishnamoorthy, et al., 2016).

4.7.2 Commitment

The second important variable in relationship marketing is commitment has also positive and significant effect on customer satisfaction of trade service customers of Commercial Bank of Ethiopia by coefficient estimate of 0.127. This means that holding other independent variables constant and when one percent increases in Commitment, consequently it increases the satisfaction of trade service customers of Commercial Bank of Ethiopia by 12.7% and the p value of Commitment 0.000 shows that it is statistically significant at 1% level of significance.

Morgan and Hunt (1994) defined relational commitment is existing when an exchange partner believes that an ongoing relationship with another is sufficiently important to warrant maximum efforts at maintaining the relationship and commitment captures pride in belonging, concern for long-term success, and a desire for customers to participate as friends of the organization. The findings were consistent with the commitment-trust theory that “presence of relationship commitment and trust is central to successful relationship marketing, not power. In addition, a positive and significant effect of commitment on customer satisfaction was observed in following empirical studies, such as (Adamson, Chan and Hanford, 2003; Velnampy and Sivesan, 2012).

4.7.3 Communication

The finding on the effect of communication on customer satisfaction shows positive and significant by coefficient estimate of 0.106. This means that holding other independent variables constant and when one percent increases in Communication, consequently it increases the satisfaction of trade service customers of Commercial Bank of Ethiopia by 10.6% and the p value of Commitment is 0.017 shows that it is statistically significant at 5% level of significance.

As it is supported by resource based view theory that in marketing relationships, communication plays a central role in providing an understanding of the exchange partner’s intentions and capabilities, thus, forming the groundwork for relationship development. Communication is a prerequisite for building trust among exchange partners. (Anderson and Narus, 1990). In addition, it is consistent with the empirical work of (Velnampy and Sivesan, 2012).

4.7.4 Conflict handling

Similarly, conflict handling has positive and significant effect on customer satisfaction of trade service customers of Commercial Bank of Ethiopia by coefficient estimate of 0.117.

This means that holding other independent variables constant and when one percent increases in Conflict handling, consequently it increases the satisfaction of trade service customers of Commercial Bank of Ethiopia by 11.7% and the p- value of Commitment is 0.006 shows that it is statistically significant at 1% level of significance.

This is supported by Resource Based View Theory as the term “problem resolution” explains the sharing of information to assist a partner, when unexpected problems arise that could disrupt the exchange relationship.(Grant, 1996) and empirical work of (Adanech Gedefaw, 2014) conflict handling have positive contribution to firm-customer relationship. On the other hand the finding contradicts with the work of (Krishnamoorthy, et al., 2016).

4.7.5 Competence

The fifth variable Competence has also positive and significant effect on customer satisfaction of trade service customers of Commercial Bank of Ethiopia by coefficient estimate of 0.081. This means that holding other independent variables constant and when one percent increases in Competence, consequently it increases the satisfaction of trade service customers of Commercial Bank of Ethiopia by 8.1% and the p value of Commitment is 0.025 shows that it is statistically significant at 5% level of significance.

This finding uncovered that competence was a vital input to customer satisfaction and was in agreement with the work of (Krishnamoorthy, et al., 2016) and supported by Knowledge Based View theory of relationship marketing. Relationship marketing theory concerning competence (operant resource) factors draws on the strategic management literature. Because competences are crucial for enabling firms to use their resources efficiently and or effectively, competences represent a logical extension of the resource-based view (Hunt, et al., 2006).

4.7.6 Special Treatment

Finally Special treatment as the underpinning of relationship marketing has positive and significant effect on customer satisfaction of trade service customer of Commercial Bank of Ethiopia by coefficient estimate of 0.139. This means that holding other independent variables constant and when one percent increases in Special treatment, consequently it increases the satisfaction of trade service customers of Commercial Bank of Ethiopia by 13.9% and the p value of Commitment is 0.000 shows that it is statistically significant at 1% level of significance.

This result is consistent with the work of Krishnamoorthy, et al. (2016) and Taleghani, et al. (2011). This result is also supported by relational benefits approach. The relational benefits approach argues that categories of relationship oriented customer benefits exist, the fulfillment of which can predict the future development of existing relationships. Relational benefits (i.e., benefits customers likely receive as a result of having cultivated a long-term relationship with a service provider; Gutek, Bhappu, Liao-Troth, and Cherry 1999; Gwinner, Gremler, and Bitner 1998).

CHAPTER FIVE

5. SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter provides summary of findings, the conclusion drawn from the findings of the study. Accordingly, appropriate recommendations aimed at fostering improvement to the bank's operation are also provided based on the finding of the study. Moreover, highlighted the limitation of this work and indicated future research areas for anyone interested in the applicability of relationship marketing in satisfying trade service customers of Commercial Bank of Ethiopia.

5.1 Summary of Findings

The main objective of the study was to examine the effect of relationship marketing on customer satisfaction of trade service customer's of Commercial Bank of Ethiopia. In this study, relationship marketing variables such as trust, commitment, communication, conflict handling, competence and special treatment were used to identify the effect of relationship marketing on customer satisfaction .

Data were collected from 304 respondents and discriptive analysis is done in demographic profile of the respondents. Accordingly, the majority of the respondents were importers with regard to customer status also the majority of importers are corporate customers. Most of the respondents were customers who are poisioned in managerial position within their company. Hence, the respondents have significant experience of relationship with the bank and can easily understand the measuring questions.

With regard to type of products the customer uses, respondents who use all types of method of payments in international banking such as letter of credit, cash against document, advance payment proportionaly included in the study. From the findings of the results, it can be concluded that the respondents of this study are well representative.

From discriptive analysis it is found out that the mean score value obtained for the six components of Relationship Marketing and customer satisfaction is as follows: Trust = 3.94, commitment = 3.83, communication, = 3.68, competences = 3.65, conflict handling= 3.78 and

special treatment 2.78. The mean for the dependent variable (customer satisfaction) was 3.88. All mean values, except special treatment with the mean value of 2.87 all other variables fall above average 3.65 – 3.94.

Subsequently, from inferential analysis correlation was used to examine the association between independent variables and dependent variable. Using Pearson's correlation to investigate the strength and direction of the independent variables, trust, commitment, communication, conflict handling, competence and special treatment with dependent variable customer satisfaction, the findings confirmed that all the independent variables had a strong and positive correlation (r ranging from 0.457 to 0.793) with dependent variable customer satisfaction.

To identify the relationship marketing variables according to their importance in influencing customer satisfaction, β values and their significance are important statistics to look at. The standardize Beta value for trust is 0.321. This indicates that trust has relatively strong degree of importance in customer satisfaction, second special treatment with Beta value of 0.139 third, commitments with Beta value of 0.127 fourth, conflicts handling with Beta value of 0.117 fifth, communications with Beta value 0.106 and finally sixth competence with Beta value of 0.081.

5.2 Conclusion

Customer satisfaction in banking industry has become a central issue nowadays. In an era of mounting competition, the need to maintain the satisfaction of valued customers cannot be underestimated.

Given the above findings, it can be concluded that all relationship marketing variables under the study have positive and significant effect on satisfaction of trade service customers of Commercial Bank of Ethiopia. Therefore, the application of relationship marketing variables increases customer satisfaction of trade service customers of Commercial Bank of Ethiopia.

Hence, the success of bank's future business performance to a large extent will depend on the appreciation and application of relationship marketing, and the banks management ability to maintain, motivate, and train employees on customer relationship management for business survival and growth. Furthermore, the stakeholders of banks need to create the understanding that

it is the firms' devotion towards customer relationship management that will translated into increased market share performance.

5.3 Recommendations

In service industries where service offering requires communication and interaction with customers, overall customer satisfaction depends on how they face the organization and also their experience there. Full awareness about the customer and their needs and demands require establishing close relationships with them. Relationship marketing is a new approach in banking industry that mainly aims to establish close and long term relations in order to fully understand and know the customer and to provide their satisfaction (Ndubisi and Wah, 2005).

This study attempts to examine the effect of customer relationship marketing on customer satisfaction by taking samples from trade service special grade 4 branches Commercial Bank of Ethiopia in Addis Ababa city. In light of the findings and conclusions made, the following possible recommendations are suggested as being valuable to the Commercial Bank of Ethiopia for improving relationship marketing activities to assure customer satisfaction.

- More efforts are needed to improve the level of trust by the continuous development of the service and benefits. Being concerned with security of trade service transactions, the bank should be trustworthy enough for their customers in handling Import and Export transactions. That means the bank should keep their promises, should be reliable, discharge obligation, and fulfill promises.
- In order to increase the level of commitment of the bank, the management group of the bank should take the trade service customers' benefit into consideration while taking decisions. To reduce the risk involved in international trade, firms can turn to banks, which can act as intermediary or facilitator and thereby gratify enforcement problems. In addition to facilitating payments, banks should provide professional advice to their trade service customers before and after signing contracts with their counter parts. Hence as professional advisors, bankers should familiarize themselves with these issues, sales contracts, methods of payment, and they are part of the solution as much as the need of the environment they

are working with. So, the employee's competence in understanding international trade governing rules and taking precautions where they sense of risks are very vital.

- The bank provides important advises on how to deal with import or export transaction. In addition to other major risks in international trade, export-import firms are vulnerable to foreign exchange risks whenever they enter into an obligation to accept or deliver a specified amount of foreign currency at a future point in time. (Belay Seyoum, 2009). To mitigate those risks in international the bank should be committed in providing important advises on how to deal with import or export transaction and give training on international trade to its trade service customers.
- Communicate timely and accurately with trade service customer, since there is significant and positive effect of communication on customer satisfaction. Thus, banks should enable customers to voice their concern with proper channel, so that they will remain satisfied. This means bank should communicate timely and trustworthy information in trade service transactions. The bank should requests timely feedback from customers of trade service and provides accurate information to its customers about trade service transaction progress. The bank should communicate effectively to deal with problems when they occur in the trade service transactions. Therefore, customer expectations should be influenced through communication.
- Handle conflicts in proper manner: The Bank should solve problems quickly before it causes more damage to trade service transactions. The bank should able to openly discuss solutions when problems arise in trade service transactions. The bank should show a sincere interest in solving customer problem in trade service transactions. The bank should solve problems when it occurs between importer and exporter and vice versa.
- In improving competence levels, managers should take the necessary steps to deploy knowledgeable staff and equip them with the requisite skills in handling trade service to enable them provide effective services. Therefore, the bank should adopt a support function by creating and developing the competence that the customer requires to enjoy the service so that employee should provide error free service in trade service transactions

and have the competence needed to apply efficient technologies that support trade service business.

- For those customers who are categorized as corporate the bank should provide special treatments like discounts, special deals and faster service in trade service transactions for its customers.

Besides, bank management should work more on relationship marketing activities that can help to build strong customer relationship that causes customer satisfaction.

5.4 Limitation and Future Research Directions

The current study may contribute academically for the social studies and practically for banking services. First, the study has developed a conceptual model that explains the relationship marketing dimensions that have an effect on customer satisfaction. This model may function as a template for further studies. Most importantly, the current study discovers the effects of relationship marketing variables such as Trust, Commitment, and Communication, Conflict handling, Competence and Special treatment on customer satisfaction of trade service customers of Commercial Bank of Ethiopia. Practically, managers of the banks in Ethiopia can gain from a comprehensive understanding of the different relationship marketing dimensions that drive customer satisfaction.

Like most of the survey studies, this study has also some limitations. Firstly, since the study is confined geographically in Addis Ababa, a study that covers all geographical area of Ethiopia would be useful to replicate the results in banking service.

Secondly, while relationship marketing has many variables, this study delimited to analyse the effect of relationship marketing on customer satisfaction by taking six explanatory variables representing trust, commitment, communication, competency, conflict handling and special treatment on customer satisfaction. So, the future research should have to be conducted to assess similar study with other variables.

References:

- Adamson, I. Chan, Kok-Munand Hanford D., 2003. Relationship marketing: customer commitment and trust as a strategy for the smaller Hong Kong corporate banking sector", *International Journal of Bank Marketing*, Vol. 21 No.6/7, pp.347-358.
- Adanech Gedefaw, 2014. Determinants of Relationship Marketing: The Case of Ethiopian Airlines: *Global Journal of Management and Business Research*, Vol.14 No.3, pp. 45-52
- Ahn, Jae Bin 2011. A Theory of Domestic and International Trade Finance.*IMF Working Papers*, pp. 1-35.
- Anabila, P. Narteh, B. and Ernest Yaw Tweneboah-Koduah 2012. Relationship Marketing Practices and Customer Loyalty: Evidence from the Banking Industry in Ghana. *European Journal of Business and Management*, Vol. 4, No.13, pp. 51-62.
- Anderson, J.C. and Narus, J.A. 1990. A model of distributor firm and working partnerships, *Journal of Marketing*, Vol. 54 No.1, pp. 42-58.
- Anderson, E. and Weitz, B. 1989. Determinants of continuity in conventional industrial channel dyads.*Marketing Science*, Vol.8 No. 4, pp. 310-323.
- Ashton, J.K. and Pressey, A., 2004. The regulatory challenge to relationship marketing in UK banking. *The International Journal of Bank Marketing*, Vol. 22 No. 6, pp. 453-464.
- Asmamaw Abera, 2016. *The effect of customer relationship marketing on customer retention: Case study of Commercial Bank of Ethiopia*. M.A. St. Mary's University.
- Belay Seyoum, 2009. *Export-Import theory, practice and procedures*. 2nded. New York: The Haworth Press.
- Berry, L.L., 1983. Relationship marketing., In Berry, L.L., Shostack, G.L. and Upah, G.D. (Eds), *Emerging Perspectives on Services Marketing*, *American Marketing Association*, Chicago, IL, pp. 25-38.
- Blau, P. M. 1964. *Exchange and power in social life*. [e-book] New York, NY: Wiley. Available at: <https://books.google.com.et/E-books> [Accessed 11 November 2017].
- Buttle F., 1996. *Relationship Marketing: theory and practice*. London: A sage publication company.
- CBE, 2012. *Trade Service Procedure*. Addis Ababa: Commercial Bank of Ethiopia.
- CBE, 2013/2014. *Annual Report*. Addis Ababa, Commercial Bank of Ethiopia.
- CBE, 2014. *Trade service Training Manual*. Addis Ababa: Commercial Bank of Ethiopia.

Cherinet Boke 2015. The effect of relationship marketing on customer's loyalty: Evidence from Zemen Bank. *Emerging Markets Journal*, Vol. 5 No.2, pp. 58-70.

Creswell John W., 2014. *Research design: Qualitative, Quantitative, and mixed methods approaches*. 2nd ed., sage publication available at: <https://books.google.com.et / E-books> [accessed 22 November 2017].

Dölarslan, E.S., 2014. Assessing the effects of satisfaction and value on customer loyalty behaviors in service environments: High-speed railway in Turkey as a case study *Management Research Review*, Vol. 37 No. 8, pp. 706-727.

Dwyer, F.R., Schurr, P.H. and Oh, S., 1987. Developing buyer-seller relationships. *Journal of Marketing*, Vol.23 No.51, pp. 11-27.

Fahy, J. and Smithee, A., 1999. Strategic Marketing and the Resource Based View of the Firm, *Academy of Marketing Science Review*, No.10, pp. 1-20.

Field, A., 2009. *Discovering Statistics Using SPSS*. 3rd ed., Los Angeles Sage Publications.

Fornell, C. 1992. A National Customer Satisfaction Barometer: The Swedish Experience. *Journal of Marketing*, vol. 56 No.1, pp. 6-21.

Friman, M. Garling, T. Millett, B. Mattsson, J. and R. Johnston, R., 2002. An analysis of international business-to-business relationships based on the commitment-trust theory. *Industrial Marketing Management*, Vol. 31 No.5, pp. 403–409.

Ganesan, S. 1994. Determinants of long-term orientation in buyer-seller relationships. *Journal of Marketing*, Vol. 58 No. 2 pp. 1–19.

Garson, G.D., 2012. *Testing Statistical Assumptions*, North Carolina: Statistical Associates Publishing.

Grant Robert M. 1996. Toward A Knowledge-Based Theory of the Firm. *Strategic Management Journal*, Vol. 17(Winter Special Issue), pp. 109-122.

Gronroos, C. 1990. Relationship approach to the marketing function in service contexts: the marketing and organizational behavior interface. *Journal of Business Research*, [Online] 20 (1), pp. 3-11, Available at: <https://www.sciencedirect.com> [Accessed 22 November 2017].

Guttek, Barbara A. Bhappu, Anita D. Liao-Troth, Matthew A. and Cherry Bennett 1999. Distinguishing between Service Relationships and Encounters. *Journal of Applied Psychology*, Vol.84 No. 2, pp. 218-233.

Gwinner, K. P. Dwayne, Gremler, D.D. and Bitner, M.J., 1998. Relational Benefits in Services Industries: The Customer's Perspective. *Journal of the Academy of Marketing Science*, Vol. 26, No. 2, pp. 101-114.

Hassan, R. S. Nawaz, A. Lashari, M. N. Zafar, F. 2015. Effect of Customer Relationship Management on Customer Satisfaction. *Procedia Economics and Finance* Vol.23 pp. 563 – 567.

Hennig-Thurau, T. and Alexander Klee, 1997. The Impact of Customer Satisfaction and Relationship Quality on Customer Retention: A Critical Reassessment and Model Development. *Psychology and Marketing* Vol.14 No.8, pp.737 – 764.

Hennig-Thurau, T. Gwinner, K.P. and Gremeler, D.D., 2002. Understanding relationship and marketing outcomes: an integration of relational benefits and relationship quality. *Journal of Service Research*, Vol. 4, No. 3, pp. 230-47.

Hennig-Thurau, T. and Hansen, U. 2000. *Relationship Marketing: Gaining Competitive Advantage Through Customer Satisfaction and Customer Retention*. [e-book] Springer-Verlag Berlin Heidelberg. Available at: <https://www.springer.com> [Accessed 07 November 2017].

Hollensen, S., 2010. *Marketing Management: a relationship approach*. 2nd ed. Harlow: Pearson Education Limited.

Homans, George C. 1958. Social Behavior as Exchange. *American Journal of Sociology*, Vol. 63, pp. 597-606.

Hu, H., Kandampully, J. and Juwaheer, T.D., 2009. Relationships and impacts of service quality, perceived value, customer satisfaction, and image: an empirical study. *Service Industries Journal*, Vol. 29 No.2, pp. 111–125.

Hunt, S. D. Lambe, C.J. and Wittmann C.M., 2002. A Theory and Model of Business Alliance Success. *Journal of Relationship Marketing*, Vol. 1 No.1, pp. 1-20.

Hunt, S. D. Arnett, D. B and Madhavaram S., 2006. The explanatory foundations of relationship marketing theory, *Journal of Business and Industrial Marketing*, Vol. 21 NO. 2 pp. 72–87.

Khandabi, K. Klidbari, H.R. and Fadayi M., 2014. The effect of relationship marketing on customer satisfaction of Melli Bank: Case of Study: Bandar Anzali Township, *Indian Journal of Fundamental and Applied Life Sciences*, Vol. 4 No., pp. 1545-1552.

Kothari C.R. 2004. *Research Methodology: Methods and Techniques*. 2nd ed. New Delhi: New Age International Publishers.

Krishnamoorthy, V. Aishwaryadevi, A. S. And Bharathi, B., 2016. A Study on Linkage Between Customer Relationship Management and Customer Satisfaction in Banking Sector, *IJMBS*, Vol. 6, No.1.

Kumar R., 2011. *Research Methodology: a step-by-step guide for beginners*. 2nd ed., London: SAGE Publications Ltd.

Marczyk, G. De Matteo, D. Festinger, D., 2005. *Essentials of Research Design and Methodology*. New Jersey: John Wiley and Sons, Inc.

- Meseret Kebede, 2015. The impact of relationship marketing on customer loyalty in Commercial Bank of Ethiopia, Addis Ababa district branches. M.A. Addis Ababa University School of Commerce.
- Mittal, B. and Lassar, W.M., 1998. Why do customers switch: the dynamics of satisfaction versus loyalty? *Journal of Services Marketing*, Vol. 12 No. 3, pp. 177-194.
- Miaoulis, George, and R. D. Michener. 1976. *An Introduction to Sampling*. Dubuque, Iowa: Kendall/Hunt Publishing Company.
- Moorman, C. Zaltman, G. and Deshpandé, R. 1992. Relationships between providers and users of market research: The dynamics of trust within and between organizations. *Journal of Marketing Research*, Vol. 29 No.3 pp. 314–329.
- Morgan, R.M. and Hunt, S.D., 1994. The commitment-trust theory of relationship marketing, *Journal of Marketing*, Vol. 58 No. 3, pp. 20-38.
- Muijs, D., 2004. *Doing Quantitative Research in Education with SPSS*. New Delhi: SAGE Publications India Pvt. Ltd.
- Nauroozi S. E. and Moghadam S. K., 2015. The Study of Relationship Marketing with Customer Satisfaction and Loyalty Case Study: Customers of Ghavamin Bank in Sistan and Baluchestan Province. *International Journal of Innovation and Research in Educational Sciences*, Vol.2 No.2.
- NBE 2013. *The Ethiopian History of balances of payment*: Addis Ababa, National Bank of Ethiopia.
- NBE 2015/2016. *Annual Report*. Addis Ababa, Ethiopia,. National Bank of Ethiopia.
- Ndubisi, N.O. and Wah, C.K. 2005. Factorial and discriminant analyses of the underpinning of relationship marketing and customer satisfaction, *International Journal of bank marketing*, Vol. 23 No.7 pp. 542-557.
- Ndubisi, N.O. 2007. Relationship marketing and customer loyalty, *Marketing intelligence and planning*, Vol. 25 No. 1, pp. 98-106.
- Nicholas. B. S. 2014. *Sources of foreign Exchange*. London: Sission Printing press.
- Oliva, T.A. Oliver, R.L. and MacMillan, I.C. 1992. A catastrophe model for developing service satisfaction strategies, *Journal of Marketing*, Vol. 56 No. 3, pp. 83-95.
- Osarenkhoe, A. 2008. What characterizes the culture of a market-oriented organization applying a customer intimacy philosophy? *Journal of Database Marketing and Customer Strategy Management*, Vol. 15 No. 3, pp. 169-190.

Reichheld, F. and Sasser, W. 1990. Zero defections: quality comes to service, *Harvard Business Review*, Vol. 68 No. 5, pp. 105-111.

Rizan, M. Warokka, A. and Listyawati D. 2014. Relationship Marketing and Customer Loyalty: Do Customer Satisfaction and Customer Trust Really Serve as Intervening Variables? *Journal of Marketing Research and Case Studies*, Vol. 2014, pp.1-12

Salami, M.P. 2005. Impact of customer relationship management (CRM) in the Iran banking sector. *International Journal of Organizational Innovation*, Vol. 2, pp. 225–251.

Selam Zerou, 2014. *The effect of relationship marketing on customer retention: the case of Commercial Bank of Ethiopia*. Unpublished M.A thesis, School of Commerce, Addis Ababa University.

Seid Hussen, Ali 2016. The Influence of Customer Relationship Marketing on Customer Loyalty (Case of Selected CBE, in Jimma Zone). *Global Journal of Management and Business Research: EMarketing*, Vol.16 No. 5, pp. 10-21.

Shields, P.M. and Rangarajan, N., 2013. *A Playbook for Research Methods: Integrating Conceptual Frameworks and Project Management*. Stillwater: New Forums Press.

So, S. L. M. and Speece, M. W., 2000. Perception of relationship marketing among account managers of commercial banks in a Chinese environment. *International Journal of Bank Marketing*, Vol. 18 No.7, pp. 315-327.

Sreejesh, S. Mohapatra, M. and Anusree, R., 2014. *Business Research Methods: An Applied Orientation*. New York: Springer International Publishing.

Taleghani, M. Biabani, S. Gilaninia, S. Rahbarinia, S.A Mousavian, S.J., 2011. The Relationship between Customer Satisfaction and Relationship Marketing Benefits. *Arabian Journal of Business and Management Review*, Vol. 1, No.3, pp. 78-86.

UCP 600. *The Uniform Customs and Practice for Documentary Credits, 2007 Revision, ICC Publication no. 600*. International chamber of commerce, France.

URC 522. *The Uniform Rules for Collections, 1995 Revision, ICC Publication No. 522*. International Chamber of commerce, France.

Vanderstoep, S.W and Johnston, D.D., 2009. *Research Methods for everyday life: Blending qualitative and quantitative approaches*. San Francisco: John Wiley and Sons, Inc.

Velnampy, T. and Sivesan, S., 2012. Customer Relationship Marketing and Customer Satisfaction: a Study on Mobile Service Providing Companies in Srilanka. *Global Journal of Management and Business Research*, Vol. 12, No.18.

Walsh, G. Dinnie, K. and Wiedmann, K., 2006. How do corporate reputation and customer satisfaction impact customer defection? a study of private energy customers in Germany. *Journal of Services Marketing*, Vol. 20, No. 6, pp. 412-20.

Wilson, D.T., 1995. An integrated model of buyer-seller relationships. *Journal of the Academy of Marketing Science*, Vol. 23 No. 4, pp. 335-345.

Yamane, Taro.1967. *Statistics: An Introductory Analysis*, 2nd ed., New York: Harper and Row.

Young, L. and Denize S., 1995. A concept of commitment: Alternative views of relational continuity in business service relationships. *Journal of Business and Industrial Marketing*, Vol.10No. 5, pp. 22–37.

Yulisetiari, D. 2016. The Effect of Relationship Marketing towards Customer Satisfaction and Customer Loyalty on Franchised Retails in East Java. *Mediterranean Journal of Social Sciences*, Vol.7 No.1, pp.333-339.

Zahra, A.S. Sapienza, H.J. and Davidsson, P. 2006. Entrepreneurship and Dynamic Capabilities: a Review, Model and Research Agenda, *Journal of Management Studies*, Vol.43, No.4, pp. 917-955.

Appendices

Appendix 1

Addis Ababa University
School of Commerce
Marketing Management MA Program
Questionnaire for trade service customers

Dear prospective participant,

My name is Martha Abera. I am doing research in fulfillment of Masters Degree in Marketing Management at Addis Ababa University, School of Commerce. The objective of this research is to measure the effect of relationship marketing on customer satisfaction of trade service customers of Commercial Bank of Ethiopia.

The target groups of this research are trade service customers which are importers and exporters who are working with Commercial Bank of Ethiopia to facilitate their international business. This study is purely for academic purpose and thus does not affect you in any case and the purpose of this questionnaire is to gather data regarding the effect of relationship marketing on customer satisfaction of trade service customers in Commercial Bank of Ethiopia. Hence, I kindly request you to fill in this questionnaire while assuring you that the information that you provide will be treated with confidentiality. Your genuine, frank and timely response is vital for the success of the study. Therefore, I kindly request you to respond to each question item carefully.

Participation is fully voluntary and no need to write your company name.

Please respond to each item by putting a tick mark box and fill in the blank on the number which best reflects your own perception.

Part I. General Information

1. Customer category: 1. Corporate customer 2. Non-corporate customer
2. Type of Organization: 1. Private 2. Public 3. Other: please specify _____
3. What type of account do you have with CBE?
 1. Saving account

- 2. Current account
- 3. Foreign account (US Dollar, Euro, Pound Sterling)

4. Which trade service product do you use in CBE?

- 1. Import
- 2. Export
- 3. Both

5. Which payment method do you use in CBE?

- 1. Letter of credits
- 2. Cash against document
- 3. Telegraphic Transfer

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

1. Less than 1 2. 1-5 3. 6-15 4. ab 5

7. What is your current position at your company?

- 1. Owner of the Company
- 2. Manager Import and Export
- 3. Manager-Foreign Procurement
- 4. Import and Export Officer
- 5. Other: Please specify_____

Part II. Survey of Relationship marketing practice

Please show the extent to which you agree or disagree with the statements given below. This is to assess the following on the scales of strongly disagree to strongly agree. Strongly disagree is given the least weight of 1; while strongly agree is given the highest weight of 5.

☛ Please encircle to your choice.

No.	Constructs	(1)Strongly Disagree	(2)Disagree	(3)Neutral	(4)Agree	(5)Strongly Agree
	TR					
1	I feel safe in all trade service transactions with my bank.	1	2	3	4	5
2	I am confident on the financial status of the bank.	1	2	3	4	5
3	The bank has the ability to keep its promises.	1	2	3	4	5
4	The bank is trustworthy in handling Import or Export transactions.	1	2	3	4	5
5	The bank is very concerned with security for my trade service transactions.	1	2	3	4	5
	CT					
1	The bank takes the trade service customers' benefit into consideration while taking decisions.	1	2	3	4	5
2	The bank offers customized services to meet its trade service customers need.	1	2	3	4	5
3	The bank is flexible when its trade services are changed.	1	2	3	4	5
4	The bank provides important advises on how to deal with import or export transaction.	1	2	3	4	5
5	The bank provides training on international trade to its trade service customers.	1	2	3	4	5
	CN					
1	The bank provides timely and trustworthy information in trade service transactions.	1	2	3	4	5
2	The bank requests timely feedback from customers of trade service.	1	2	3	4	5
3	The bank provides information to its trade service customers when there is new banking service.	1	2	3	4	5
4	The bank provides accurate information to its customers about trade service transaction progress.	1	2	3	4	5
5	The bank communicates effectively to deal with problems when they occur in the trade service transactions.	1	2	3	4	5
	CH					
1	Employees of the Bank solve problems quickly before it causes more damage to trade service transactions.	1	2	3	4	5

No.	Constructs	(1)Strongly Disagree	(2)Disagree	(3)Neutral	(4)Agree	(5)Strongly Agree
2	The bank has the ability to openly discuss solutions when problems arise in trade service transactions.	1	2	3	4	5
3	The bank shows a sincere interest in solving customer problem in trade service transactions.	1	2	3	4	5
4	The bank can solve problems when it occurs between importer and exporter and vice versa.	1	2	3	4	5
5	The bank tries to avoid potential conflict that may occur in trade service transactions.	1	2	3	4	5
6	The bank tries to solve manifested conflicts of trade service transaction before it reached to customers.	1	2	3	4	5
CP						
1	Employees of the bank have sufficient knowledge of trade service transaction	1	2	3	4	5
2	Employees of the bank have necessary skills to perform trade service transactions.	1	2	3	4	5
3	Employees easily understand the need of trade service customers.	1	2	3	4	5
4	Employees provide error free service in trade service transactions.	1	2	3	4	5
5	The bank employees have the competence needed to apply efficient technologies that support trade service business.	1	2	3	4	5
ST						
1	I receive discounts or special deals in my trade service transactions that most customers don't get.	1	2	3	4	5
2	I receive faster service in my trade service transactions than other customers do.	1	2	3	4	5
3	I am usually placed higher on the priority list when there is a line in trade service transactions.	1	2	3	4	5
4	The bank provides me services that they don't do for most customers.	1	2	3	4	5
SF						
1	I am satisfied with the trustworthiness of the trade service provided by bank.	1	2	3	4	5
2	I am satisfied with the commitment of the bank to its customers.	1	2	3	4	5
3	I am satisfied with the overall bank's communication in the trade service.	1	2	3	4	5

No.	Constructs	(1)Strongly Disagree	(2)Disagree	(3)Neutral	(4)Agree	(5)Strongly Agree
4	I am satisfied with the manner through which the bank handles conflicts in trade service transactions.	1	2	3	4	5
5	I am satisfied with employees' competence to use technologies for better service in trade service transactions.	1	2	3	4	5
6	I am satisfied with the special treatment that the bank provides in its trade service.	1	2	3	4	5
7	I get the trade service provided by the bank beyond my expectation.	1	2	3	4	5
8	Overall, I am satisfied with the trade services provided by the bank.	1	2	3	4	5

Name and Address: Martha Abera

Tel: Mobile + 251-911-486636

Office number +251-011-5572258

Email: marthaberaa@yahoo.com

Thank you for your assistance!

Appendix 2

REGRESSION

```

/MISSING LISTWISE
/STATISTICS COEFF OUTS CI(95) R ANOVA COLLIN TOL CHANGE ZPP
/CRITERIA=PIN(.05) POUT(.10)
/NOORIGIN
/DEPENDENT SF
/METHOD=ENTER TR CT CN CH CP ST
/SCATTERPLOT=( *ZRESID , *ZPRED)
/RESIDUALS DURBIN HISTOGRAM(ZRESID) NORMPROB(ZRESID) .

```

Notes

Output Created		03-MAY-2018 19:15:13	
Comments			
Input	Data	C:\Users\owner\Documents\Final data13.sav	
	Active Dataset	DataSet1	
	Filter	<none>	
	Weight	<none>	
	Split File	<none>	
	N of Rows in Working Data File		304
Missing Value Handling	Definition of Missing	User-defined missing values are treated as missing.	
	Cases Used	Statistics are based on cases with no missing values for any variable used.	
Syntax		REGRESSION	
		/MISSING LISTWISE	
		/STATISTICS COEFF OUTS CI(95) R ANOVA COLLIN TOL CHANGE ZPP	
		/CRITERIA=PIN(.05) POUT(.10)	
		/NOORIGIN	
		/DEPENDENT SF	
		/METHOD=ENTER TR CT CN CH CP ST	
		/SCATTERPLOT=(*ZRESID , *ZPRED)	
		/RESIDUALS DURBIN HISTOGRAM(ZRESID) NORMPROB(ZRESID).	
Resources	Processor Time		00:00:00.78
	Elapsed Time		00:00:02.61
	Memory Required	4300 bytes	
	Additional Memory Required	872 bytes	
	for Residual Plots		

[DataSet1] C:\Users\owner\Documents\Final data.sav

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	ST, CT, TR, CP, CH, CN ^b		Enter

a. Dependent Variable: SF

b. All requested variables entered.

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.892 ^a	.795	.791	.23889	.795	192.080	6	297	.000	1.700

a. Predictors: (Constant), ST, CT, TR, CP, CH, CN

b. Dependent Variable: SF

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	65.773	6	10.962	192.080	.000 ^b
	Residual	16.950	297	.057		
	Total	82.723	303			

a. Dependent Variable: SF

b. Predictors: (Constant), ST, CT, TR, CP, CH, CN

Coefficients^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Correlations			Collinearity Statistics	
	B	Std. Error	Beta			Lower Bound	Upper Bound	Zero-order	Partial	Part	Tolerance	VIF
1 (Constant)	.609	.099		6.137	.000	.414	.805					
TR	.321	.032	.392	9.943	.000	.257	.384	.793	.500	.261	.443	2.256
CT	.127	.028	.170	4.527	.000	.072	.183	.671	.254	.119	.489	2.045
CN	.106	.044	.135	2.408	.017	.019	.192	.762	.138	.063	.221	4.523
CH	.117	.042	.150	2.784	.006	.034	.199	.756	.159	.073	.238	4.203
CP	.081	.036	.091	2.258	.025	.010	.151	.709	.130	.059	.420	2.380
ST	.139	.021	.195	6.674	.000	.098	.180	.457	.361	.175	.809	1.236

a. Dependent Variable: SF

Collinearity Diagnostics^a

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions						
				(Constant)	TR	CT	CN	CH	CP	ST
1	1	6.896	1.000	.00	.00	.00	.00	.00	.00	.00
	2	.049	11.920	.00	.01	.03	.01	.00	.00	.83
	3	.019	18.959	.63	.00	.00	.06	.07	.00	.02
1	4	.014	22.530	.15	.01	.80	.01	.07	.00	.10
	5	.010	26.416	.21	.40	.07	.08	.05	.34	.00
	6	.009	27.744	.00	.58	.00	.01	.00	.62	.04
	7	.004	40.507	.00	.01	.09	.84	.80	.03	.02

a. Dependent Variable: SF

Residuals Statistics^a

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2.4284	4.9773	3.8812	.46591	304
Residual	-.80985	.76855	.00000	.23652	304
Std. Predicted Value	-3.118	2.353	.000	1.000	304
Std. Residual	-3.390	3.217	.000	.990	304

a. Dependent Variable: SF