



ST. MARY'S UNIVERSITY

SCHOOL OF GRADUATE STUDIES

**THE EFFECT OF CUSTOMER RELATIONSHIP MARKETING
ON CUSTOMER RETENTION: A CASE STUDY OF
COMMERCIAL BANK OF ETHIOPIA**

BY

ASMAMAW ABERA

ID NO.SGS7/0275/2006B

JANUARY, 2016

ADDIS ABAB, ETHIOPOA

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**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL OF
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LIST OF ABBREVIATIONS AND ACRONYMS

CBE	Commercial Bank of Ethiopia
CATS-CPC	Customer Account and Transaction Service-Central Processing Center
ATM	Automated Teller Machine
CRM	Customer Relationship Marketing
ICRM	Integrated Customer Relationship Management
RM	Relationship Marketing
SPSS	Statistical Package for the Social Sciences
SERVQUAL	Service Quality Measurement Tool
POS	Point of Sales

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ABSTRACT

This research is conducted to investigate the effect of customer relationship marketing on customer retention. . It is casual research type. 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. Out of 322 customers 261 customers were completed and collected descriptive, correlation and regression analysis methods were used to analyze the collected data 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 . There is frequent network problem and long wait in queue especially at the end of the month were viewed by respondents as customer relationship marketing practice weakness.so, based on the finding the researcher has recommended that the bank should provide consistence minimizing frequent network problems and should regularly visit customers

Keywords: customer retention, Customer Relationship Marketing.

CHAPTER ONE

INTRODUCTION

This chapter starts by the background of the study and the discussion of the problem. Further research questions, objectives, scope and are defined. It ends by presenting the outline of the thesis

1.1 Background of the Study

Today businesses follow different marketing strategies to survive in the highly in the competitive world by identifying, Acquiring and Retaining most economically important customers and developing ongoing and long-lasting relationship with them (Roger, 2005).

In the competitive marketing environment, customer relationship marketing is critical to a company's profitability and long-term success (Russell,2000) to become so customer focused, all managers, professionals and executives of marketing as well as employees of the organization must understand how to build profitability relationship with each customer and to make managerial designs' every day designed to increase the value of both the company and customer that will grow their value from the customer based strategy (peppers and Rogerr, 1993)

Customer relationship marketing is to establish long-lasting relationship with the most important customer and generate increased customer satisfaction, retention, loyalty. Therefore, developing a better understanding of existing customer allows companies to collaborate and respond more effectively to significantly improve retention rate (Ronger, 2005).Currently; various companies begin to establish their network to new as well as existing customer to increase ongoing loge-term customer satisfaction by implementing the principle of relationship marketing via strategic and technology-based customer relationship management application. Customer relationship marketing is important element of organization help them assess customer satisfaction, retention, loyalty and profitability in terms of repeat purchases, money spent, and longevity (Chen & Popovich, 2003).

Walsh et al. (2004) viewed that relationship marketing as a strategy to attract, maintain and enhance customer relationships in order to acquiring new customers and retaining existing customers. It is a core strategy used by firms to establish, maintain and enhance profitable relationships with clients, while ensuring benefits for both the firm and its clients. Based on the empirical literature evidences, the fundamental customer relationship marketing variables that can

possibly influence customer loyalty and retention include bonding, competency, social and financial bonding, empowerment, conflict handling mechanisms, trust, commitment, ethical behavior and technology. Each of these variables comprises organizational activities, actions and methods that are necessary to establish and maintain organization–client relationships and thus possibly ensure long-term relationships and higher customer retention levels. Therefore, the correct adaptation of these variables in an organization is vital to ensure customer loyalty that influences customer’s commitment and decision to repeatedly re-buy or re-patronize product and service provided.

After industrialization period the increase in competitive intensity is forcing marketers to be concerned with customer retention since retaining customer is less expensive and perhaps a more sustainable competitive advantage than acquiring new customer’s. As several studies have indicated markets are realizing that it costs less to retain customer than to compete for new ones (Rosrbberg & Czepiel ,1999) though stressing on the importance of customer retention through highlighting that retaining of 5 additional percent of the company’s customer can increase profits by almost 100 percent (Reichheld and Sasser,1990) cited by Luliia (2011). The aforementioned authors also emphasize that 5 percent decrease in defection can lead to 85 percent increase in profits for banking sphere industry : the goal of CRM is to create as affective customer relationships as possible and develop future competences within the company although satisfied opinions make it easier to continuously improve the competences of company .The above mentioned is not enough to meet the purpose of CRM , but in addition , the company should detect the unexpressed needs and primarily the future needs However the worst situation that the company might face when using feedback ,the company realizes that it expected to bring improvements into their relationships (Storbacka & Lehtinene ,2001) retention is a concept gaining more attention in today’s business when loyal are considered as essential components to organizational success though corporations strive to identify and manage effective methods to retain their customer. Customer retention will lead the company of having more loyal customers and as a result more profit and market share (Kaveh, 2007).

With increasing competition, banking sector around the world is always in search of finding solutions to sustain and increase the efficiency of their businesses. Commercial banks worldwide started restructuring and re-engineering their business processes to cut costs and become more efficient and competitive. Smart banks are now changing their business practices by refocusing their

efforts on external and internal environment i.e. customers and employees. In past, creating and maintaining a good relationship with the customer was comparatively easy than today because of small businesses and identifiable customers. Today, the extended size of the businesses and the wide range of customers have compelled organizations to explicitly manage good customer relationships if they want to be successful.

By considering the above evidences, this study was conducted by taking appropriate customer relationship marketing components that persuade customer retention of banks and come up with concrete results.

1.2 Statement of the Problem

Customer relationship marketing is a contemporary issue and to create long-term relationships with customers and the key to stability in an increasingly dynamic market. Customer relationship marketing has become the main strategy to retain customers for companies.

With increasing competition in trade, rapid technological changes and increasing power and consumer choice, the success will depend on the ability of the companies which are capable to understand customer expectations and values, and respond them favorably. The banking sector is becoming increasingly competitive around the world. So, maintaining a sustainable long-term relationship with customer is a major factor of gaining a competitive advantage in commercial banking sector (Rahemi, 2012). In several studies (Rosenberg and Czepiel ,2004 and Reichheld and Sasser ,2010) and other studies estimate that the cost of winning a new customer is higher than that of maintaining an existing customer. Despite the fact that, building a valuable customer relationship enlarges customer loyalty, enhance repeat purchase and attract new customer, which will increase the volume of deposit and credit transactions of banks.

An assorted empirical study indicates that customer relationship marketing practices can significantly lead to improvement of commercial bank performance in respect to customer attraction, customer satisfaction, and customer retention. The findings in Kenya and Ghana commercial banks also reveal some measures of relationship marketing such as bonding, reciprocity, trust responsiveness and empathy as a tool to enhance organizational performance of commercial banks (Callaghan et al, 1995)

Financial institution should aware of customer relationship marketing. The public banks should engage in the relationship marketing to retain economically its customers. Since existing customers are the competitive environment (Russells,2000).In the complex business environment that exist

today only those organizations that are capable of retaining and providing total customer satisfaction can survive (Kotler,2005).Banks as their very survival depends on the ability to attract and retain valuable customers, it is not yet change their process to do so. As a result, this research however seeks to make a contribution towards the filling of this gap. practically the study will see a gap in relation to how the commercial bank of Ethiopia (CBE) is attracting new customers; satisfy and retain existing profitable customers by serving a reliable service by developing and maintaining long-term ongoing relationship marketing (RM) with them Addis Ababa districts.

This study was conducted to analyze the impact of customer relationship marketing on customer retention by taking five explanatory variables representing bonding, responsiveness, reciprocity, trust and empathy and dependent variables represented by customer retention.

1.3 Research Questions

The study was conducted with the aim of providing answers to the following basic research question.

1. What is the existing customer relationship marketing practice in the commercial banks of Ethiopia?
2. What is relationship between components of customer relationship marketing and customer retention?
3. What is the effect of customer relationship marketing on the level of customer retention?

1.4 Objectives of the Study

1.4.1 General Objectives of the Study

The general objectives these study to examine the impact of customer relationship marketing on customer retention by taking evidence from selected branches of CBE in Addis Ababa districts.

1.4.2 Specific Objectives of the Study

The specific objective of the study was conducted:

1. To examine the existing customer relationship marketing practice of commercial bank of Ethiopia.
2. To identify the relationship between components of relationship marketing and customer retention.
3. To find out the effect of components of customer relationship marketing on customer retention.

1.5 Scope of the Study

The study is limited to assessing the effect of customer relationship marketing on customer retention in commercial bank of Ethiopia. Hence, due to time and financial constraints in taking large sample size, it was difficult and unmanageable to include all branches found the country.

1.5.1 Theoretical scope

Customer 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. This study was conducted to analyze the effect of customer relationship marketing on customer retention by taking five explanatory variables representing bonding, responsiveness, reciprocity trust and empathy on customer retention.

1.5.2 geographical scope

the study confined to the effect of customer relationship marketing on customer retention in commercial bank of Ethiopia and due to time and budgetary constraints the researcher tends to undertake the research activity only in Addis Ababa.

1.5.3 methodological scope

This study was used both quantitative and qualitative in course of researching both primary and secondary data was used. With regard to the secondary sources various publications, books and journals' regarding the subject matter was addressed and population of the study CBE in Addis Ababa districts and to achieve the objective of the study well design structured questionnaire were distributed among the study respondents selected on stratified sampling basis .

1.6 Significance of the Study

Customer relationship marketing is one of the strategic tools of maintaining a sustainable long-term relationship with customer to gain a competitive advantage in financial sector through fostering customer loyalty, attraction new customer, customer satisfaction, customer retention and finally contributes to the financial strength of commercial banks.

Therefore, the result of the study is significant for :-

- ✓ To have a detail understanding about customer relationship marketing practice in Commercial Bank of Ethiopia and this important for maintaining, and attracting new customers.
- ✓ the finding of the study was also help in identifying possible gaps of relationship marketing practice of commercial bank of Ethiopia and its contribution on customer retention;
- ✓ It would help management bodies of commercial bank of Ethiopia at every level to take actions to fill the gaps.
- ✓ The study was serving as a good base for the forthcoming researchers who want to do a further research on this topic in Commercial Bank of Ethiopia
- ✓ Lastly, could also contribute to the existing body of knowledge regarding marketing management and can serve as insight or input for further research on the area more specifically on economy aspect of marketing management

1.7 Definition of Terms

In order to avoid trouble in understanding the study, essential terms associated with the research are briefly defined as follows:.

Trust

Trust is defined as a belief or conviction about the other party's intentions within the relationship (Taleghani et. al., 2011).

Reciprocity

Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon&Trimetsoontorn, 2009 cited in Taleghani et. al., 2011).

Empathy

Velnampy and Sivesan (2012) stated that empathy can be viewed as the ability to share, understand and feel another person's feelings in a relational situation

Bonding

As per Taleghaniet. al., (2011), bonding is defined as the dimension of a business relationship that results in two parties (the customer and the supplier) acting in a unified manner toward a desired goal.

Responsiveness

Responsiveness is Willingness to help customers and provide prompt service (Ananth et.al., 2010; Khenget. al., 2010).

1.8 Organization of the study

The paper has five chapters, chapter one includes background of the study, statement of the problem, research questions, objectives of the study, significance of the study, scope of the study, and limitation of the study. Chapter two covers literatures which are relevant on the subject matter under study. Under chapter three, the methodology part of the study is described in detail. The findings of the study are presented, analyzed and discussed in chapter four. Finally, in chapter five summary, conclusions, and recommendations are forwarded based on the study findings.

CHAPTER TWO

LITERATURE REVIEW

In this chapter focus on three main important issues such as, theoretical, empirical and the conceptual framework that guides the study are briefly highlighted.

2.1 Theoretical Literature Review

2.1.1 Concepts of Customer Relationship Marketing

Relationship marketing refers to all marketing activities directed toward establishing, developing, and maintaining successful relationship exchanges (Mishra & Liy, 2008). Customer relationship marketing is one of the best contemporary marketing strategies for all companies to satisfy their customer needs and wants. In customer point of view, trust, commitment, mutuality and long-term relationship with customer which are very essential factors to satisfy their customer needs and wants. Customer relationship marketing concerns attracting, developing, and retaining customer relationship (Berry and Parasuraman, 1991).

Relationship marketing is a new approach in the banking industry to build close and long-term relationships with its customers in order to provide an understanding of the customer and their satisfaction considering the increasing competition. The variety of goods and products causes that our customers are faced with many choices (Tahmasbi, Ashtiani, Noroozi, 2007). In the other hand, companies have found that the cost of attracting new customers is five times more valuable than retaining existing customers. Therefore, the loss of a customer, not only the loss of a sale item, but more significant since the loss of total purchases that the customer is able to do in life (Kotler, 1999).

Relationship marketing contains all steps that company takes to identify and provide better services to our valuable customers. The relationship marketing is the process to identify and create new value for customers, in which the mutual benefit has been considered. This benefit is shared with customer during his life. Kotler and Keller (2009) indicated that relationship marketing was mainly to match the customers' needs and the service promise, so that the customer loyalty would increase Taleghani et.al. (2011). Barry (1983) defined that the relationship marketing is attracting, maintaining and enhancing relationships with customers. Customer is the only profitability source of companies in the present and future. However a good customer that makes the greater benefit it is possible to lost, the competition over access to customers is intense. Companies should emphasis to maintaining current customers and create long-term and profitable relationship (Gary & Byun, 2001). The main

point is to retain customers by providing superior customer value, satisfaction (Kotler & Gray, 2001).

2.1.2 Relationship Marketing in Banking Sector

In the increasingly competitive global financial world, relationship marketing has been advocated as an excellent way for banks to establish a unique long-term relationship with their customers. Most of the core product/service in commercial banking is fairly generic, and it is difficult for most banks to compete purely on this core service. Thus, recognition of the importance of relationship marketing, especially in financial services sector (Alexander and Colgate, 2000; Ennew et al., 1990) has grown in recent years. Berry and Gresham (1986) noted that the practice of a relationship approach is most appropriate when ‘the consumers require personal services and/or selling’. This is certainly the case for a range of the more complex products in financial services sector, where the majority of customers still prefer to make buying decisions supported by the expertise of staff with appropriate knowledge (Dibba and Meadows, 2001). Prior to considering the case analysis and in order to obtain maximum insight from it, it is helpful to consider the literature on relationship marketing in banking.

Research on relationship marketing in the banking industry emerged in the early 1990s (Perrien et.al., 1992; 1993; Kotler, 1995). Today, in the new competitive environment, the development of close, long-lasting relationships with selected target customer has been often advocated in the international literature as a major strategic tool to limit competition in markets and to defend bank profitability in the long run (Peterson, 1999; Rajan, 1992; Sharpe, 1990). Boot and Thakor(2000) also add that a relationship orientation can alleviate these competitive pressures because a relationship banking orientation can make a bank more unique relative to competitors. Thus a more competitive environment can encourage banks to become more client-driven and customize services, thus focusing more on relationship banking. Despite the absence of a unique definition of what relationship banking is, there is general consensus among authors that it is a great deal more than a way of selling; relationship banking represents a strategic choice with serious managerial implication. This means that its establishment requires the implementation of several elements (mission, policies, programs, strategies, organizational changes) that foster a customer-oriented culture, encourage mutual and continuous investment in the relationship and create a climate of trust and loyalty (Moriarty et al., 1983; Perrien et.al., 1993; Ricard and Perrien, 1999). According to Moriarty “...relationship banking involves more than an emphasis on total customer profitability and cross-selling; it includes an acknowledged perception of mutual interdependence between the

bank and the customer...The perceived interdependence of both parties is often based on mutual trust and openness, shared objectives, and a commitment to doing business with each other on long-term basis” (Moriarty, 1983). Boot (2000) also defines relationship banking “as the provision of financial services by a financial intermediary that invests in obtaining customer-specific information, often proprietary in nature and evaluate the profitability of these investments through multiple interactions with the same customer over time and/or across products” (see Boot 2000). The combination of these definitions allows examining the principle elements characterizing relationship banking, which can be summarized as follow:

- *It is a personalized process* as it is based on ongoing interaction between two parties and on a deep knowledge of customer’s financial needs
- *It is a long-term process*: relationship banking implies multiple interactions with the same customer over time and/or across products, aiming at increasing customer loyalty and stabilizing the bank profitability in the long run
- *It must be profitable for both parties*: a relationship can develop only if both the bank and the customer realize it adds value and seeks to foster their commitment and trust
- *It involves a number of client-specific information*, often proprietary in nature
- *It tends to be asymmetric*; according to the literature, in banking relationship the overall quality and effectiveness of the relationship generally rest on the service providers.

According Dibb and Meadows (2001) cited by Perrien and Ricard (1995)’s research about relationship marketing in commercial banking a range of issues must be addressed if the effectiveness of a relationship strategy is to be ensured:

- The organization’s structure must be designed or modified to fit the decentralized structure required by a relationship strategy
- The influence of human resources management policies on the effectiveness of relationships must be considered, particularly in view of potential gaps between sellers’ and buyers’ perceptions
- The best way to provide relationship managers with information and data about their customers must be identified, so that the best efforts are made to understand those customers and their environments
- The fit of pricing within the relationship must be considered

- The role of the sales-force in the development of the relationship must be considered and reflected in sales-force training.

Relationship marketing strategies are successful when customers are satisfied and expectations and requirements to customers are tailored and delivered. Customers will be satisfied only when their expectations are met or if the supplier delivers more than expected. In the banking industry, the service or product delivered is in many cases complex, the client's perception or understanding of the products might be hard to make clear. Also, as the result (financial gain or loss) is realized first after the service has been delivered, making the products more tangible by enhancing transparency and reducing complexity is important for the banks. In practice there are two ways for the company's representative of doing this, raising the trust, commitment, and bond between the customer and the supplier as well as raising the comprehensibility of the products being sold. Furthermore banks must possess the ability not only to gather and collect market information, they must be able to transfer and communicate this information with their customers. When properly done, mistrust and customer dissatisfaction could be avoided (Gidhagen and Thunman, 1998).

2.1.3 The Importance of Relationship Marketing in Banks

According to private banks activation, competition development and communication and information development at international level, today absorption and maintenance of customers in the country banking industry has been complicated by many degrees that itself led to reduction of banks interest (Rezvani et.al, 2011). Today's banks should see their function in the customer reflection and try to understand wants and desires of customers to attract customer satisfaction. Today, in marketing, the cost of losing a customer is equal to the loss of benefits which the bank obtains from the customer service and this is an alarm for a bank. In addition, benefit of services that could gain from new clients will be losing. Therefore, customer orientation is a very sensitive element that we need to consider. For banks, to maintain customers and constant communication with customer is essential to the different forms. This connection can be through the head or each employee of office. All banks try to attract customers through advertising and other means of communication. When the customer of bank faces with a problem in a branch of the hurdles, tries to provide the needs in other bank. Therefore, regarding to the intense competition in banking, a bank that can provide customer satisfaction, will be more successful (Ebrahimi & Roodani, 2009).

2.1.4 Effect of Customer Relationship marketing on banks

According to the ICRM group certain factors lead to the proper building of customer relationships that ensures a proper relationship between the banker and the customer. Most often than not, there have been attempts to ensure good relationships between the bankers and customers but these have seen only one aspect of where customer database is kept to identify their profile and contacts. However it is not enough to establish a firm relationship that will build customer comfort confidence and for that matter loyalty. It is therefore important that management consider the strategy of adopting good relationship marketing strategies and identify the needs of customers and meet them (ICRM, 2002).

2.1.5 Customer Retention

Customer retention is increasingly thought of as an important managerial issue, especially in the context of saturated market or lower growth of the number of few customers (Ghavami & Olyaei, 2006). Cohen et al. (2006) have noted that customer retention is potentially an effective tool that banks can use to gain a strategic advantage and survive in today's ever-increasing banking competitive environment. Thus, organizations need to focus on existing customers in order to ensure that they continue purchasing and continue supporting the product (Berndt et al., 2005). Thus, at this time, close relationship with customers will require a strong coordination between banks and its marketing departments to provide a long-term retention of selected customers (Chary and Ramesh, 2012). Rust and Zahorik (1993) as cited by Cohen et al. (2006), the financial implications of attracting new customers may be five times as costly as keeping existing customers. Doing so significantly helps to reduce the cost of the organization. According to Rouholamini & Venkatesh (2011), several research show that customer acquisition costs 5 to 7 times higher than customer retention costs. Thus, since revenues increase with incremental improvements in customer retention, the ultimate goal of a professional services firm should be to retain customers (Crutchfield, 2001). However, this is only achieved when you are providing excellent customer service, which then turns in to Customer loyalty (Ghavami & Olyaei, 2006). Thus, retaining an existing customer has beneficiary to the organization than attracting new once. Villanueva and Hanssens (2007) cited by Parker *et al.* (2009) clearly stated the following five customer retention benefits. Those benefits are:-

1. It is cheaper to retain customers than to acquire them.
2. The costs of serving long-life customers are less than those of serving new customers.

3. Long-life customers improve the reputation of the company and attract new customers through word-of-mouth advertising.
4. Long-life customers are less price sensitive than new customers and are therefore more willing to pay higher prices in some cases.
5. Long-life customers are more likely to buy more from the company so the company can increase their share-of-wallet through up-selling and cross-selling.

Therefore, the above benefit proof that long-life customers are means of profit to the organization and they can attract potential customers through their formal and informal communications.

2.1.6 Relationship Marketing and Customer Retention

Relationship marketing is a core strategy used by firms to establish, maintain and enhance profitable relationships with clients, while ensuring benefits for both the firm and its clients (Grönroos 1994: 4–20). Walsh, Gilmore and Carson (2004: 469) define relationship marketing as the activities implemented by banks in order to attract, interact with, and retain more profitable clients. Customer retention refers to a firm's 'zero defections' of profitable consumers or no switches from profitable consumers to competitors (Reichheld 1996). Menon and O'Connor (2007: 157) define customer retention as the longevity of a consumer's relationship with a firm. Based on the literature, the variables that can possibly influence banks' relationship marketing and customer retention includes, trust, bonding, empathy, communication, knowledge ability, empowerment, personalization, fees, ethical behavior and technology.

2.1.7 Customer Relationship Marketing Practices key Mediating Variables and Customer Retention

Trust

Trust indicates that each person of relationship, to what extent can considered other person promise and is defined as the willingness to trust and reliance to audience (Wong & Shoal, 2002, 34-50). In this study trust variable is measured by factors such as bank security in transactions, bank service quality, reliability promises of bank, staff behavior towards clients and the bank commitment to our customers. So the hypothesis of trust and customer satisfaction can be expressed as follows.

On other hand trust is defined as a belief or conviction about the other party's intentions within the relationship (Taleghani et. al., 2011). Thus, trust plays a major role in separating purely economic actions from those that have a social nature such as with professional services (Crutchfield, 2001).

Good relationships and trust are built over time, with give and take on both sides, and not too much pressure (Rigby et. al, 2003). We conceptualize trust as existing when one party has confidence in an existing partner's reliability and integrity (Morgan and Hunt 1994). Trust can lead to commitment, which can in turn lead to long-term cooperation between the two sides involved in a relationship (Hunt and Morgan, 1994). Therefore according to these authors, trust permits firms to lessen or avoid dependence on expensive formal controlling mechanisms to maintain their partnerships.

Bonding

Bonding is defined as the dimension of business relationship that results in two parties (buyer and seller) acting in a unified manner toward a desired goal (Callaghan et al., 1995). According to Wilson (1995), bonding can be classified into two categories: social bond and structural bond. Social bond has a number of dimensions including social interaction, closeness, and friendship and performance satisfaction. The dimension of bonding as it applies to relationship marketing consists of developing and enhancing customer loyalty, which results directly in feelings of affection, a sense of belonging to the relationship, and indirectly in a sense of belonging to the organization (Sin et al., 2002). Wilson and Mummalaneni (1986) find that stronger personal bonds among buyers and sellers lead to a greater commitment to maintain the relationship (Yim et al., 2008). In the dyadic relationship of a buyer and a seller, bonding can be described as a dynamic process that is progressive over time. The bonding process begins with the very basic force of the need for a seller to find a buyer for their product, and the desire for a buyer to purchase a product that will satisfy their needs (Chattananon & Trimetsoontorn, 2009). It was recognized by Shani and Chalasani (1992) in their identification of the bond developing between consumer, supplier, and product through the application of relationship marketing. Its application to relationship marketing consists of developing and enhancing consumer loyalty, which results directly in feelings of affection, a sense of belonging to the relationship, and indirectly in a sense of belonging to the organization or as Levitt (1983) described, developing and enhancing a long-term relationship (a bonded relationship) with the seller.

Empathy

Empathy is the ability to see a situation from another person's perspective (Wang, 2007). It is defined as seeking to understand somebody else desires and goals. It involves the ability of individual parties to view the situation from the other party's perspective in a truly cognitive sense (Chattananon & Trimetsoontorn, 2009). Empathy has a number of analogous meanings – the golden

rule, the ethic of care and an “others” orientation. Empathetic marketers are not insensitive to the needs and concerns of the consumer. Empathy should not be equated with sympathy; marketers can be empathetic while still driving a hard bargain with customers (Murphy et al, 2007). In the personal selling literature, the empathetic abilities of the salespeople are a prerequisite for successful selling. In the service marketing literature, the component of empathy is used in developing the SERVQUAL test instrument for service quality. In the networking literature, empathy has been considered as an independent variable in explaining franchisor–franchisee working relationships (Sin et al, 2002).

Reciprocity

Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009). Therefore the rule of reciprocity focuses on a recipient’s behavior by the social norm expressed as “...if you have received a drop of beneficence from other people, you should return to them a fountain of beneficence” (Wang, 2007). The links of reciprocity to relationship marketing have been considered as a basis for the interface between exchange transactions and marketing activities. In fact, relationship marketing is characterized by “...interactions, reciprocities, and long-term commitments” (Sin et al, 2002).

The definition used to develop the measure extends traditional quid pro quo interpretations to include behavior designed to stabilize relationships in times of exchange breakdown. This includes resisting and not returning harm and making reparation for harm done. Reciprocity is positioned as an important interpersonal norm of stable marketing relationships given recent findings that relationships develop most strongly at the individual level. It is suggested that reciprocity leads to personal well-being; thus providing an additional motivation, over and above economic incentives, to develop and maintain relationships (Simon J. Bavan and Liliana L. Bove, 2007) Scholars like Houston et al., (1992), Ellis et al., (1993) have indicated reciprocity as a pertinent component of relationship marketing. They perceive reciprocity as a basis for the RM.

Responsiveness

Responsiveness is Willingness to help customers and provide prompt service (Ananth et.al, 2010; Kheng et. al., 2010). Responsiveness is the willingness to support customers and provide them immediate services right on demands.

Responsiveness has to do with the degree with which the selected banks were able to respond to the needs and wants of customers. For a firm to be responsive, it must gain deeper understanding and profiling of customer behavior, real-time customer information and loyalty, and management at Point of Service. However, Taiwoet. al. (2011) described that responsiveness is the degree to which customers perceive service providers' readiness to assist them promptly. Therefore, showing sincerity and willingness to help customers are some of the key issues in responsiveness. Again what was tested in respect of responsiveness included devoted time to customers and efficient services.

2.2 Empirical Literature

Mohammad et al. (2011) this research aimed to empirically investigate the impact of relationship marketing underpinnings (namely trust, commitment, communication, conflict handling, bonding, shared values, empathy, and reciprocity) on customer loyalty in the banking industry. A survey was conducted, collecting data through a questionnaire containing 34 items that was completed by 384 randomly selected bank customers and multiple regression analysis was used for data analysis. The results revealed that the all underpinnings of relationship marketing were directly associated with customer loyalty and they had a significant effect on it. Therefore it is reasonable to conclude that customer loyalty can be created, reinforced and retained by marketing plans aimed at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and proactive fashion, handling conflict efficiently, paying attention to shared values, improving the empathetic and reciprocal abilities of the salespeople, and developing strong bonds between buyers and sellers.

Rootman C. et al (2010) have conducted a study on relationship marketing and customer retention best lessons from banks in South African Canada and the UK. In the investigations, insight has been given into the relationship marketing and customer retention strategies of banks in South Africa, Canada and the UK and its contribution. More specifically, the article provided insight into the extent to which selected independent variables (relating to banks' activities, actions and methods) influence banks' relationship marketing and customer retention, and into practical strategies that can be learned from successful international banks. As banks are important contributors to any economy, sustained client relationships and stability through maintained clients, or customer retention, are essential for the survival of these institutions. Banks therefore need to familiarize themselves with service delivery activities and methods and should constantly adjust to improve their relationship marketing efforts and customer retention levels. The empirical findings of this study have

established that six relationship marketing variables to have a positive influence on the customer retention and loyalty of South African, Canadian and UK banks. The study revealed that trust, bonding, commitment, responsiveness, empathy and competence are important for South African and other developing banks to partner with Canadian and UK banks and to regularly benchmark themselves against these banks in order to develop as institutions and to discover how to adapt their banking aspects. If banks follow these strategies, their relationship marketing would improve, and relationships with clients would be better maintained. As the study showed, this would also increase banks 'customer retention rates, recruiting potential of new customers, customer loyalty and potential of mobilizing deposit, which is crucial in the competitive banking environment in which these banks operate.

Christiana and Amy (2011) have conducted a study on the practice of relationship marketing and customer retention and its impact on resource mobilization performance in the banking industry in Ghana. The study summarizes the banking sector in Ghana has witnessed significant improvement in relationship marketing. The purpose of the study is to bring deeper understanding and insight into the practice of relationship marketing and customer retention by banks in Ghana. For this study, 12 out of the 27 banks in Ghana were selected as the sample size. The research explains the role of relationship marketing in customer retention and also demonstrates relationship marketing applied and practiced by the banks in Ghana affects its resource mobilization performance and customer loyalty. A qualitative research approach was chosen and deductive research was conducted based on twelve case studies from both local and international banks. The findings of the study showed that indeed, all the banks have reasons for adopting relationship marketing in customer retention. The most popular reason for believing in the success of relationship marketing is customer retention.

Kuria (2010) has investigated a study on relationship marketing practices among commercial banks in Kenya. The purpose of the study was to establish the nature of relationship marketing practices and to determine the extent to which relationship marketing is practiced among commercial banks in Kenya. This study was a cross-sectional survey undertaken among the commercial banks in Kenya. The population of the study was the 44 commercial banks. A survey of all banks was undertaken. The study found that the banks have applied products oriented Customer Relationship Marketing practices to a great extent. The findings indicate that employee oriented Customer Relationship Marketing strategies are present and enhanced top a great extent. From the findings it emerges that communication oriented CRM strategies have been applied to a moderate extent. The study further found that loyalty oriented CRM activities are not enhanced in the commercial banks in Kenya. The

study recommends that that the Kenyan commercial banks need to critically reconsider several aspect of the customer relationship marketing strategies especially on the areas of technology adoption and its interaction with CRM.

Kosile and Ajala(2006) this empirical study examines the effects of relationship Marketing process on Bank performance of selected Commercial Banks in Southwestern Nigeria. It examines the management and performance of marketing relationships from the perspectives of bonding, commitment, communication, conflict management, direct marketing, banks' relationship quality and customer's relation benefits in Nigeria context. The research design used was a descriptive design. The data for the study were gathered, through questionnaire from three out of six states in the Southwestern geopolitical zone of Nigeria. Multistage Random sampling technique was used. High rate of return of 91% was achieved because it was a self-administered questionnaire using drop and collect method. The reliability test of instrument was done using Factor Loading and Cronbach Alpha. Data collected were analyzed using both descriptive and regression analysis statistics. The Statistical Package for Social Scientists (SPSS) 17.0 version was used in data analysis. The finding reveals a positive and significant relationship between relationships marketing and bank performance indicators. The bonding, commitment, communication, conflict management, relationship quality and Relation Benefits were found to be positively and significantly determinants of Bank performance. The findings revealed further that direct marketing are insignificant predictors of bank performance.

According to Velnampy & Sivesan (2012)have conducted a study on Customer Relationship Marketing and Customer Satisfaction a study on Mobile Service Providing Companies in Srilanka.The main purpose of the study is examining the relationship between customer relationship marketing and customer satisfaction. Customer relationship marketing can be measured through following ten variables trust, commitment, empathy and equity. Data were collected through a seven points Likert type summated rating scales of questionnaire. A sample of one hundred and seven customers was surveyed from three mobile service providing companies such as Airtel, Dialog, and Mobitel. Correlation and regression analyzed has been employed to measure relationship and contribution among the dependent and independent variables. The finding reveals a positive and significant relationship between relationships marketing and customer satisfaction.

2.3 Conceptual Framework

Callaghan et al. (1995) cited by Kojo, disclosed that trust, reciprocity, empathy, bonding and responsiveness are dimension of customer relationship management. Kojo applied the above dimension to measure customer relationship marketing. However, according to Das (2009), any discussion on RM would be incomplete without referring to CRM. Therefore, this shows that CRM and RM have a strong similarity. Sin et al., 2005 cited by Das (2009) support the above argument as CRM and RM are focused on individual buyer-seller relationships, accept that these relationships are longitudinal in nature, and that both parties benefit in the process. Das added that CRM can be regarded as, to some extent, a subset of RM.

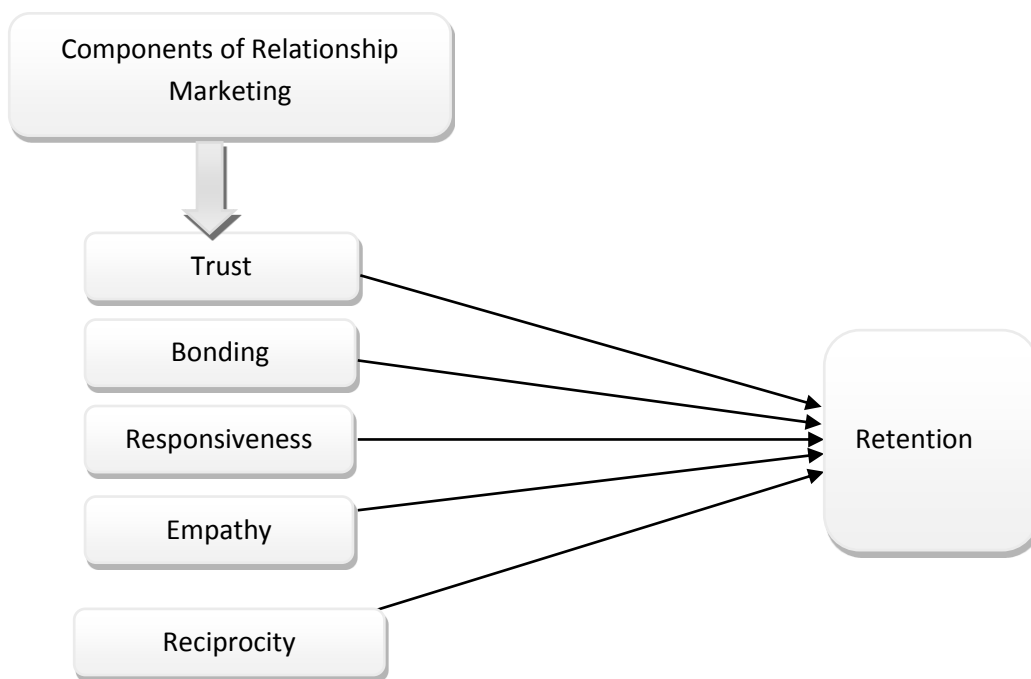


Figure 1.1 Conceptual framework

Source: Callaghan et al. (1995) cited by Kojo

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 Research Design

According to Chopra et al. (2012), research design is the conceptual structure within which Research is conducted. They specifically indicated that “a research design is the arrangement of condition for collecting and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure”. A research design is the arrangement for a precise statement of goals and justification.

As this study is established causal relationship between variables it is causal research type, causal research to explain the relationship between the dependent and independent variables. Questioners were analysed using statistics and interview was conducted with branch managers therefore it is mixed research approach.

3.2 Population of the Study

Target population is defined as the entire group a researcher is interested in. According to (Zikmund, 2003) the definition of population was an identifiable total set of elements of interest being investigated by a researcher. According to data from Cats-Cpc, CBE there, are 15 districts and over 965 branches all over the Country. Therefore, the target populations for the study were customers and branch managers of the commercial bank of Ethiopia in Addis Ababa.

3.3 Sampling and Sampling Procedure

According to Douglas et al (2006), a sample is a tool to infer something about a population or sample is a portion or part of the population of interest. The Reasons to Sample when studying characteristics of a population, there are many practical reasons why we prefer to select portions or samples of a population to observe and measure. Some of the reasons for sampling are: the time to contact the whole population may be prohibitive, the cost of studying all the items in a population may be prohibitive, and the physical impossibility of checking all items in the population, the destructive nature of some tests and the sample results are adequate. Even if funds are available, it is doubtful the additional accuracy of a 100 percent sample—that is, studying the entire population. When selecting a sample, researchers or analysts must be very careful that the sample is a fair representation of the population. In other words, the sample must be unbiased since ethical side of statistics always requires unbiased sampling and objective reporting of results.

When a population can be clearly divided into groups and then stratified random sampling can be used to guarantee that each group is represented in the sample and the basis of stratification of the study is district customers of commercial bank of Ethiopia. The groups are also called strata; north, south, west and east. Once the strata are defined, we can apply simple random sampling within each group or strata to collect the sample or stratified random sample a population is divided into subgroups, called strata, and a sample is randomly selected from each stratum.

3.3.1 Sample Size Determination

In addition to the purpose of the study and the population size, five criteria was needed to be specified to determine the appropriate sample size Population variability (approximated p),the maximum allowed error (E),and confidence interval(Z),the probability of the population not to be occurred(q).due to large number of customers in branches of commercial bank of Ethiopia in Addis Ababa, the sample size of the population that are large and determined through the equation developed by (Cochran,1963).

$$n = (Z^2 * p * q) / e^2$$

Where n the total number of sample required

Z=the critical table value of the confidence level (z=1.96)

p=the population variability (p=0.3)

q=the probability of the population not to be occurred (q=1-p=0.7)

e =the maximum allowed error i.e. (e =0.05)

Therefore, the researcher was taken the maximum allowed error as 5% at a confidence interval level of 95% and the moderate population variability interval is 0.3(p=0.3) because this allows the researcher a largest sample size and the minimum error(q=0.7).

$$n = (1.96^2 * .3 * .7) / 0.05^2 \text{ which is approximated } 322$$

On the other hand, some research findings of relationship marketing in banking industry (Nareth, 2009) used large sample sizes ranging between 200-1000 respondents. Furthermore suggest those investigators to use a large sample as much as possible. Since the large sample size have the probability of minimizing the population parameters and increases likelihood of the sample to be true representative of the population. This reduces chance errors. (Gupta,et.al.,2009).

3.3.2 Sampling techniques

The key tools for data collection are questionnaires that were administered through the help of customers of selected commercial bank of Ethiopia in Addis Ababa city districts. The researcher used stratified sampling technique to select district of CBE branches from where the sample respondents or 322 were chosen. The data's are collected by using stratified sampling technique method from the four districts of CBE i.e. north, south, west and east Addis Ababa. According to data from CATS-CPC, there are five grade four and four grade three branches in north Addis Ababa, as well as in west Addis Ababa, five grade four and three grade three branches in east Addis Ababa and eight grade four and two grade three branches in south Addis Ababa. Therefore for the study was randomly selected 50 % grade three and grade four branches for each stratum as sampling units. 19 customers were selected from every selected branch's in four districts through purposive sampling techniques, as mentioned on the table 3.1 and the data was collected from only grade four and grade three branches; since this branches have relatively most of the corporate customers of the bank and large number of customer served comparing to grade 1 and grade 2 branches, in addition to the questionnaires. Rather than generalizing the result based on the response of the customers' only, interview method were employed simultaneously from 17 branch managers of the selected branches in four districts that were used to collect the responses of the customers. This was done to strengthen the data that were collected from customers, so that consolidating the response of the managers and customers has made the finding of the study concrete.

Table 3.1: Questionnaires Distributed to the customers and Interview made to the branch managers

No .	District	Total No. of Grade 3 and 4 Branches	proportion % of branches	No. of branches questionnaire Distributed and Interviews made	No. of Questionnaires distributed in each branches	Total Questionnaire Dis. In Each Branch
1	North	9	50%	4	19	76
2	West	9	50%	4	19	76
3	East	8	50%	4	19	76
4	South	10	50%	5	19	95
	TOTAL	36		17		323

Source CATS CPC report December, 2015

3.4 Source of Data

Both primary and secondary data were used in the research. Primary method of data collection was made using 5 point likert scale questionnaire. Secondary data's are collected from the books, publications, articles, journals and websites etc also are used

3.5 Unit Analysis

The individual customer is taken as a unit of analysis for the study in which the customer that directly receive bank services. Many research results on relationship marketing in the services industry have used customer as the unit analysis (Olsen, 1995).though, relationship marketing is analyzed from customer's attitude, experience in the banking service. Therefore, using customer's as unit analysis is suitable because their expectation and perception of RM and services provided by the bank are taken.

3.6 Data Collection Methods

The study depends on the primary data collected through standard questionnaires. Questionnaires are applied usually for descriptive, which identify and describe the variability in different phenomena or explanatory research, which examine and explain relationships between variables (Saunders, Lewis, & Thornhill, 2009). The questionnaire was prepared in line with the objectives of the study mentioned above and it was organized in two sections. The first section was designed to obtain the demographic information of the respondents and the overall the existing customer relationship marketing practice in CBE.

The second section inquired how respondents perceive the relationship marketing components relationship with customer retention and its impacts. A five – point likert scale questionnaire were distributed to customers' of commercial bank of Ethiopia and interview was made to the branch managers of the selected grade 3 and 4 branches.

3.7 Method of Data Analysis

With regard to data analysis, the study was carried out using descriptive statistical analysis, correlation and multiple regression analysis. The qualitative data was analyzed by consolidating the responses of the branch managers. Descriptive statistics was used mainly to organize and summarize the demographic data of the respondent as well as the first research objective and correlation coefficients was used to show the relationship between components of relationship marketing and customer retention in the bank. On the other hand, multiple regression analysis was carried out to

measure the impact of customer relationship marketing on customer retention in the bank, one sample t test used to compare the sample respondent with the population value and the result is mentioned in the appendix .In general Data collected were analyzed using both descriptive and inferential analysis. The Statistical Package for Social Scientists (SPSS) 20.0 version was used in data analysis.

Model Specification

The regression model was done in the form of:-

$$Y = \alpha + \beta_1X_1 + \beta_2X_2 + \dots + \beta_nX_n + \epsilon_i \dots\dots\dots \text{Eq.1}$$

Where

Y is dependent variable:-variable which is affected by other variables or explained by the independent variables

α is an intercept, where the regression line crosses the y axis

$\beta_1 \dots \beta_n$ are the coefficient of the independent variables X_1 to X_n . Substituting both dependent

And independent variables in equation 1 above, we have the following equation

Specifically, for this study the expression is appropriate:

$$\text{CR} = \alpha + \beta_1x_1 + \beta_2x_2 + \beta_3x_3 + \beta_4x_4 + \beta_5x_5 + \epsilon_i \dots\dots\dots (2)$$

Where,

β_1 is the partial slope for x_1 on y and indicates the change in y for one unit change in x_1 ,controlling $x_2 \dots\dots\dots B_5$ is the same thing

CR – Customer retention-dependent variable

X_1 - Trust

X_2 – Reciprocity

X_3 – Bonding

X_4 – Empathy

X_5 - Responsiveness

ϵ_1 - Error term

3.8 Validity and Reliability

3.8.1 Reliability Testing

The level of reliability of the instrument that is the consistency of the variables is checked with the Cronbach's alpha statistics. Cronbach's alpha is an index of reliability associated with the variation accounted for by the true score of the "underlying construct" (Nunnally, 1978). Cronbach's Alpha's can only be measured for variables which have more than one measurement question. Nunnally (1978) has stated that 0.5 is a sufficient value, while 0.7 is a more reasonable Cronbach's alpha. The results were extracted as Table 3.2 and according to this theory the result is more than 0.7.

Table 3.2: Cronbach's a of Constructs

Construct	Number of Item	Cronbach's a	Internal Consistency
Empathy	6	0.809	Good
Reciprocity	4	0.731	Good
Bonding	5	0.741	Good
Trust	6	0.771	Good
Responsiveness	6	0.751	Good
Customer retention	4	0.783	Good

Source: SPSS Cronbach's a result based on questionnaire survey,2015

3.8.2 Validity

Validity is defined as how much any measuring instrument measures what it is intended to measure. Bryman and Bell (2003) also suggested that the important issue of measurement validity relates to whether measures of concepts really measure the concept. "Validity refers to the issue of whether an indicator (or set of indicators) that is devised to gauge a concept really measures that concept. Several ways of establishing validity are: content validity; convergent validity concurrent; predictive validity; construct validity; and convergent validity.(Bryman and Bell, 2003,).The researcher used standardized questionnaire ,so, the instrument is already valid and tested..

3.9 Multi-Co linearity Testing

Two major approaches were utilized in order to determine the presence of multi collinearity among independent variables in this study. These methodologies involved calculation of both a Tolerance test and Variance Inflation Factor –VIF (Kleinbaum et.al, 1988) cited by Velnampy & Sivesan(2012)and Tolerance level is < or equal to 0.1; and all VIF is 1/Tolerance values are well below 10 is acceptable.

Table 3.3 Test of Collinearity

Variables	Tolerance	VIF
Trust	0.621	1.609
Reciprocity	0.682	1.453
Bonding	0.665	1.509
Empathy	0.487	2.070
Responsiveness	0.476	2.131

Source: SPSS data, 2015

As can be seen from this data, none of the Tolerance level is < or equal to 0.1; and all VIF values are well below 10. Thus the measures selected for assessing independent variables in this study, do not reach multicollinearity.

3.10 Ethical Consideration

The researcher maintained scientific objectivity throughout the study, recognizing the limitations of his competence. Every person involved in the study was entitled to the right of privacy and dignity of treatment, and no personal harm was caused to subjects in the research. Information obtained was held in strict confidentiality by the researcher. All assistance, collaboration of others and sources from which information was drawn is acknowledged.

CHAPTER FOUR

RESULTS AND DISCUSSIONS

This chapter deals with the presentation of data, analysis and interpretation. To collect the data and extract findings, questionnaire was prepared and distributed to customers of commercial bank of Ethiopia in Addis Ababa districts , thus a total of 322 questionnaire was distributed to different districts in Addis Ababa city , and a total of 261 (81%) was returned and used for this study, while 61 (10%) remained uncollectible.

4.1 Background Information about the Respondents

This sections that follow present profile of respondents' like gender, age, year of relationship and the type of deposit account they have at Commercial Bank of Ethiopia.

Table 4.1 Respondents' profile

Gender	Male				Female					
	Frequency		%		Frequency		%			
	152		58		109		42			
Age	20-25		26-35		36-45		46-55		56 and above	
	Frequency	%	Frequency	%	Frequency	%	Frequency	%	Freq.	%
	68	26.1	101	38.7	64	24.5	21	8	7	2.7
How long have you been a customer	Less than 1		1-5 years		6-15 years		Above 15 years			
	frequency	%	Frequency	%	Frequency	%	Frequency	%		
	10	3.8	127	48.7	79	30.3	45	17.2		
Type of accounts with CBE	Saving account				Current account					
	Frequency		%		Frequency		%			
	153		58.6		108		41.4			

Source: SPSS descriptive analysis result based on questionnaire survey,2015

Analyzing the data obtained from the questionnaire, table 4.1 reveals that, 58% of the respondents were male customers while 42% were female respondents. The study tried to represent of the customer respondents however is fairly balanced but the selected customers had more male than females by 16%. In terms of age, 38.7 % of survey respondents were under age 26-35 years, 26.1% under age 20-25, 24.5% under the age 36-45, 8% under age 46-55. The remaining 2.7% respondents were under the age above 56. Therefore the largest respondents were between the ages of 26-35 representing 38.7%. On the other hand, 48.7% of respondents had 1-5 years of association with CBE,

30.3% had a customer of CBE for 6-15 years, 17.2% of had a customer of CBE for 15 and above years .The remaining 3.8% respondents had less than 1 year of relationship experience with the bank. The fact that majority of the respondents had 1-5 years' experience relationship with Commercial Bank of Ethiopia. In addition to the above, respondents were asked to identify the type of accounts with. As a result majority of customer respondents were saving account i.e. 58.6% and the remaining 41.4 % of respondents have current account holder with CBE.

4.2 Data Analysis on Components of Customer Relationship Marketing

Table 4.2 Descriptive Statistics of items that measure trust Practice of respondents.

Variables		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	MEAN (Standard deviation)
You feel safe in all of your transactions with your bank	F	61	82	26	58	34	261	3.3 (1.382)
	%	23.4	31.4	10	22.2	13	100	
The bank always does what it promised to do	F	44	87	51	63	16	261	3.31 (1.186).
	%	6.9	33.3	19.5	24.1	6.1	100	
I am confident on the financial status of the bank	F	104	99	22	14	22	261	3.95 (1.208)
	%	39.8	37.9	8.4	5.4	8.4	100	
The bank is trustworthy on calculating charges	F	79	107	29	20	26	261	3.74 (1.247)
	%	30.3	41	11.1	7.7	10	100	
The bank is trustworthy during cash payment process	F	55	102	53	27	24	261	3.52 (1.198)
	%	21.1	39.1	20.3	10.3	9.2	100	
The bank provides consistent quality services at different time	F	64	85	53	33	26	261	3.49 (1.264)
	%	24.5	32.6	20.3	12.6	10	100	

Source: SPSS descriptive stastics result based on questionnaire survey, 2015

Analyzing the data obtained from the questionnaire, table 4.2 reveals that the study measured the trust of customers on Commercial bank of Ethiopia and its service performers by taking six sub variable through questionnaire survey from customers. Concerning You feel safe in all of transactions at the bank the survey result showed that, 23.4 % of respondents were strongly agreed,

31.1 % respondents were agreed, 10% of respondents are neutral about you feel safe save all transactions in CBE , while 22.2% respondents were disagree about the You feel safe in all of transactions at Commercial Bank of Ethiopia. Lastly, 13 % customer were decided that safe in all of transactions in Commercial Bank of Ethiopia is strongly disagree. As a result the majority of the respondents agreed that CBE has safe all customer transactions.

The table 4.2 sought to the bank always does what it promised to do and the customers when they builds long term relationship with CBE in order to build customers self-assurance and trust. From the table aforementioned, 6.9 % respondents were strongly agreed and 33.3% of respondents were agreeing that CBE has always punctual what it promised to do. However, 6.1% respondents were disagreeing regarding this issue. Therefore, the majority of the respondents agreed that CBE has always done what it promised to do.

With regard to the financial status of the bank, 39.8 % of respondents were strongly agreed and 37.7% of respondents were agreed. On the other hand, 5.4 % and 8.4% of respondents were responding opposite. As a result the majority of respondents were strongly agreed that the financial status CBE has strong. This implies that they build customers confidence and trust about the financial status of the bank.

The finding of the study in table 4.2 depicted that majority of the respondents responded that about the bank is trustworthy on calculating charges, trustworthy during cash payment process and provide consistence quality service at different time , i.e. represented by 41%,39.1% and 32.6% respondents respectively were agreed. Therefore this indicates that the bank has calculating charges, cash payment process and provides consistence quality service at different time is trustworthy and properly done. Consequently, according to the mean scores, the findings in Table 4.5 imply that commercial bank of Ethiopia has, to a moderate extent, adopted trust as a one customer relationship marketing practice. Since all trust parameters used under this study had a mean score of between 3.3 and 4.00 and when you compare to the variation of trust practice in CBE the low deviation is 1.208 and the highest deviation is 1.382. This implies that Low standard deviations indicated no significant deviations of the extent of adoption of a specific trust parameter in relationship marketing practices while high standard deviations indicates significant deviation.

The study findings, therefore, support the arguments in the literature about the practice of trust as a Customer relationship marketing in banks to a moderate extent. In the context of relationship marketing, trust is defined as the dimension of a business relationship that determine the level to

which each party feels they can depend on the honesty of the promises obtained from other party(Callaghan et.al,1995)

Table 4.3 Descriptive Statistics of items that measure Reciprocity Practice of respondents.

Reciprocity is the dimension of a business relationship that enables either party to provide favors or make allowances for the other in return for similar favors or allowances to be received at a later date (Chattananon & Trimetsoontorn, 2009 cited in Taleghani et al., 2011). Thus Reciprocity becomes a virtue, a trait necessary for a rational individual to have if they are to aspire to excellence in moral behavior.

Variables	Strongly Agree		Agree	Neutral	Disagree	Strongly Disagree	Total	MEAN (Standard Deviation)
	F	%						
The bank helps me to solve difficulties, so I am responsible to repay their kindness	F	43	108	53	39	18	261	3.46 (1.138)
	%	23.4	31.4	10	22.2	13	100	
The bank keeps its promises	F	45	84	64	37	31	261	3.329 (1.246)
	%	17.2	32.2	24.5	14.2	11.9	100	
The bank and you work for mutual benefit	F	47	123	42	29	20	261	3.57 (1.137)
	%	18	47.1	16.1	11.1	7.7	100	
The bank and you are interdependent	F	55	96	61	24	25	261	3.51 (1.198)
	%	21.1	36.8	23.4	9.2	9.6	100	

Source: SPSS descriptive statistics result based on questionnaire survey, 2015

Summary of customer's perception on the bank helps me to solve difficulties, so I am responsible to repay their kindness. A question 'the bank helps me to solve difficulties, so I am responsible to repay their kindness' was asked for sample respondents of CBE majority of the respondents were found to be agreed on their mutual help with the bank (59 %), the rest 20.3% of the respondents are neither agree nor disagree while 21.8 % of them show disagree with the statement. This implies that the existence of the sample respondents and their banks are dependent on each other. Summary of customer's perception on the bank keeps its promises. To know whether the bank is keeping their promises or not a question was asked to sample respondents of bank mentioned in this study. Under table 4.3 shows that 49.9 % of the respondents believed that the bank keeps its promises while around 24.5 % of them were found to be neutral in their perception of the banks' promise keeping

status. The remaining 26.1 % of the sample respondents, however, saying the bank doesn't keep its promise.as result the majority of respondents supposed that commercial bank of Ethiopia has kept its promise.

Summary of customer's perception on the bank and you work for mutual benefit. Analyzing the data obtained from the questionnaire, table 4.6 reveals that the feeling of respondents on their work for their mutual benefit, 7.7 %, 16.1 % and 11.1 % of customers replied as strongly disagree and neither agrees nor disagrees and disagree respectively. 65.1% of the customers, however, agree and strongly agree with their mutual work. This implies that customers of the bank perceive that the bank were better in working for mutual benefits.

Summary of customer's perception on the bank and you are interdependent. The last measure variables of reciprocity were helping to know the interdependence between the bank and their customers. Table 4.3 shows that, about 18.8% of the respondents of the bank argued against the interdependent between the bank and the sample respondents; whereas 23.4% neither agree nor disagree. 57.9 % of them, however, believe that the two parties are interdependent. As a result the majority of respondents argued that the bank and the customers are mutual interdependent

Therefore, according to the mean scores, the findings in Table 4.3 indicate that CBE has to a moderate extent, adopted reciprocity as a one customer relationship marketing practice. This is because all reciprocity parameters used under this study had a mean score of between 3.00 and 4.00.However, it is to be noted that just like the extent of adoption of reciprocity as one of relationship marketing practices, there were variations among respondents on the degree of adoption of reciprocity parameters by CBE. The variation is exhibited in the differences of responses to the respective of reciprocity parameter practices by different proportions of respondents on the likert scale options. The variations are indicated by the standard deviations of the practices and they range from the low of 1.137 standard deviations for The bank and you work for mutual benefit and the highest 1.246 deviation for the bank keeps its promises. This implies that Low standard deviations indicated no significant deviations of the extent of adoption of a specific reciprocity parameter in relationship marketing practices while high standard deviations indicated significant deviation, the result of the research consistence with the result of Mohammad et al. (2011).

Table 4.4 Descriptive Statistics of items that measure Bonding Practice of respondents

Variables	Strongly Agree		Agree	Neutral	Disagree	Strongly Disagree		Total	MEAN (Standard deviation)
	F	%				F	%		F
The bank keeps in touch constantly with its customers	F	65	88	59	22	27	261	3.54	
	%	24.9	33.7	22.6	8.4	10.3	100	(1.241)	
The bank tries very hard to establish a long term relationship with its customers	F	54	96	64	23	24	261	3.51	
	%	20.7	36.8	24.5	8.8	9.2	100	(1.182)	
The bank works in close cooperation with its customers	F	43	98	67	36	17	261	3.44	
	%	16.5	37.5	25.7	13.8	6.5	100	(1.117)	
Employees of the bank know you very well	F	41	89	48	50	33	261	3.21	
	%	15.7	34.1	18.4	19.2	12.6	100	(1.276)	
Your achievement flourish on the solid relationship you have with the bank	F	37	90	56	50	28	261	3.22	
	%	14.2	34.5	21.5	19.2	10.7	100	(1.220)	

Source: SPSS descriptive statistics result based on questionnaire survey, 2015

Summary of customer's perception on the bank keeps in touch constantly with its customers. Table 4.4 shows the perception of bank customers to the statement the bank ability of keep in touch constantly with them. In this regard, 8.4% of the respondents, 10.3% disagree and strongly disagree respectively, 22.6% neutral and 58.6 % of the respondents agree and/or strongly agree. This indicates that the majority of respondents were agreed the keeps in touch constantly with its customers. Summary of customer's perception on the bank tries very hard to establish a long term relationship with its customers.

Analyzing the data obtained from the questionnaire, table 4.4 reveals that 18 % of the respondents disagree and /or strongly disagree with the bank tries very hard to establish a long term relationship with its customers. About 24.5 % of the respondents neither agreed nor disagreed with the statement but, 57 % of them agree with the statement. Therefore, considering the above results the bank has working to establish a long term relationship with its customers.

Summary of customer's perception on the bank works in close cooperation with its customers. Table 4.4 shows which large proportion of sample respondents (54%) agree and strongly agree on the

close cooperation work of their bank. However, 25.7 % neutral and 20.3 % of them strongly disagree and/or disagree with the statement. This implies that customers of the bank perceive that the bank were better in close cooperation work. Summary of customer's perception on employees of the bank knows you very well, table 4.4 disclosed that, 18.4 % of the respondents neither disagree nor agree about the above statement. However, 49.8% of the respondents agree and/or strongly agree with the statement about employees of the bank knows them very well. The remaining 32.2% of the respondents were found strongly disagree and/or disagree about the statement .In conclusion, it's possible to observe that employees of the bank know their customers in very well.

Summary of customer's perception on your achievement flourish on the solid relationship you have with the bank. A question was also asked to know whether their achievement flourishes on the solid relationship that they have with the bank or not. Table 4.4 shows that, the majority (48.7 %) of the respondents were believed that their achievement has direct relationship that was formed with the bank. The rest 21.5 % of the respondents neither disagree nor agree while 29.9 % of them disagree with the statement. As a result the bank customers are believed that their achievement has direct relationship that was formed with the bank.

With regard to the mean scores, the findings in Table 4.3 indicates that CBE has to a moderate extent, adopted bonding as a one customer relationship marketing practice. This is because all bonding parameters used under this study had a mean score of between 3.21 and 3.54 and this above the actual mean. However, it is to be noted that just like the extent of adoption of bonding as one of relationship marketing practices, there were variations among respondents on the degree of adoption of bonding parameters by CBE. The variation is exhibited in the differences of responses to the respective of bonding parameter practices by different proportions of respondents on the likert scale options. The variations are indicated by the standard deviations of the practices and they range from the low of 1.117 standard deviations for the bank works in close cooperation with its customers and the highest 1.276 deviation employees of the bank know you very well. This implies that Low standard deviations indicated no significant deviations of the extent of adoption of a specific bonding parameter in relationship marketing practices while high standard deviations indicated that significant deviation, the result of the research consistence with the result of Mohammad et al. (2011).

Table 4.5 Descriptive Statistics of items that measure Empathy Practice of respondents

This study was done to appraise how customers perceive the bank is empathic towards them. Empathy (including access, communication, understanding the customer) – is caring and individualized attention that the firm provides to its customers (Khenget al., 2010). If the customers feel well treated and assured of good relationship, they will remain loyal. Empathy, a key component of emotional intelligence, is as essential for harmonious and productive relationships in the workplace as much as in personal life.

Variables	Strongly Agree		Agree	Neutral	Disagree	Strongly Disagree		Total	MEAN (standard deviation)
	F	%				F	%		
Employees of the bank understand my feelings.	F	46	87	62	37	29	261	3.32 (1.236)	
	%	17	33.3	23.8	14.2	11.1	100		
The bank gives individual attention to its customers.	F	44	103	36	53	25	261	3.34 (1.244)	
	%	16.9	39.5	13.8	20.3	9.6	100		
The bank shows a sincere interest in solving your problem.	F	36	102	65	44	5	261	3.39 (1.085)	
	%	13.8	39.1	24.9	16.9	8.4	100		
Employees of the bank are never too busy to respond to customers' requests	F	49	96	60	40	16	261	3.47 (1.142)	
	%	18.8	36.8	23	15.3	6.1	100		
The bank has guidance signs indicating as to which counters are offering which services	F	46	91	62	42	20	261	3.39 (1.173)	
	%	17.6	34.9	23.8	16.1	7.7	100		
The working hours of the bank are flexible and convenient to me	F	70	86	40	44	21	261	3.54 (1.269)	
	%	26.8	33	15.3	16.9	8	100		

Source: SPSS Descriptive statistics result based on questionnaire survey, 2015

Summary of customer's perception on Employees of the bank understands my feelings. A question is also asked to sample respondents about their perception of bank employees in understanding their feelings; the table above clearly shows the analysis results 50.9% of the respondents of the bank believed that employees understand their feelings while 23.8% of them were neither disagree nor

agree. 25.3% of the sample respondents, however, saying employees of the bank do not understand their feelings properly. This implies that the majority of respondents were agreed employees understand their feelings.

With regard to summary of customer's perception on the bank gives individual attention to its customers. As we can observe from the above table, 9.6%), 20.3%, 13.8%, 39.5% and 16.9% of respondents of the bank strongly disagree, disagree, neutral, agree and strongly agree with the statement "Does the bank gives individual attention to you", respectively. As a result the majority of respondents agreed that the bank gives individual attention to its customers. Summary of customer's perception on the bank shows a sincere interest in solving your problem, as clearly shown from the table 4.5, 25.3% of the bank respondents don't believe the bank solves their problem while 24.9 % neither agree nor disagree. Large proportions of respondents (52.9%), however, do agree and strongly agree that the bank is in the side when they encounter problems. This indicates that the bank shows a sincere interest in solving the problems.

Summary of customer's perception on employees of the bank is never too busy to respond to customers' requests. Among the total respondents of the bank, 55.6 percent judge goodly about the employee's courage to respond customers request while 23 percent neither agree nor disagree. However, 21.4% of the sample respondents consider the employees of the bank gets busy while customers need bank service. This implies that data indicates that most respondents of the bank agree with the employees support to respond their requests. However, some respondents reply that employees are not responding our requests properly while other respondents are neutral. Summary of customer's perception on the bank has guidance signs indicating as to which counters are offering which services.

Table 4.5 indicated that, 7.7% and 16.1 % of the sample respondents strongly disagree and disagree, respectively, in responding to the question "Does the bank has guidance signs indicating as to which counters are offering which services?" and about 23.8 % of the respondents were also found to be neutral. Majority of sample respondents, however, showed their agreement with the statement above (34.9 % of them agree and 17.6 % of them strongly agree). As a result it is possible to say that the bank is in a position to provide guidance to their customers and this practice of the bank also recognized by their respective customers. Summary of customer's perception on the working hours of the bank is flexible and convenient to me. The researcher incorporates the convenience of the working hours of the bank to customers. Thus a question "Does the working hours of the bank is

flexible and convenient to you?” is asked to the sample respondents. Description of the responses is presented in table 4.5. As we can observe from table, 8%, 16.9%, 15.3%, 33% and 26.8% of the sample respondents strongly disagree, disagree, neutral, agree and strongly agree, respectively with the question. This indicates that majorities of the respondents of the bank (59.8%) fill better on the flexibility and convenient of the working hour of the bank.

With regard to the mean scores, the findings in Table 4.3 indicate that CBE has to a moderate extent, adopted bonding as a one customer relationship marketing practice. This is because all empathy parameters used under this study had a mean score of between 3.32 and 3.54, the result, is above the actual mean. However, it is to be noted that just like the extent of adoption of empathy as one of relationship marketing practices, there were variations among respondents on the degree of adoption of empathy parameters by CBE. The variation is exhibited in the differences of responses to the respective of empathy parameter practices by different proportions of respondents on the likert scale options. The variations are indicated by the standard deviations of the practices and they range from the low of 1.085 standard deviations for the bank shows a sincere interest in solving your problem and the highest 1.269 deviation the working hours of the bank are flexible and convenient to customer. This implies that Low standard deviations indicated no significant deviations of the extent of adoption of a specific bonding parameter in relationship marketing practices while high standard deviations indicated significant deviation, the result of the research consistence with the result of Mohammad et al. (2011).

Table 4.6 Descriptive Statistics of items that measure Responsiveness Practice of respondents

Responsiveness has to do with the degree with which the selected banks were able to respond to the needs and wants of customers. For a firm to be responsive, it must gain deeper understanding and profiling of customer behavior, real-time customer information and loyalty, and management at Point of Service. However, Taiwoet. al. (2011) described that responsiveness is the degree to which customers perceive service providers’ readiness to assist them promptly.

Variables	Strongly Agree		Agree	Neutra l	Disagree	Strongly disagree	Total	MEAN (standard deviation)
	F	51	101	38	48	23	261	3.42 (1.240)
%	19.5	38.7	14.6	18.4	8.8	100		
Employees of the bank are willing to help customers	F	44	123	36	34	24	261	3.49 (1.185).
	%	16.9	47.1	13.8	13	9.2	100	
Employees of the bank devote time to reply to any of your questions	F	52	97	48	46	18	261	3.46 (1.191)
	%	16.9	37.2	18.4	17.6	6.9	100	
The bank arranges special care to special customers.	F	51	104	56	39	11	261	3.56 (1.093)
	%	19.9	39.8	21.5	14.9	4.2	100	
The behavior of the employees inspires confidence in customers.	F	48	93	47	46	27	261	3.34 (1.254)
	%	18.4	35.6	18	17.6	10.3	100	
Employees give genuine and detailed information regarding to any transaction of the bank	F	58	86	56	48	13	261	3.49 (1.169)
	%	22.2	33	21.5	18.4	5	100	

Source: SPSS descriptive stastics result based on questionnaire survey, 2015

Summary of customer’s perception on the bank provides prompt service to its customers. As depicted in table 4.6, 8.8% and 18.4% of the respondents strongly disagree and disagree with the statement respectively about the bank provides prompt service to its customers in the bank; however, about 14.6% of the respondents are neutral whereas 38.7% and 19.5 % of the respondents

agree with the statement respectively. This implies that the majority of the respondents were agreed the bank provides prompt service to its customers. On the other hand the summary of customer's perception on employees of the bank is willing to help customers, Regarding the question for employees of the bank table 4.6 briefly described as follows, 9.2%, 13%, 13.8%, 47.1% and 16.9% of sample respondents replied as strongly disagree, disagree, neither disagree nor agree, agree and strongly agree with employees of the bank is willing to help customers, respectively. This indicates that the majority of respondents were agreed the bank is willing to help customers in a proper manner.

Summary of customer's perception on employees of the bank devotes time to reply to any of your questions. Responsiveness is also measured by the time devoted by bank employees in answering the questions of customers. Considering the sample respondents, 19.9% and 37.2% of the respondents strongly agree and agree with the statement respectively about employees of the bank devotes time to reply to any of their questions. However, about 13.8% of the respondents are neutral whereas 9.2% and 13% of the respondents are against the above statement. With regard to the summary of customer's perception on the bank makes special care to special customers, the feeling of respondents indicate that the above table 19.1 %, 21.5% of customers disagree and neither agrees nor disagree, respectively. 59% of the customers, however, agree and strongly agree with the existence of special treatment. Therefore, the bank arranges special care to special customers.

On the other hand it is obvious that the behavior of employees of banks increases the confidence of customers and makes them loyal to their bank. In return building customer confidence on employees of the bank is crucial for their profitability. Table 4.6 shows this fact in which about 27.9% of the respondents of the bank argued against the statement 'behavior of employees inspires confidence to them' whereas; about 54% of the respondents agree with it. In addition, 18 % of the respondents are neutral. As a result the behavior of CBE employees are inspires confidence in customers. Sample respondents were asked a question about employees of the bank gives genuine and detailed information regarding to any transactions. The description presented on table 4.6 tells us this fact the majority of the respondents was found to be confident with the above statement (55.2%). The rest 21.5% of the respondents, however, found to be neutral regarding the aforementioned statement while 23.4 % of them show their disagreement with the statement. With regard to the mean score of responsiveness, the result showed that all mean score is greater than the actual mean, this implies that sample respondents of the population more representative and near from the population

Table 4.7 Descriptive Statistics of items that measure customer retention Practice of respondents

Variables	Strongly Agree		Agree	Neutral	Disagree	Strongly Disagree	MEAN (Standard Deviation)
	F	%					
I am giving positive word of mouth witnesses to other about this bank confidently	F	39	98	54	46	24	3.31 (1.193)
	%	14.9	37.5	20.7	17.6	9.2	
I am not intending to leave this bank in the future	F	33	85	78	30	35	3.2 (1.204)
	%	12.6	32.6	29.9	11.5	13.4	
I got that it is difficult to change to other banks due to what I receive from this bank	F	42	94	50	29	46	3.57 (1.137)
	%	16.1	36	19.2	11.1	17.6	
I will always choose this bank over any other bank	F	39	103	53	26	40	3.29 (1.276)
	%	14.9	39.5	20.3	10	15.3	

Source: Own Survey Data, 2015

As depicted in table 4.7, 9.2% and 17.6% of the respondents disagree with the statement about confidently provide positive word of mouth to others; however, about 20.7% of the respondents are neutral whereas 52.2 % of the respondents agree with the statement. With regard to they are intended to continue with bank, 45.2 % of the respondents were agreed with this statement; however 29.9 % of the sample respondents neutral whereas 24.9% of the respondents disagree with the statement. On the other hand the bank the ability of retaining existing customers,17.6%,11.1%,19.2%,36%, and 16.1% of respondents strongly disagree, disagrees neutral, agree and strongly agree with the statement respectively. With regard to thee last measure of customer retention the bank creates long lasting relationship with its customers, 25.3% of the respondents disagree with statement; however 20.3% of the respondents neutral whereas 53.9% of the respondents agree with the statement. These implies that the bank done well in retaining current and existing customers through buildings its goodwill and maintaining long lasting interpersonal and mutual beneficial business relationship and create brand loyalty.

4.3 Analysis of Correlation

Correlation measures the strength of the linear relationship between two variables. Thus, Pearson's correlation is used to identify whether there are relationships between the variables and to describe the strength and the direction of the relationship between two variables (Mohammad, n.d). According to Berndt et. al (2005), the level of association as measured by Pearson's co-efficient falls between -1.0 and +1.0, which indicates the strength and direction of association between the two variables. The interpretation of the result is as follows; a correlation result between 0 to 1 implies positive relationship, 0 (zero) for no relationship, 1 for perfect positive relationship, -1 for perfect negative relationship and between -1 to 0 indicate the existence of negative relationship. So, the correlation analysis was done to analyze the relationship between Customer retention and trust, Reciprocity, bonding, empathy, and responsiveness. To examine the relationship among these variables, Pearson correlation coefficients were calculated. In this section of the study, the analysis and interpretations of the correlation results between dependent and independent variables are presented.

Table 4.8 Pearson correlation coefficients by bivariate

Independent Variables	Dependent Variable	N	Pearson Correlation	p-value (sig)
Trust	Customer retention	261	0.592	0.01
Reciprocity	Customer retention	261	0.456	0.01
Bonding	Customer retention	261	0.455	0.01
Empathy	Customer retention	261	0.529	0.01
Responsiveness	Customer retention	261	0.524	0.01

Correlation coefficient is significant at 0.01

Source: SPSS correlation analysis result based on questionnaire survey,2015

According to table 4.8, which present the correlations of each variables “.The results shows that relationship marketing and their dimensions are all significantly and positive relationship on customer retention. First relationship marketing component: - According to the results of the Pearson correlation test is observed that the significant at one percent .Therefore the research question is confirmed and there is relation between trust and customer retention. This indicates that there is a moderate positive relationship between customer retention and trust. The result of the research is consistent with results of Mohammad et al. (2011) and Velnampy & Sivesan (2012).Second relationship component: According to the results of the Pearson correlation test is observed that the significant at one percent .Thus research question is confirmed and there is positive relationship between Reciprocity and customer retention. The result of the research is consistent with results of Mohammad et al. (2011).Third relationship marketing component:

According to the results of the Pearson correlation test is observed that the significant at one percent so, the research question is confirmed and there is a positive relationship between bonding and customer retention. The result of the research is consistent with results of Kosile and Ajala (2006) and Mohammad et al. (2011).

Fourth relationship marketing component: According to the results of the Pearson correlation test is observed that significant at one percent .Therefore, the research question is confirmed and there is a positive relationship between empathy and customer retention. The result of the research is consistent with results of Mohammad et al. (2011) and Velnampy and Sivesan (2012)

Fifth relationship marketing component: According to the results of the Pearson correlation test is observed that significant at one percent .Therefore, the research question is confirmed and there are a positive relationship between responsiveness and customer retention. The result of the research is consistent with results of Rootman. et al (2010)

4.4 Regression Analysis

This section of the study presents the results and discussions of the regression analysis. So far, the study established a framework of literature review and data analysis of descriptive Statistics was describes the practice of customer relationship marketing practice of CBE whereas correlation analysis used to investigate customer relationship marketing and its relationship with customer retention at Commercial Bank of Ethiopia and To investigate the significant factors of customer relationship marketing that influence customer retention in Commercial Bank of Ethiopia, multiple regression model were computed.

Table 4.9 Regression result CRM components and customer retention

Model 1	B	Std.Error	Beta	t-value	p-value	Sig
Constant	0.403	0.215		1.876		0.000
X1=trust	0.365	0.063	0.331	5.773	0.000*	0.000
X2= Reciprocity	0.115	0.052	0.120	2.226	0.027**	0.000
X3=bonding	0.122	0.055	0.121	2.199	0.029**	0.000
X4= empathy	0.166	0.060	0.177	2.748	0.006*	0.000
X5=responsiveness	0.150	0.066	0.150	2.292	0.023**	0.000

a. Dependent Variable: customer retention variable, Source : own survey SPSS data,2015

Figures in parenthesis denote p-values, *significant at 1 percent, **significant at 5 percent

In next step for indicate of customer retention explanation and prediction by five components of CRM , we used Multiple Regression method .In table 4.9 , According to Beta coefficient can be said that trust has maximum impact (0.331) and reciprocity has minimum impact (0.120) on customer retention variable. Then regression model can be written as follows in a significant at 95% confidence interval.

$$\hat{Y} = 0.403 + 0.365 X_1 + 0.115 X_2 + 0.122x_3 + 0.166 X_4 + 0.150 X_5$$

Interpretation of the model, as per the finding, trust has a positive impact on customer retention. This means that, as trust increases or decreases by 1%, customer retention increases or decreases at the time by 36.5% controlling for (x2, x3, x4 and x5) .similarly responsiveness influences positively customer retention. When responsiveness is raised or fall by 1%, the dependent variable customer retention raised or fall by 15.5% controlling for(x1,x2,x3 and x4) .As reciprocity increased or decreased by 1% customer retention also increased or decreased by 11.5% controlling for (x1,x3,x4 and x5).with regard to bonding increased or decreased by 1% ,the dependent variable customer retention is increased or decreased by 12.2% controlling for(x1,x2,x4 and x5) .finally empathy increased or decreased through 1%,the dependent variable customer retention is increased or decreased by 16.6 % controlling for(x1,x2,x3 and x5).As result trust and empathy have strong impact on customer retention with regarding the bank.

Table 4.10 Result of Multiple Regression Model Coefficient or Model Summary

Model	R	R Square	Adjusted R Square	Std.Error of the estimate
1	.692a	0.531	.524	.58318

Predictors: (Constant), mean of responsiveness variables, mean of reciprocity variables, mean of bonding variables, mean of trust variables, mean of empathy variables.

In table 4.10 it can be seen in multiple regressions that in examining independent variables (Variables of trust, reciprocity, bonding, empathy and responsiveness) on customer retention are acceptable and significant at a confidence level of 95%. Meanwhile, determine adjusted R square is equivalent to 0.531; this means that 52.4 percent of the independent variables can predict or affect the dependent variable.

4.5 Discussion Results of the Interview Data

In order to support the questionnaire survey, primary data was also obtained through Interviews were also conducted with 17 branch managers of the bank considered in this study. The interviews consisted of four structured questions that were prepared based on the questionnaire components and the literature review. This section presents the results of each interview questions.

The first question forwarded to them was about the customer relationship marketing practices of their respective branches In this regard, interviewees from each branches responded as follows:-

- ✓ Customer relationship marketing practice in the bank is efficient and provides quality services with on time response, working collaboration with customers and minimum delay practice domestic and international banking services. In addition, according to the interviewees, they differ from their competitors since they provide individual customer focused services specially business customers or premium clients, the bank gives individual attention to its customers and also the bank arranges special care to special customers.
- ✓ The use of telephone calls and E-mail has also become a critical strategy put in place by the branches to verify the issuance of cheques as well as protect the customers of fraudulent withdrawals from their accounts. In line with this telephones services are the use of text messages that provide customers on the transactions that take place on their accounts.

- ✓ Technological novelties to augment the services delivered are the introduction e-statements by CBE. This is the electronic statements that enable customers to have access to their statements wherever there are if they have internet access. Internet and mobile banking was also revealed as the new service the bank is putting in place to allow customers to transact banking services conveniently. With regard to trust, all interviewees of the selected branches replied that they are trustworthy in keeping customers transactions record safely, provide consistence quality service, calculating charges, cash payment as well as confidentiality.

The second question was regarding customer relationship marketing strategies of the bank under consideration. The branch managers of the selected branches came up with almost similar responses. Among these strategies; introducing new technology like e-banking, structure revision ,for each year prepare prize for special customer like exporters and customer focused services in order to satisfy and maintain long lasting relationship .

The third interview question was regarding the customer relationship marketing components such as trustworthiness, reciprocity, empathy, bonding and responsiveness of selected branch. With regard to trust, all interviewees of the selected branches replied that they are trustworthy in keeping customers transactions record safely, provide consistence quality service, calculating charges, cash payment as well as confidentiality. In addition, all the interviewees of selected branches admitted the existence of interdependence between the banks and their customers, which show a positive value of reciprocity within the bank.

Regarding to empathic relationship with their customers, branch managers have doubt on employees' response towards customers request because, according to the interviewees, some customers provide information regarding the response capacity of employees of the bank. In addition to this, managers responded that employees and management bodies of the bank work extra time to satisfy their customers and front officers transfer the question of their customers to back sitter officials, if it is beyond their capacity

Considering bonding, all interviewees agreed that they are working to establish long term relationship with their customers and doing various efforts, since nothing is absolute in the world, towards customer retention. In addition, responsiveness was one area of interview question for the study. As showing sincerity and willingness to help customers are some of the key issues in responsiveness, from the selected branch interviewees of the bank replied that their respective branches trying to provide prompt customer focused services.

The Fourth, question was also asked to interviewees about the bank strength and weaknesses related to maintaining good relationship with their customers. Regarding their strength all interviewees of selected branches expressed that they are strong in introducing new technology; even in recent time to introduce ATS or national electronic transfer system supported by NBE for this their branches are networked with other branches of the respective bank and also other Ethiopian banks. In addition to this we introducing POS, ATM (working 24 hours), and banking so as to provide better service to their customers. However, from their challenge perspective, all interviewees raised internet interruption problem, long wait in queue especially at the end of the month and delay in handling customer complaints for some employees. From the interview the researcher understands that the managers of selected branches identified their gaps that adversely affect their quality banking service towards customer's individual character, needs and preferences since human behavior is complex.

4.6 Triangulation of Data

Therefore, the positive significant effect of trust as customer relationship marketing practice at CBE was contributed to customer retention providing consistence quality service, trustworthy on calculating charges This finding is supported by empirical studies conducted Customer Relationship Marketing and Customer Satisfaction Rootman C. et al (2010)).which revealed that trust has a significant positive effect on customer retention.

Reciprocity had significantly positive effect on the customer retention in Commercial Bank of Ethiopia and the impact is statistically significant at five percent level of significance. This result is consistent with prior studies conducted on the practice of relationship marketing and customer retention in the banking industry in Srilanka by (T.Velnampy & S.Sivesan, 2012) and Mohammad et al. (2011), which revealed that reciprocity an important determinant for customer retention. The significant positive effect of reciprocity may signify that the bank and customer work for mutual benefit, interdependent, to solve difficulties and the keeps its promises.

Bonding had positive effect on customer retention and the impact is statistically significant at five percent level of significance. This positive effect of bonding result is supported by descriptive and interview analysis that Commercial Bank of Ethiopia adopted bonding practices to a moderate extent according to mean score as well as majority of respondents agreed that they are working to establish long term relationship with customers.

Empathy had positive effect on customer retention and the impact is statistically significant at one percent level of significance. This positive effect of empathy result is supported by descriptive and interview analysis that Commercial Bank of Ethiopia adopted empathy practices to a moderate extent according to mean score as well as interviewees were agreed that employees of the bank understand customers feelings and to respond customers request timely. Thus, this finding is consistent with empirical study in South Africa, Canada and UK banks by Rootman C. et al, (2010), in Kenya banks by Kuria, E. (2010) and in Nigeria banks by Kosile B. and Ajala O. (2006), which revealed that the empathy has a positive effect on customer retention.

The finding on relationship marketing, represented by responsiveness, indicated that responsiveness has significant positive impact on customer retention. This positive impact result is supported by descriptive and interview analysis that Commercial Bank of Ethiopia adopted responsiveness practices to a moderate extent according to mean score of responsiveness parameters as well as majority of respondents agreed that employees at CBE showing sincerity and willingness to help customers and employees give genuine and detailed information regarding to any transaction of the bank

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

This chapter presents summary of the major findings, the conclusions and recommendations that was drawn from the previous chapter of this study.

5.1 Summary of the Major Findings

By undertaking a detailed and thorough analysis on the effect of customer relationship marketing on customer retention, the results of the study findings is summarized as follows;

- ✓ Commercial bank of Ethiopia has to a moderate extent, adopted trust as a one customer relationship marketing practice. Among the trust practices used under this study, the majority of the respondents were agreed that the bank has calculating charges, cash payment process properly and the financial status the bank is strong and positive relationship and its impact on customer retention. (Table 4.2,4.8 and 4.9)
- ✓ Summary of reciprocity practice as customer relationship marketing, the bank and the customers work for mutual benefit and a positive relationship and its impact on customer retention.(Table 4.3,4.8 and 4.9)
- ✓ With regard to the summary of bonding practice as customer relationship marketing moderate extent, the bank works in close cooperation with its customers and builds long lasting relationship and positive relation with customer retention and its impacts(Table 4.4,4.8 and 4.9)
- ✓ Summary of customer's perception empathy practice, moderate extent on the bank and in a good position with regard to empathic relationship with its customers and influence on customer retention but it needs more effort to reach at high level of empathy(Table 4.5,4.8 and 4.9)
- ✓ Finally summary of customer's perception with regard to responsiveness practice on t the bank arranges special care to special customers, employees give genuine and detailed information regarding to any transaction of the bank and also all components of CRM have moderate extent with relationship marketing and its impact on customer retention.(Table 4.6,4.8 and 4.9)

5.2 Conclusion

The main objective of this study was to examine the effect of customer relationship marketing on customer retention by taking evidence from selected branches of CBE in Addis Ababa city. Based on the main objective, three research objectives were developed. To achieve this main objective, the study used descriptive analysis and inferential analysis, descriptive analysis to investigate the demographic characteristics of the respondents, and customer relationship marketing practices in Commercial Banks of Ethiopia. Secondly, inferential analysis was used to examine the association between independent variables and dependent variable and its impact. More specifically, the study used closed ended questionnaire survey of customers. In addition, interviews were conducted with respective branch managers of the bank as checklist. The study emphasizes on the existence of relationship between the bank and to its customers measured by customer relationship marketing. In the banking industry trustful and quality banking services are the basis of sound customer relationship marketing. From the results obtained, customers of those selected branches were agreed that the financial status of the bank and the bank has calculating charges are good.

Customer relationship marketing is also to establish, maintain, and enhance relationships with customers at a profit. So, doing what is promised to do is the fundamental issue to maximize profit. Though customers of the bank perceived that the bank is good in keeping the promises, there is a slight difference among them. It is common that as trust declines, customers are unwilling to conduct business transaction. Particular to the banking industry, trust leads to construct long-term relationship with to its customers. Though there are customers who have doubt considering trustworthiness of the bank, majority of them, however, perceived that all the selected branches are trustful. Considering the consistency of quality service provision the bank, significant numbers of customers did not express their agreement.

In general from the descriptive statistics, commercial bank of Ethiopia has to a moderate extent, adopted all components of customer relationship marketing practice. Though, components of CRM have a positive effect on the behavioral intention of customer retention, like, confidentially providing positive word of mouth to others and not intending to leave this bank. Therefore, the bank engaged at a good status on insulating its customers to be loyal and promote its goodwill through building strong customer relationship. According to result of testing Pearson correlation show that there is a positive relationship between components of relationship marketing (trust, bonding, reciprocity, empathy, responsiveness) and customer retention. With regard to the Result of

regression analysis show that all of components of relationship marketing in study have impact on customer retention and 52.4 percent of the independent variables can predict or explained the dependent variable.

5.3 Limitations of the Study

Some limits were found as the limitations of the study. Some of the respondents were not volunteer to fill the and also; some respondents were not punctual in returning the questionnaire.

5.4 Recommendation

This study attempts to examine the effect of customer relationship marketing on customer retention by taking evidence customers and branch managers of selected branches of Commercial Bank of Ethiopia in Addis Ababa city. On the basis of the findings and conclusions reached in this study, the following recommendations were forwarded.

- Even though, trust, responsiveness, reciprocity, bonding and empathy components of customer relationship marketing practice at commercial bank of Ethiopia contributed moderate extent and positively on customer retention. However some respondents are disagreed and neutral for the aforementioned variables. For example:-
 - ❖ Considering reciprocity aspect of the bank, some of sample respondents have doubt as well as disagree regarding keeping promises of the bank. This may lead to the loss of existing customers. Therefore, the bank should keep its promises properly, by providing consistent quality services through minimizing frequent network failure/internet connection problems.
 - ❖ With regard to empathic relationship, some of the respondents of bank do not agree or have doubt regarding taking six sub variable through questionnaire survey from customers. Therefore, the bank should and give individual attention to its customers by providing sincere interest in solving the problem and respond to customers' requests timely.
 - ❖ In bonding perspective some of the respondents of bank do not agree as well as have doubt with the idea 'Employees of the bank know you very well. Therefore, the bank should build long relationship with customers and employees of the bank know the customer very well by providing hiring competent and professional staff, timely, trustworthy, and accurate information to customers.

- ❖ Concerning responsiveness, employees of the bank do not devote time to reply any questions that was raised by customers. In addition to this, the behavior of the employees not inspires confidence in customers. Therefore, listening and answering customer questions and continuous training will put the bank in a better condition and providing good communication skills, customer care, and use of ATM machines in branches, use of better equipment since it is important for reducing long queue and give prompt responses.

Further research

Further research should focus in the following areas;

- ✓ The impact of Customer Relationship Marketing on Bank Performance
- ✓ Comparative Study of Customer Relationship Marketing and customer retention In Public and Private Banks

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APPENDIX A;

ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDY
MASTER OF BUSINESS ADMINISTRATION (MBA) PROGRAM
Questionnaires to be filled by customers of commercial bank of Ethiopia.

Researcher:-Asmamaw Abera

Contact address:-+251910301479/0115156661

E-mail:- asmamawdessie@gmail.com or asmamawabera@cbe.com.et

Dear Respondents;

I am currently pursuing my Masters of Business Administration (MBA) at the St.Mary's University. As partial fulfillment towards the completion of my postgraduate degree, this research titled as "the effect of customer relationship marketing on customer retention in the commercial bank of Ethiopia)" is undertaken. Hence, I kindly request you to fill in this questionnaire while assuring you that the information that you provide will be treated with confidentiality and shall only be used for the purpose of this academic research. I would also like to remind you that your fair and impartial feedback will make this research a very successful one.

Thank you for your cooperation and assistance.
Sincerely,

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

Part I. Demographic Profile

1. What is your Gender?

Male

Female

2. What is your Age group?

20-25 26-35 36-45 46-55 56 and above

3. What type of account do you have with CBE?

Saving account

Current account

Foreign account (US Dollar, Euro, Pound Sterling)

4. How long have you been the customer of the bank?

(In years)

Less than 1

1-5

6-15

above 15

Part II. Survey of Customer 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.

1= strongly disagree 2=disagree 3=neutral 4=agree 5= strongly agree

Item	Strongly Disagree (1)	Disagree (2)	Neutral(3)	Agree(4)	Strongly Agree(5)
Trust					
1. You feel safe in all of your transactions with your bank					
2. The bank always does what it promised to do					
3. I am confident on the financial status of the bank					
4. The bank is trustworthy on calculating charges					
5. The bank is trustworthy during cash payment process					
6. The bank provides consistent quality services at different time					
Reciprocity					
1.The bank helps me to solve difficulties, so I am responsible to repay their kindness					
2. The bank keeps its promises					
3. The bank and you work for mutual benefit					
4. The bank and you are interdependent					
Bonding					
1. The bank keeps in touch constantly with its customers					
2. The bank tries very hard to establish a long term relationship with its customers					
3. The bank works in close cooperation with its customers					
4. Employees of the bank know you very well					
5. Your achievement flourish on the solid relationship you have with the bank					
Empathy					
1. Employees of the bank understand my feelings.					
2. The bank gives individual attention to its customers.					
3. The bank shows a sincere interest in solving your problem.					
4. Employees of the bank are never too busy to respond to customers' requests.					

5. The bank has guidance signs indicating as to which counters are offering which services					
6. The working hours of the bank are flexible and convenient to me					
Responsiveness					
1. The bank provides prompt service to its customers					
2. Employees of the bank are willing to help customers.					
3. Employees of the bank devote time to reply to any of your questions					
4. The bank arranges special care to special customers.					
5. The behavior of the employees inspires confidence in customers.					
6. Employees give genuine and detailed information regarding to any transaction of the bank.					
Customer retention					
1. I am giving positive word of mouth witnesses to other about this bank confidently					
2. I am not intending to leave this bank in the future					
3. I got that it is difficult to change to other banks due to what I receive from this bank					
4. I will always choose this bank over any other bank					

Source: adopted from, (Ravichandran et.al, 2010 and Frank Kojo Kuranchie); cited by Solomon Amare, 2014 and editing by the researcher.

THANK YOU FOR YOUR COOPERATION!!!

APPENDIX B;

**ቅድስት ማርያም ዩኒቨርሲቲ
የድህረ ምረቃ ፕሮግራም
ቢዝነስ አድሚኒስትሬሽን ትምህርት ክፍል
ለኢትዮጵያ ንግድ ባንክ ደንበኞች የተዘጋጀ መጠይቅ**

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ውድ መጠይቁን የምትሞሉ ደንበኞች:-

የተከበራችሁ ደንበኞች እኔ የቅድስት ማርያም ዩኒቨርሲቲ የድህረምረቃ ተማሪ ስሆን የዚህ መጠይቅ አላማ ለመመረቅ ጥናት የምጠቀምበት መረጃ ከደንበኞች ለመሰብሰብ ነው። ስለዚህ ውድ ከሆነው ግዜዎ የተወሰኑ ደቂቃዎች ወስደው ጥያቄዎቹን እንዲመልሱልኝ በትህትና እየጠየቅኩኝ የሚሰጡኝን መረጃ ሚስጥራዊነቱ የተጠበቀ ከመሆኑ በተጨማሪ ለትምህርታዊ አላማ ብቻ የሚውል ስለሆነ መረጃው በአጠቃላይ እንጂ በተናጠል የማይታይ መሆኑን ላረጋግጥልዎት እወዳለሁ። ስለዚህ የሚመስልዎትን መልስ በጥያቄዎቹ ትይዩ በቀረቡት ሳጥኖች የ”✓”ምልክት በማድረግ እንዲገልፁ በትህትና እጠይቃለሁ።

ክፍል 1:- አጠቃላይ መረጃ

1. ፆታ:-

- ተባብሮ
- እንሰት

2. ዕድሜ

- 20-25 26-35 36-45 46-55 56 እና ከዛ በላይ

3. በኢትዮጵያ ንግድ ባንክ የከፈቱት የሂሳብ አይነት?

- የቁጠባ ሂሳብ
- የተንቀሳቃሽ ሂሳብ

4. የባንኩ ደንበኛ ከሆኑ ስንት ጊዜ ሆነዎት? እባክዎን የቆይታዎ ጊዜ /በአመት/

- ከ1 አመት በታች 1-5 6-15 ከ15 ዓመት በላይ

ክፍል II:-የደንበኞች ግንኙነት ማርኬቲንግን የተመለከቱ ጥያቄዎች

ከዚህ በታች ለተዘረዘሩት ሀሳቦች የግልዎን አስተያየት በሃሳቦቹ ትይዩ በተቀመጡት አምዶች የ"✓" ምልክት በማስቀመጥ እንዲገልፁ በትህትና ሰጠይቅ አማራጮቹ ከ በጣም አልስማማም(1) ጀምሮ እስከ በጣም እስማማለሁ(5) ድረስ መሆናቸውን እገልጻለሁ፡፡

1= በጣም አልስማማም 2=አልስማማም 3=እርግጠኛ አይደለሁም 4=እስማማለሁ 5= በጣም እስማማለሁ

ጥያቄዎች	በጣም አልስማማም (1)	አልስማማም (2)	እርግጠኛ አይደለሁም (3)	እስማማለሁ (4)	በጣም እስማማለሁ (5)
መተማመን					
1. ከባንኩ ጋር ያለኝ እንቅስቃሴ በተመለከተ ምንም አይነት ችግር አጋጥሞኝ አያውቅም					
2. ባንኩ ሁል ጊዜ በገባው ቃል መሰረት ይፈጽማል					
3. በባንኩ ፋይናንሲያዊ አቅም እተማመናለሁ					
4. ባንኩ በገንዘብ አከፋፈል ሂደቱ ታማኝነው					
5. ባንኩ በሚያስከፍለው የአገልግሎት ክፍያ ታማኝ ነው።					
6. ባንኩ በተለያዩ ጊዜያት ተመሳሳይ ጥራት ያለው አገልግሎት ይሰጣል					
ሰጥቶ መቀበል					
1. ባንኩ ችግራን ለመፍታት ያግዘኛል እኔም የባንኩን ጥሩ ስራ ዋጋ ለመስጠት ሀላፊነት ይሰማኛል					
2. ባንኩ የገባውን ቃል ያከብራል					
3. እርስዎ እና ባንኩ ለጋራ ጥቅም ትስራላችሁ					
4. እርስዎ እና ባንኩ ተመጋጋቢ ናችሁ					
ጥምረት					
1. ባንኩ ከደንበኞቹ ጋር ቀጣይነት ያለው ግንኙነት ያደርጋል።					
2. ባንኩ ከደንበኞቹ ጋር ዘለቁታዊ ግንኙነት ለመመስረት አበክሮ ይጥራል					
3. ባንኩ ከደንበኞቹ ጋር ጠበቅ ያለ ግንኙነት አለው					
4. እርስዎ በባንኩ ሰራተኞች በደንብ ይታወቃሉ					
5. የእርስዎ ውጤታማነት እየጨመረ የመሄዱ ሚስጥር ከባንኩ ጋር ጠንካራ ግንኙነት ስለመሰረቱ ነው					
ሀሳቢነት					
1. የባንኩ ሰራተኞች ስሜቱን ይረዱልኛል					
2. ባንኩ ለእያንዳንዱ ደንበኛ ልዩ ትኩረት ይሰጣል					
3. ባንኩ የእርስዎን ችግር ለመፍታት እውነተኛ ፍላጎቱን ያሳያል።					
4. የባንኩ ሰራተኞች የእርስዎን ጥያቄ በአግባቡ ለመመለስ የሚያስችል በቂ ጊዜ አለው					
5. ባንኩ የትኛውንም የባንኩ አገልግሎት በየትኛው አካባቢ ማግኘት እንደሚችሉ የሚጠቁም ምልክት አለው					
6. የባንኩ የሰራ ሰአታት ለኔ አመቺና እንደሁኔታው መለዋወጥ የሚችሉ ናቸው					
መልስ ሰጭነት					

1. ባንኩ ለደንበኞቹ ቀልጣፋ አገልግሎት ይሰጣል					
2. የባንኩ ሰራተኞች እርስዎን ለማገዝ ፍቃደኞች ናቸው					
3. የባንኩ ሰራተኞች ማንኛውም የእርስዎን ጥያቄዎች ለመመለስ በቂ ጊዜ ይሰጣሉ።					
4. ባንኩ ለተለዩ ደንበኞች የተለየ እንክብካቤ ያደርጋል					
5. የሰራተኞቹ ባህሪ ደንበኞች እምነት እንዲጥሉባቸው ያበረታታል.					
6. የባንኩ ሰራተኞች ማንኛውም የባንኩን ግብይት በተመለከተ እውነተኛ እና ሙሉ መረጃ ይሰጣሉ።					

ለተደረገልኝ ትብብር እጅግ በጣም አመሰግናለሁ!

APPENDIX C;

**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDY
MASTER OF BUSINESS ADMINISTRATION (MBA) PROGRAM
Interview questions Checklist for managers**

Dear respondents:

My name is Asmamaw Abera .I am a postgraduate student in the department of business administration (MBA) program at St. Mary University. Now I am conducting a research in the area of the “the impact of customer relationship marketing on customer retention”. The study is purely for academic purpose and thus does not affect you in any case and the purpose of this interview is to gather data regarding customer retention in commercial bank of Ethiopia Addis Ababa district. 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.

1. Can you describe the current Customer Relationship Marketing practice of the bank?
2. What are the customer relationship marketing strategies that apply to make customers satisfied and retained in your branch?
3. What different limitations in customer relationship marketing that were observed in branches?
4. How do you appraise the trustworthiness, reciprocity, empathy, bonding, and responsiveness of your Bank branch customers?

Appendix D;

One sample T test for components customer relationship marketing

One sample T-test for trust

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
You feel safe in all of your transactions with your bank	38.559	260	.000	3.299	3.13	3.47
The bank always does what it promised to do	45.055	260	.000	3.307	3.16	3.45
I am confident on the financial status of the bank	52.877	260	.000	3.954	3.81	4.10
The bank is trustworthy on calculating charges	48.448	260	.000	3.739	3.59	3.89
The bank is trustworthy during cash payment process	47.539	260	.000	3.525	3.38	3.67
The bank provides consistent quality services at different time	44.621	260	.000	3.490	3.34	3.64

Source: Own Survey Data, 2015

Sample Test for Reciprocity

Items	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The bank helps me to solve difficulties, so I am responsible to repay their kindness	49.060	260	.000	3.456	3.32	3.59
The bank keeps its promises	42.634	260	.000	3.287	3.14	3.44

The bank and you work for mutual benefit	50.687	260	.000	3.567	3.43	3.71
The bank and you are interdependent	47.271	260	.000	3.506	3.36	3.65

Source: Own Survey Data, 2015

Table 4.10 One sample test for bonding

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The bank keeps in touch constantly with its customers	46.118	260	.000	3.544	3.39	3.70
The bank tries very hard to establish a long term relationship with its customers	47.970	260	.000	3.510	3.37	3.65
The bank works in close cooperation with its customers	49.722	260	.000	3.437	3.30	3.57
Employees of the bank know you very well	40.647	260	.000	3.211	3.06	3.37
Your achievement flourish on the solid relationship you have with the bank	42.662	260	.000	3.222	3.07	3.37

Source: Own survey SPSS data, 2015

Table 4.12 One-Sample T test for empathy

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Employees of the bank understand my feelings	43.432	260	.000	3.322	3.17	3.47
The bank gives individual attention to its customers	43.340	260	.000	3.337	3.19	3.49
The bank shows a sincere interest in solving your problem	50.484	260	.000	3.391	3.26	3.52
Employees of the bank are never too busy to respond to customers' requests	49.061	260	.000	3.467	3.33	3.61

The bank has guidance signs indicating as to which counters are offering which services	46.637	260	.000	3.387	3.24	3.53
The working hours of the bank are flexible and convenient to me	45.010	260	.000	3.536	3.38	3.69

Source: Own Survey Data, 2015

Table 4.14 One-Sample Test for Responsiveness

	Test Value = 0					
	T	Df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
The bank provides prompt service to its customers	44.543	260	.000	3.418	3.27	3.57
Employees of the bank are willing to help customers	47.629	260	.000	3.494	3.35	3.64
Employees of the bank devote time to reply to any of your questions	46.883	260	.000	3.456	3.31	3.60
The bank arranges special care to special customers	52.568	260	.000	3.556	3.42	3.69
The behavior of the employees inspires confidence in customers	43.053	260	.000	3.341	3.19	3.49
Employees give genuine and detailed information regarding to any transaction of the bank	48.243	260	.000	3.490	3.35	3.63

Source: Own Survey Data, 2015

DECLARATION

I hereby declare that this study entitled “The Effect customer relationship marketing on Customer retention: The Case of commercial bank of Ethiopia” is my original work prepared under the guidance of my advisor, Zemanu Aynadis (Ass.prof). This paper is submitted in partial fulfillment of the requirement for the Award of Master of Arts Degree in General Business Administration and it has not been previously submitted to any diploma or degree in an college or university. I would like also to confirm that all the sources of materials used in this study are duly acknowledged.

Name

St. Mary’s University, Addis Ababa

Signature

January, 2015

ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a University advisor.

Advisor

Signature & Date