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SCHOOL OF GRADUATE STUDIES
DEPARTMENT OF MARKETING MANAGEMENT

THE EFFECT OF RELATIONSHIP MARKETING (RM) ON
CUSTOMERS LOYALTY: THE CASE OF ABYSSINIA BANK IN
ADDIS ABABA

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SCHOOL OF GRADUATE STUDIES FACULTY OF BUSSINESS

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Declaration

I, ENIDEG ATINAFU FENTIE, declare that this study is my own work and prepared under the advisor of TEMESGEN BELAYNEH (Dr.). All source of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree. It used in partial fulfillment to the requirement of the program Master's Degree in Marketing Management (MA).

Certification of Origin

I certify that the ideas, results, analyses and conclusions reported in this thesis are entirely my own effort, except where otherwise acknowledged. I also certify that the work is original and has not been previously submitted for any other award, except where otherwise acknowledged.

NAME: ENIDEG ATINAFU FENTIE

Signature and date

Endorsement

This thesis has been submitted to St. Mary's University, school of graduate studies for examination with my approval as a university advisor.

Temesgen B. (Dr)

Advisor

signature and date

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Abrivation

RM – Relationship marketing

BOA- Bank of Abyssinia

SPSS – statistical package for social science

Tr - Trust

Comt - Commitment

Comn - Communication

Conf - Conflict handling

Sha.V- Shared values Emp - Empathy

Reci- Reciprocity

Cu. L - Customer Loyalty

Abstract

The intensity of high competition in markets and the importance of maintaining customers, banks should to move towards creating and keeping long term relations with customers. According to marketing scholars, relationship marketing is the best strategy for this purpose. So, in this study the researcher has been examined the effect of relationship marketing on customer loyalty. The general objective of this study were to examine the effect of relationship marketing (RM) on customers loyalty in Bank of Abyssinia at different Branches Addis Ababa area.

This research has been done an explanatory research. A representative number of respondents have been selected under study using convenience sampling method.

Primary and secondary data collection method has been used, and correlation and multiple linear regressions method of data analysis have been used.

Results indicate that independent variables except empathy have got a direct and meaningful relationship with the loyalty of customers in Bank of Abyssinia at different Branches Addis Ababa area.

Keywords: Relationship Marketing, Trust, Commitment, Communication, Conflict handling, Shared values, Empathy, Reciprocity, Customer Loyalty.

CHAPTER ONE

INTRODUCTION

1.1. Background of the Study

Universally accepted definition is not yet emerged for relationship marketing. However, various researchers have contributed to its understanding and their concepts utilized to expound the potential range of relationships forged with in a business context.

According to Gronroos, 1994, relationship marketing aim to establish, maintain and enhance relationship with customers and other partners, at profit, so that the objectives of the parties involved are met. The main and fundamental advantage of relationship marketing approach is claimed to build stronger relationship with customers who increases the results of performances such as increased sales, market share, benefits, return on investment and customer retention (Nguyen, 2011).

Relationship marketing gives a company new opportunities to gain a competitive edge by moving customers up a loyalty hierarchy from new customers to regular purchasers, then to loyal supporters of the firm's goods and services, and finally to advocates who not only buy its products but recommend them to others (Smith, 2003).

Relationship marketing means a strategy to attract, maintain and enhance relationship with customer so that the objectives of both parties are achieved in this relationship (Zineldin and Philipson, 2007).

Lacey and Morgan (2009) findings suggest that customers with stronger levels of commitment are indeed more willing to contribute as customer advocates.

The history of modern banking in Ethiopia goes back to 1900 when an agreement was reached in 1905 between Emperor Minilik II and Mr.MaGillivray, representative of the British owned National Bank of Egypt. Currently as per National Bank of Ethiopia estimates there are 16 private and 2 state owned banks. (www.nbe.gov.et)

However, the researcher will focus on private banks in particular Bank of Abyssinia.

The financial sector in Ethiopia is composed of the banking industry, insurance companies, microfinance institutions, saving and credit cooperatives and the informal financial sector. The economic liberalization of the financial sector started in 1991 laid a foundation for the formation and expansion of private banks in Ethiopia (Hansson, 1995). This coupled with rapid technological advancement and improved communication systems, have contributed to the increasing integration and resemblance amongst banks in the financial sector. As a result, banks are now faced with very high and intense competition (Harvey, 2010).

1.2. Background of the Bank

The present-day Bank of Abyssinia was established on February 15, 1996 (90 years to the day after the first but defunct private bank was established in 1906 during Emperor Menelik II) in accordance with 1960 Ethiopian commercial code and the Licensing and Supervision of Banking Business Proclamation No. 84/1994.

BOA started its operation with an authorized and paid up capital of Birr 50 million, and Birr 17.8 million respectively, and with only 131 shareholders and 32 staff. In two decades since its establishment, Bank of Abyssinia has registered a significant growth in paid up capital and total asset. It also attracted many professional staff members, valuable shareholders and large customers from all walks of life. This performance indicates public confidence in the Bank and reliability and satisfaction in its services.

Currently, employing the state-of-art banking technology, the Bank provides excellence domestic, international and special banking services to its esteemed and valuable customers. It also strives to serve all economic and services sectors via its ever increasing branch networks throughout the country.

Bank of Abyssinia, which started banking services with only one branch in 1996, has 334 domestic branch networks, of which 152 branches are in Addis Ababa and the remaining 182 are established in bankable towns all over the country. All City and Outlying branches are interconnected with state-of-the art ICT. All branches offer both domestic and international banking services.

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

1.3. Statement of the Problem

In the banking industry, offering quality services is very important to create closer relationship with the entire customers. Quality of services has the power to create customer satisfaction. On the other hand poor quality of services results in customer dissatisfaction and customer defection by going to other competitors.

Relationship marketing is an important marketing tool in the financial services and hospitality sectors. Impressively, many empirical studies (e.g. Arora& Saxena,2013; Aali, 2014; Danquah, 2014; Opuni&Adu-Gyamfi, 2014; etc.) have demonstrated the positive effect of relationship marketing practices on customer loyalty from both developed and developing country contexts in the financial services sector.

Relationship marketing is often directed only at the most profitable segments defined by, for example, income and wealth (Leverin and Liljander, 2006).

It is clear that customer is the only source of the companies' present profit and future growth. And also creating loyal customers is at the heart of every business (Keller and Kotler, 2012). Customers are central to all marketing activities all over the world. Success and in turn profit is not unthinkable without customers. Moreover, companies incur more cost to attract customers and make them loyal. With the intense competition and increasing globalization of the financial markets, building customer loyalty has become a critical strategy for most financial institutions.

Studies of the impact of relationship marketing on customer loyalty outcomes lean to approach the way customers encounter a problem with regard to the services provided by the banks. A small group of studies treat that customer loyalty is a function of trust, commitment and conflict handling. The evidence is almost uniformly consistent in indicating that customers are loyal when the banks relationship marketing is good. A relative handful study of Ndubisi (2006) have specifically examined that relationship marketing such as trust, commitment and conflict handling have a direct effect on customer loyalty.

The banking industry must develop strong relationships with their customers in order to compete successfully in the competitive retail banking environment (Zhang, 2013).

In Ethiopia, currently, we are witnessing the increase of competition among commercial banks. As per the informal assessment made by the researcher, there is some researches about the effect of relationship marketing (RM) on customers loyalty in case of private and government owned commercial banks found in Ethiopia. On the other hand, the researcher of this study observed some banks service and interviewed different private and state owned commercial bank managers informally. Based on this informal assessment and observation the researcher has not yet found formal implementation on relationship marketing and customer loyalty.

According to Cherinet Boke (2015), out of 18 (eighteen) currently operating retail banks in Ethiopia, 9 (nine) of them are inaugurated and started working since 2008 (National bank of Ethiopia Report, 2012). This implies that almost half of the total banks in Ethiopia established in the last eleven years. These enormous increases in banks create an opportunity for the customers to choose the banks they want. As a result, fewer new customers are being pursued by an increasing number of service providers. Under those circumstances, firm's resources must be devoted to present customers, making them satisfied, loyal and returning clients.

Since the field of relationship marketing is new as recent innovation in the field of marketing literature, there are no in-depth studies conducted especially in developing economies like Ethiopia. So, the aim of this study was to examine the 7 relationship marketing dimensions such as trust, commitment, communication, conflict handling, empathy, shared value and reciprocity in order to assess whether these dimensions will had the intended strengthening effect on customers loyalty in Bank of Abyssinia in different branches around Addis Ababa, Ethiopia.

1.4. Objectives of the Study

1.4.1. General Objective

The general objective of this study is to examine the effect of relationship marketing (RM) on customers loyalty at Bank of Abyssinia in different branches around Addis Ababa.

1.4.2. Specific Objective

In proving the above general objective, there should be some specific objectives that need to be fulfilled. These specific objectives are:

- To measure the association between relationship marketing dimensions and customers loyalty.
- To explore the individual and cumulative effects of relationship marketing dimensions

on customers loyalty.

- To find out the most and least important RM dimensions which have stronger influence on customer's loyalty

1.5. Significance of the Study

This research was conducted with the intention of examining the effect of relationship marketing (RM) on customers loyalty. The findings will help the Abyssinia Bank managers in this research and other banks as well to identify their weakness in implementation of relationship marketing. On the other hand, the study will also add knowledge on the effect of relationship marketing (RM) on customers loyalty for researchers and academic practitioners in further studies.

1.6. Scope of the Study

1.6.1. Geographical Scope

The study was more effective and gives more valuable information if it covers all commercial banks found in Ethiopia. But it will become more challenging to manage all the research process in all banks found in Ethiopia due to resource limitation. Therefore, this study was focused at Abyssinia Bank S.C branches which are found in Addis Ababa.

1.6.2. Conceptual Scope

In terms of the constructs of the research framework, only seven ways of relationship marketing dimensions (trust, commitment, communication, conflict handling, empathy, shared value and reciprocity) will focused their effect on customer loyalty. Other dimensions of relationship marketing measurement are beyond this study.

1.6.3. Methodological Scope

The research design was explanatory design and the research only conducted via semi structured questionnaire distributed for customers. Employees of the bank are not included.

1.7. Limitations of the study

The researcher faced the following limitation on conducting this research paper. These were; Lack of proper and well organized documents about the bank, lack of time, poor internet connection to browse data, high cost for the selection of respondents, deliance from respondents to submit the questionnaires on time, Fear from Covid 19 pandemic disease to fill the questionnaires. Problem in having responses from the expected sample and lack of books for literature review

1.8. Organization of the Paper

This paper will organized in the following chapters. Chapter one will be the introductory part of the study which includes background of the study and the company, problem of the statement, hypothesis, objectives, significance and scope of the study. The second chapter will be devote to dealing with review of the literature in connection with effect of relationship marketing (RM) on customer loyalty. Chapter three will be about the research methodology and data analysis which includes the variables and the data will be used. The expected results will be discussed and interpreted in chapter four and finally in the fifth chapter will deals with conclusions, recommendations and implications of the study for future research.

CHAPTER TWO

REVIEW OF RELATED LITERATURE

2.1 Definition and Nature of Relationship Marketing (RM)

“Relationship marketing acknowledges that a stable customer base is a core business asset” Rowley, 2005). The literature revealed that the marketing has moved from “transaction marketing to relationship marketing” (Lindgreen, 2001). While transaction marketing does believe in “*sale it and forget it*” approach; relationship marketing does involve interactions, relationship and networks (Gummesson, 1991). The later approach of marketing intends not only at acquiring new customers but also at retaining existing customers for long period of time.

At one hand transaction marketing approach is based upon the concept of exchange (Bagozzi, 1974); at another hand relationship marketing is “to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and that this is done by a mutual exchange and fulfillment of promises” (Gronroos, 1990).

Kotler (1994) propounded a service marketing triangle that stands for triangular marketing relationships on which service managers must focus their attention. The service marketing triangle advocates three aspects of marketing relationships i.e. external marketing, internal marketing, and interactive marketing. Whereas external marketing does deal with the relationship between the customer and the organization, internal marketing undertakes the relationship between the company and its employees. The relationship between the employees of the company and its customer is referred as interactive marketing. It is very evident that relationship is the heart of

marketing and success of the organization is highly influenced by its ability to maintain relationship with its employees and customers.

One of the most widely accepted definitions of relationship marketing given by Morgan & Hunt (1994) describes it as “that which refers to all marketing activities directed at establishing, developing and maintaining successful relational exchanges”. The concept of relationship marketing goes beyond transactional exchange as it is based on the intention of organizations to deliver superior value by emphasizing customers' perspectives as the focal point of relationship building activities.

O'Malley & Tynan (2000) noted that Relationship Marketing would work effectively when customers are highly involved in the good or service; there is an element of personalization; and customers are interested to be the part of relationship building activities. Relationship marketing implies that consumers enter into relational exchanges with organizations only when they think that the benefits derived from such relational exchanges exceed the costs (Hunt, 2006). By building and maintaining strong and profile relationship with customers, organizations also gain valid information source for effective marketing intelligence in order to formulate marketing strategies for their target market.

In addition to helping organizations understand their customers, relationship marketing helps organizations to improve their market share and profitability and simultaneously reduce their cost of serving customers. It has been noted that the cost of attracting one new customer is five to six times more than the cost of serving one loyal customer (Ndubisi, 2009).

2.2. Definition and Nature of Customer Loyalty

Marketers are extensively using relationship marketing to make customers loyal in order to ensure that the customers will come back to service provider again and again for the similar service requirement; Customer Loyalty is central to the relationship

marketing. Relationship marketing by design will not guarantee long lasting customer relationship; in fact, customers would demonstrate relationship with varied closeness and intensity. In order to develop effective relationship marketing strategies, organizations should improve customers' perceived benefits of getting into relationships (O'Malley and Tynan, 2000).

In today's competitive market, an organization's success is heavily depends upon its capability to develop and enhance long term customer relationships through offering amazing customer experience. Earlier research revealed that cultivating loyal customers can lead to increased sales and customer share at lower costs and thus improve the profitability of the organization. (Reinartz & Kumar, 2000).

Reichheld (1993) argued that “when a company consistently delivers superior value and wins customer loyalty, market share and revenue goes up, and the cost of acquiring and serving customers goes down”. Rusbult (1988) argued that the probability that an individual will exhibit loyalty, exit, or voice depends on the degree of former satisfaction with the relationship, the magnitude of the person's investment in the relationship, and an evaluation of the alternatives one has.

Gronroos (2000) indicated that loyal customers are willing to pay a premium price that, in turn, improves the organization's profitability. The focal point of service organizations is to delight customers and to ensure customer loyalty, i.e. retaining customers and generating repeat orders. Customer relationship profitability takes place in the course of attracting and retaining high quality customers with low cost of maintenance that also lead to increased revenue for the organization (Anderson & Mittal, 2000).

Although there is not a single universally accepted definition of customer loyalty; researchers tried to define customer loyalty in various ways. Loyalty refers to the “favorable attitude towards a brand in addition to purchasing it repeatedly” (Day, 1969).

Jacoby and Kyner (1973) explained “loyalty as the biased (i.e. non-random), behavioral response (i.e.purchase), expressed over time, by some decision making unit, with respect to one or more

alternative brands out of a set of such brands, and is a function of psychological (i.e. decision making, evaluation) processes”. Jones & SasserJr (1995) opined that the customer loyalty is “a feeling of attachment to or affection for a company's people, products, or services”.

Dick & Basu (1994) viewed customer loyalty “as the strength of the relationship between an individual's relative attitude and repeat patronage”. They have also noted that the customer loyalty has two dimensions i.e. attitudinal and behavioral dimension. Both the attitudinal as well as behavioral measures were used to define customer loyalty. From an attitudinal perspective, Czepiel & Gilmore (1987) viewed customer loyalty as a definite desire to maintain the relationship with a service organization for long term.

Neal (1999) considered behavioral perspective and defined customer loyalty as “the proportion of times a purchaser chooses the same product or service in a category compared with his or her total number of purchases in the category, assuming that acceptable competitive products or services are conveniently available”.

One of the most acceptable definitions of customer loyalty is given by Oliver (1999) who defined customer loyalty as “a deeply held commitment to re-buy or re-patronize a preferred product or service in the future despite there are situational influence and marketing efforts having the potential to cause switching behavior”. Customer loyalty can also be defined as a commitment to continue doing business with an organization on an on-going basis. Loyalty is something that consumers may exhibit to brands, services, stores, product categories and activities (Uncles, 2003).

Considering the above definitions, Wong & Sohal (2003) noted that customer loyalty takes place when customers come for repeat purchase for the specific good or service over a period of time; and Have positive attitudes towards the good or service; or towards the organizations offering the good or service.

Reichheld (2003) noted that “Loyalty is the willingness of someone-a customer, an employee, a friend-to make an investment or personal sacrifice in order to strengthen a relationship”. Loyal customers not only come for repeat purchases, they do talk good about company to their family and friends.

2.3. Dimensions of Relationship Marketing (RM)

2.3.1. Trust

The first factor that affects customer commitment and hence relationship with the bank is considered to be customer trust. Trust is defined as “confidence in an exchange partner’s reliability and integrity (Morgan, 1994).” In business, trust refers to the confidence that one partner, the customer, has in the business’s reliability and integrity to deliver goods and services (Proctor, 2000). Trust relates to the belief that a customer has in an honest investment and engagement with the service provider (Peltier, 2006).

In the banking context, trust is defined as customer confidence in the quality and reliability of the services offered by the organization (Garbarino, 1999). To develop an exchange partner’s trust in a business relationship, a service provider must consistently meet the expectation of competent performance. Confidence in one’s reliability and integrity in exchange relationships are important enough to warrant maximum efforts at maintaining those (Morgan, 1994).

Thus, trust exists if a customer believes a service provider is reliable and has a high degree of integrity (Keshvari, 2012). Loyalty will occur if the customers truly trust the bank they make transaction. Bank should focus on how to provide satisfaction on

customer; if it is achieved, it will cause customer trust on the bank, then in a long term it will create customer loyalty. It becomes the moral values that are established to enhance their business relationship between banks and customers.

Prior studies find trust to be the core of the relational approach and consider it key to the development of the notion of commitment in provider-user relationships (Ratnasingam, 2003). Trust is also considered as a key element in establishing long-term relationships with customers and in maintaining a company's market share (Urban, 2000).

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).

Trust can lead to the commitment to a relationship that results from an exchange partner exerting all his/her efforts to preserve an important relationship (Morgan and Hunt, 1994). The resources of the seller personnel, technology and systems have to be used in such a manner that the customer's trust in the resources involved and, thus, in the firm itself is maintained and strengthened" (Gronroos, 1994).

In a study of relationships on the market for one industrial service, Moorman defined trust as "a willingness to rely on an exchange partner in whom one has confidence". This definition means that there has to be a belief in the other partner's trustworthiness that results from the expertise and reliability of that partner. It can be added that maintaining and strengthening trust is essential to the long-term success of a relationship. Where trust is absent relationship will deteriorate (Palmer, 2001).

2.3.2. Commitment

Another key element of social bond is commitment. Both affective commitment (which is based on a sense of liking and emotional attachment to the relationship) and

calculative commitment (which is based on a cognitive evaluation of the worth of the relationship) (Morgan and Hunt, 1994) are constructive for developing mutually beneficial relationships, with affective commitment being the more effective (Kumar, 1994).

Commitment is a vital component for building a successful long-term relationship (Morgan, 1994). Commitment is defined as “an enduring desire to maintain a valued relationship” (Palmer, 1996). Similarly, (Morgan, 1994) defined commitment as, “an exchange partner believing that an ongoing relationship with another is so important as to warrant maximum efforts at maintaining it”.

The same is supported by Berry and Parasuraman (1991) who argue that “relationships are built on the foundation of mutual commitment”. Without commitment there is no relationship, if it is to be cemented for a longer time. The reasoning is that without high commitment of the customers, it will not bring about customer loyalty. Besides, customer satisfaction influences the customer commitment and thus enhances customer loyalty (Zafar, 2012).

Commitment is intention to continue or maintain a relationship with the other party (Rashid, 2003). In this study commitment is measured to compatible and consistent of bank services with customer needs and bank flexibility towards the customer and change services.

2.3.3. Communication

Communication is all formal and informal exchanges that make meaningful and timely information exchange between buyer and seller (Ranjbarian & Barari 2009). In this study Communication is measured with factors such as timely and reliable information, providing information on new services and promises and accuracy in information.

We have to adjust the customer’s communication desires or needs and start on the communication cycle all over again (Schultz et al., 1992). (Morgan & Hunt, 1994)

found that trust exist due to communication and with shared values. In retail banking, communication mean as done through letters, mail, interactions on websites and other machine related interactions and even personal interactions with personnel's who provide service after, before and during transactions. If these communications are appropriate, supportive, positive, valuable, simple, and pleasing then it consider as "good". In short customers can personally benefits by interpreting the communication if information offers by the service provider is in proper manner.

2.3.4. Conflict handling

Conflict handling is defined as cooperative supplier in minimizing negative results from significant potential involvement (Ndobisi & Wah, 2005). In this study conflict handling is measured with factors such as to avoid conflict, trying to solve problems before they occur, the ability to solve problems in time problem.

One way of dealing which conflict handling is through complaints handling is defined as the degree to which a formal organizational procedure for registering and processing customer complaints exists and is consistent with complainants' needs (Homburg and Furst, 2005).

2.3.5. Shared Value

Porter and Karmar argue that when institutions want to focus on shared value that involves creating economic value, it leads to intrinsic goal of value creation for society with addressing its needs and challenges (Esposito, 2012). Parties of transaction with shared value are more committed to their participation. Zineldin and Johnson also note that shared values are the most important factors which influence the relationships of parties.

2.3.6. Empathy

Empathy is the sixth dimensions of the dimensions of relationship marketing. Empathy may facilitate communication between customers and service providers and

in turn, increase the customer perception of how banks perform. Institutions which understand desires and demands of their customers better, they can satisfy their customers better (Hau, 2012)

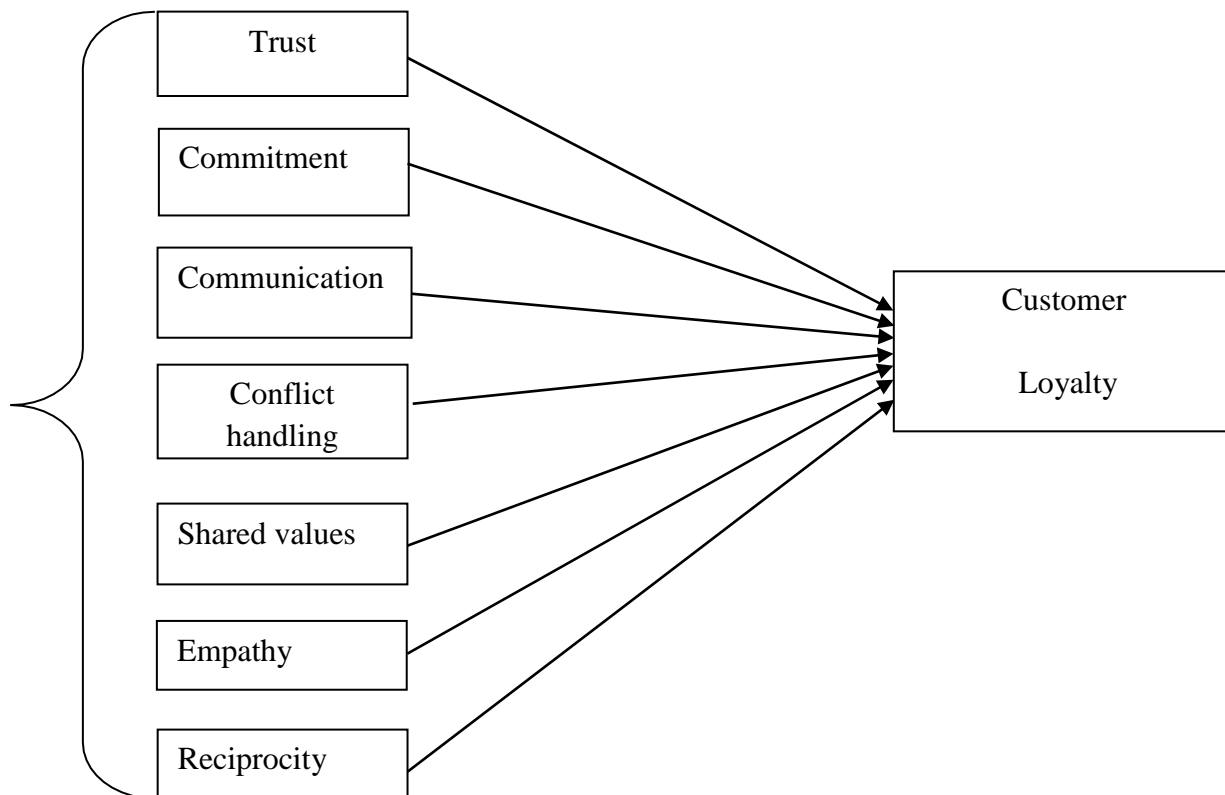
2.3.7. Reciprocity

Reciprocity is the seventh dimension of the dimensions of relationship marketing. Without reciprocity, banks may have dissatisfied customers, because their customers don't able to state their needs and problems to institution (Hau, 2012).

2.4 Conceptual Framework

In this research study, two variables have been discussed, i.e., dependent and independent variables. Relationship Marketing (RM) shows dependency upon many independent variables namely, trust, commitment, communication, conflict handling, shared value, empathy, and reciprocity.

The Figure 1 below presents the conceptual framework of this study, that is, the interrelationship between the dependent and independent variables is shown below.



Source: (modified and developed by the researcher, 2020)

Figure 1.Conceptual Framework

2.5 Hypothesis of the Study

Hypothesis of this study will be focus on the following manner:

H1: There is significant positive relationship between trust and customer loyalty.

H2: There is significant positive relationship between commitment and customer loyalty. H3: There is significant positive relationship between communication and customer loyalty.

H4: There is significant positive relationship between conflict handling and customer loyalty. H5: There is significant positive relationship between shared values and customer loyalty.

H6: There is significant positive relationship between empathy and customer loyalty. H7: There is significant positive relationship between reciprocity and customer loyalty.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Research Design

The purpose of the research design is to provide information for the collection of relevant evidence with minimal cost. Hence, this research will be an explanatory research design will be used. Explanatory research attempts to clarify why and how there is a relationship between two aspects of a situation or phenomenon (Ranjit Kumar, 2011).

Studies that establish causal relationships between variables may be termed explanatory studies. The emphasis here is on studying a situation or a problem in order to explain (Saunders et al. 2007).

Explanatory research requires data to test a theory. That means, we need to define the theories we wish to test as relationships between variables prior to designing our questionnaire. Therefore, we need to have reviewed the literature carefully, discussed our ideas widely, and conceptualized our own research clearly prior to designing our questionnaire (Ghauri and Gronhaug, 2005).

Since, the aim of this study is to examine the effect of Relationship Marketing (RM) on customer loyalty; Explanatory research design is the appropriate one. Accordingly, survey will be used to collect quantitative data.

3.2 Research Approach

Qualitative research is fundamentally interpretive; this means that the researcher makes an interpretation of the data (Creswell, 1994). This includes developing a description of an individual or setting, analyzing data for themes or categories, and finally making an interpretation or drawing conclusions about its meaning. The task of the qualitative approach is to identify a theory that explains the dimension of

relationship marketing and customer loyalty.

This study used quantitative research approach. The Quantitative approach was used to examine the effect of relationship marketing on customer loyalty and to test predetermined hypotheses regarding the relationship between determinant of relationship marketing and customer loyalty.

3.3 Source of Data

3.3.1. Primary Data

Primary data, is firsthand raw data and structures, and have yet to receive any type of meaningful interpretation. In order to answer the research questions, survey design will be used. Hence, the questionnaire will be prepared and the data from the questionnaire will be the primary source of information to be statistically analyzed to understand the effect of Relationship Marketing (RM) on customer loyalty in the target area.

3.3.2. Secondary data

Secondary data are historical data structures of variables previously collected and assembled for some research problem or opportunity situation other than the current situation. Data from any authorized sources including company annual reports, books, articles, journals, magazines,

Websites and others will be thoroughly analyzed to back the primary data with other related previous knowledge on the issue according to the effect of Relationship Marketing (RM) on customer loyalty.

3.4 Study Population

Population is defined as “the complete set of unit of analysis that are under investigation while element is the unit from which the necessary data is collected.” (Davis 2000)

According to 2019 annual report, Bank of Abyssinia, which has 334 domestic branch networks, of which 152 branches are in Addis Ababa and the remaining 182 are established in bankable towns all over the country. More than 1,012,177 customers were registered and have got different banking services.

The study will focus on customers of Bank of Abyssinia in different branches around Addis Ababa, whose age is actually above 18 living in Addis Ababa city and its surrounding.

3.5 Sample Size and Sampling Technique

It requires maximum effort to systematically frame the sample population for the research. This makes the researcher decide to use non- probability sampling. A representative number of respondents will be selected under study using convenience sampling method. This method will help the researcher to get information on a convenient way. On the other hand quota sampling will be used before the questionnaire distributed conveniently to know the proportion of customers in each branches.

The sample size will be determined by the sample size formula which is:-

- To determine a sample size, this formula will apply if the population size is infinite (Israel, 1992).

$$n = \frac{Z^2 x p x q}{e^2}$$

- To illustrate, we have large population but that we do not know the variability in the proportion and could not got the previous related result; therefore, assume $p=.5$ (maximum variability). Furthermore, suppose we desire a 95% confidence level and $\pm 5\%$ precision. The resulting sample size is demonstrated in as follows:

$$n = \frac{z^2 p q}{e^2}$$

Where,

n= required sample size

z=1.96 (95% of confidence level)

P= percentage or presence of the study characteristics (0.5,

maximum variability) e=accepted margin of error ($\pm 5\%$ of precision)

$$n = \frac{1.96^2 \times 0.5 \times 0.5}{0.05^2}, \quad n = 384$$

So from the above calculation we can determine our sample size. The sample sizes of the study will be 384 respondents who are customers of Bank of Abyssinia at different branches in Addis Ababa.

3.6 Instrument of Data Collection

The primary data will be collected from the survey through a questionnaire that is made up of close ended question items. Because close ended question is easy for respondents to fill the questionnaire and it saves time.

A major advantage of this questioning technique has over observation techniques; there is allowing the researcher to collect a wider array of raw data. Raw data from a survey can pertain not only to a person's current behavior but also to his or her state of mind or intentions.

3.7 Data Analysis and Processing

The researcher used SPSS 24 software to do both descriptive and inferential statistics. To describe demographic characteristics, Means, Standard Deviations to analyze the effect of relationship marketing on customer loyalty. Whereas using correlation and multiple linear regressions, to know the relationship between the dependent variable

and the independent variables. Validity, Reliability and Ethical Consideration will be done on the clarity of the study.

In this study the variables was Relationship Marketing (RM) which identified with (X) which is trust, commitment, communication, conflict handling, shared values, empathy, and reciprocity as independent variable and customer loyalty identified with (Y) as dependent variable

In multiple linear regressions, there were explanatory variables, and the relationship between the dependent variable and the explanatory variables was represented by the following equation:

Customer loyalty = f (trust, commitment, communication, conflict handling, shared values, empathy, reciprocity)

$$Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \dots + \beta_7 X_{7i} + \varepsilon_i$$

Where:-

Y_i = the dependent variable

$X_1, X_2 \dots X_p$ = the independent variables

β_0 = the constant term

β_1 to β_p = the coefficients relating the p explanatory variables to the variables of interest.

The term “linear” is used because in multiple linear regressions we assume that y is directly related to a linear combination of the explanatory variables. Besides to regression equation the researcher employs correlation when the two series of items vary together directly or inversely.

3.8 Ethical Consideration

Marketing research requires serious of ethical considerations, Aware of this fact, the researcher has taken all precautions while securing the necessary information for the accomplishment of the research objective. The researcher exerted effort to get consent of the organization under study prior to the collection of the data. Customers

were subjected of the survey conducted were briefed about importance of the study and their valuable contribution in providing information. These people were treated with respect and care as the same time they were assured that the data obtained from them kept confidential and only be used for academic purpose. Finally the data was collected with strict adherence to the above-mentioned research ethics.

3.9 Reliability and Validity

3.3.3. Validity

To secure the content validity of the instrument, the researcher also referred previous researcher's questionnaires that fit the purpose in the work place to review the instrument before distributing to the respondents and they had critically examined and forwarded some modifications on the instruments; therefore, their expertise feedback has been incorporated.

3.3.4. Reliability

Reliability is the degree of consistency obtained from the results of measuring instruments (Aaker, Kumar and Leone 2013). A Cronbach coefficient alpha test was conducted with

SPSS, which was therefore used to calculate reliability, since this is the most common measure of reliability for questionnaires (Welman *et al.* 2005).

According to George & Mallery (2003), the value of alpha should be greater than 0.7 so as to accept the instrument. And the closer Cronbach's alpha coefficient is to 1.0 the greater the internal consistency of the items in the scale.

As indicated in the Table below, the Cronbach Alpha was 0.939, which is very high and showing a very strong internal consistency among the measurement items.

Variables	N of items	Cronbach's Alpha
Trust	8	.755
Commitment	11	.730
Communication	4	.793
Conflict handling	10	.701
Shared value	6	.719
Empathy	6	.739
Reciprocity	3	.703
Customer Loyalty	5	.783
Total	53	.939

Table 3.1 Reliability test

Source: analysis of survey data 2020, using SPSS 24

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND INTERPRETATION

4.1. Introduction

In this chapter, the results obtained in the study are presented and analyzed in detail. The study has begun by presenting background information on the respondent statistics under demographic variables followed by descriptive and inferential statistics.

This section is further organized into two sections; the first section is the respondent's profile, including their Gender, Age of respondent, Occupation of respondent, Income of respondent, educational qualifications and how long have they been a customer of bank. The second part describes all respondents' opinion about the effect of relationship marketing (RM) on customers loyalty at Bank of Abyssinia in different branches around Addis Ababa. This including factors in connection with trust, commitment, communication, conflict handling, shared value, empathy, reciprocity, and customer loyalty.

Originally 384 questionnaires were prepared and physically distributed to those who were available in their workplace. At the time of surveying, 306 (80%) questionnaires had filled and returned successfully. In addition, since the population is homogeneous; the results obtained from the respondents represent the opinion of the population.

The data collected were presented by frequency tables and to analyze the results, Statistical Package for the Social Science (SPSS) version 24 was used.

Both correlation and linear regression analysis was used to test the hypothesis and appropriate analysis and interpretations were made their own in accordance with the results of the testing. Hence, the research results that were collected through the survey questionnaires were analyzed using descriptive statistics, correlation and linear regression statistics with the help of SPSS software and the results are presented and discussed in the following sections.

4.2. Demographic Characteristics of the Respondents

The respondent’s profile, including their Gender, Age, Occupation, Income, educational qualifications of respondents and how long have they been a customer of a bank was analyzed.

4.2.1. Respondents’ Gender Category

	Frequency	percentage	Cumulative percentage
Male	203	66.3	66.3
Female	103	33.7	33.7
Total	306	100.0	100.0

Table 4.1 Gender of respondents

With regard to the gender category of the respondents”, according to table 4.1 above, from 306 respondents 203 (66.3%) are male and the rest 103(33.7%) of them are female. This implies that most of the Abyssinia bank customers are males; whereas, few of them are females.

4.2.2. Age of respondent

Age of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<25	81	26.5	26.5	26.5
	25-35	151	49.3	49.3	75.8
	36-50	65	21.2	21.2	97.1

	>50	9	2.9	2.9	100.0
	Total	306	100.0	100.0	

Table 4.2 Age of respondent

A large portion of the respondents are aged between 25-35 which represents 49.3%, of the respondents, followed by age of less than 25 which represents 26.5%. And ages >50(2.9%) represents the least one. This implies that, working group is customers of the bank and if the bank works aggressively on relationship with this working group, it facilitates the effectiveness of the bank. (See table 4.2).

4.2.3. Occupation of respondent

Occupation of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	student	17	5.6	5.6	5.6
	government employee	68	22.2	22.2	27.8
	NGO	71	23.2	23.2	51.0
	private	150	49.0	49.0	100.0
	Total	306	100.0	100.0	

Table 4.3 occupation of respondent

The results of respondent's occupation are indicated in table 4.3 above, the table demonstrates that 49% of the respondents are working in private sector, 23.2% are working in NGO, 22.2% are working in government sector and 5.6% indicated that they are students. This implies that, most customers of the bank were private sector workers.

4.2.4. Respondents' Educational Background

Education of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< secondary school	83	27.1	27.1	27.1
	diploma	97	31.7	31.7	58.8
	Degree	120	39.2	39.2	98.0
	masters and above	6	2.0	2.0	100.0
	Total	306	100.0	100.0	

Table 4.4 Education of respondents

Table 4.4 indicated that majority of respondents are BA degree holders. As shown in the table above, 39.2% of them have BA degree , 31.7% diploma 27.1% secondary school and 2% of them have Masters and above. Hence, we can saw that most of the respondents are well qualified.

4.2.5. Income of respondent

Income of respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<1,500	32	10.5	10.5	10.5
	1,501-3000	76	24.8	24.8	35.3
	3,001-7,000	30	9.8	9.8	45.1
	7,001-10,000	119	38.9	38.9	84.0
	>10,000	49	16.0	16.0	100.0
	Total	306	100.0	100.0	

Table 4.5 income of respondents

The above table shows that, the monthly incomes of the majority of the respondent were under the category of 7,001-10,000 which represents 38.9% followed by income level 1501-3000 which represents 24.8%. Greater than 10,000, less than 1500.and 3001-7000 which represents 16% ,10.5% and 9.8% respectively. This implies that, most of the respondents“ were relatively high earner. (See table 4.5).

4.2.6. How long have you been a customer of bank?

How long have you been a customer of bank?					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	<2 years	72	23.5	23.5	23.5
	2-5 years	93	30.4	30.4	53.9
	5-8 years	90	29.4	29.4	83.3
	>8 years	51	16.7	16.7	100.0
	Total	306	100.0	100.0	

Table 4.6 how long have you been a customer of bank?

In terms of last relationship, 30.4 % of survey respondents indicated that they had 2-5years of customer and has relationship with the bank, followed by 29.4% and 23.5% of respondents had working with the bank for between 5-8 years and less than 2 years respectively. While only 16.7% of respondents have work with Abyssinia bank above 8years. This clearly indicates that respondents have experience in providing response that contributed to the data quality of the survey (see table 4.6).

4.3. Correlation Analysis

The magnitude of the Pearson correlation coefficient determines the strength of the correlation. Although there are no hard-and-fast rules for assigning strength of association to particular values, some general guideline are provided by Cohen (1988).

The Dancey and Reidy's (2004) categorize the value of correlation coefficient as follows:

Value of the Correlation Coefficient	Strength of Correlation
1	Perfect
0.7 - 0.9	Strong
0.4 - 0.6	Moderate
0.1 - 0.3	Weak
0	Zero

Table 4.8 correlation coefficient

Correlations		
		Customer Loyalty
Tr	Pearson Correlation	.798 ^{**}
	Sig. (2-tailed)	.000
Comt	Pearson Correlation	.717 ^{**}
	Sig. (2-tailed)	.000
Comn	Pearson Correlation	.707 ^{**}
	Sig. (2-tailed)	.000
Conf	Pearson Correlation	.598 ^{**}
	Sig. (2-tailed)	.000
Sh.V	Pearson Correlation	.824 ^{**}
	Sig. (2-tailed)	.000
Emp	Pearson Correlation	.682 ^{**}
	Sig. (2-tailed)	.000
Reci	Pearson Correlation	.460 ^{**}
	Sig. (2-tailed)	.000
Cu.L	Pearson Correlation	
	Sig. (2-tailed)	

Table 4.9 correlation result between dependent and the independent variables

The above table 4.9 shows, the relationship between the independent variables which is Relationship marketing (trust, commitment, communication, conflict handling, shared value, empathy and reciprocity) and the dependent variable customer loyalty was investigated using Pearson correlation coefficient. The results of correlation analysis in the table 4.9, shows that, all the Pearson Correlation coefficients are significant because all the sig value is less than the 5% level of significant.

Therefore the correlation between customer loyalty and Trust, Commitment, Communication, Conflict handling, shared values, Empathy, Reciprocity were .798^{**}, .717^{**}, .707^{**}, .598^{**}, .824^{**}, .682^{**} and .460^{**} respectively.

Based on the classification of Dancey and Reidy's (2004), the correlation between customer loyalty and the dimensions of trust, commitment, communication, conflict handling, shared values and empathy, were strong and positive. Whereas, the correlation between customer loyalty and reciprocity were moderate and positive.

4.4. Regression Analysis

In this study, the multiple regression analysis was conducted. Multiple regressions are an extension of simple linear regression. It is used when we want to predict the value of dependent variable based on the value of two or more independent variables. It is conducted to investigate the influence of independent variable on the dependent variable and identify the relative significant influence of the independent variable (trust, commitment, communication, conflict handling, shared value, empathy and reciprocity) to the dependent variable customer loyalty.

Before interpreting the regression data result we have to check whether assumption of normality, linearity, multicollinearity and hetroskedasticity assumptions are violated or not.

4.4.1. Normality assumption

After verifying the serial correlation, the next step is checking whether the error term of each model is normally distributed or not in order to make valid inferences from the regression, the residual of the regression should follow normally distribution. The residual are simplify the error terms, or the differences between the observed value of the dependent variable (customer loyalty) and the predicted value. If we examine a normal predicted probability (P-P) PLOT, we can determine if the residuals are normally distributed. If they are, they will conform to the diagonal normality line indicated in the plot.

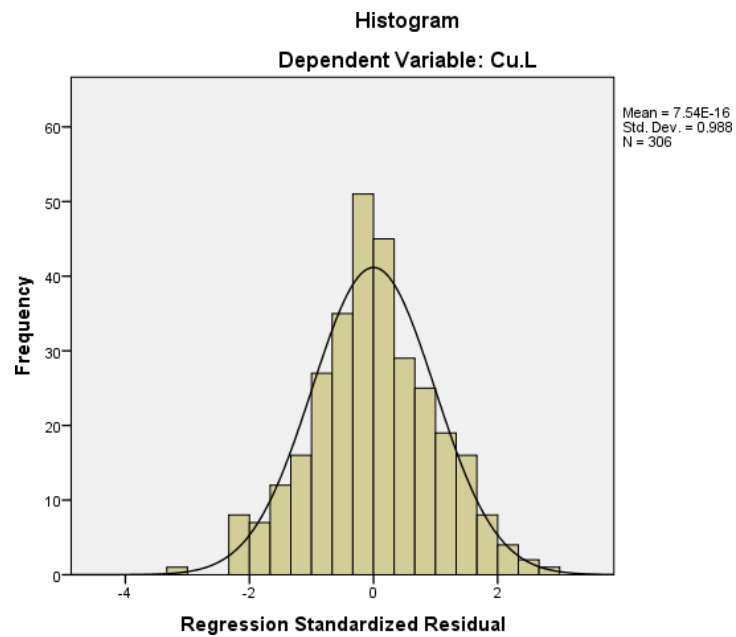


Figure 1: normality assumption

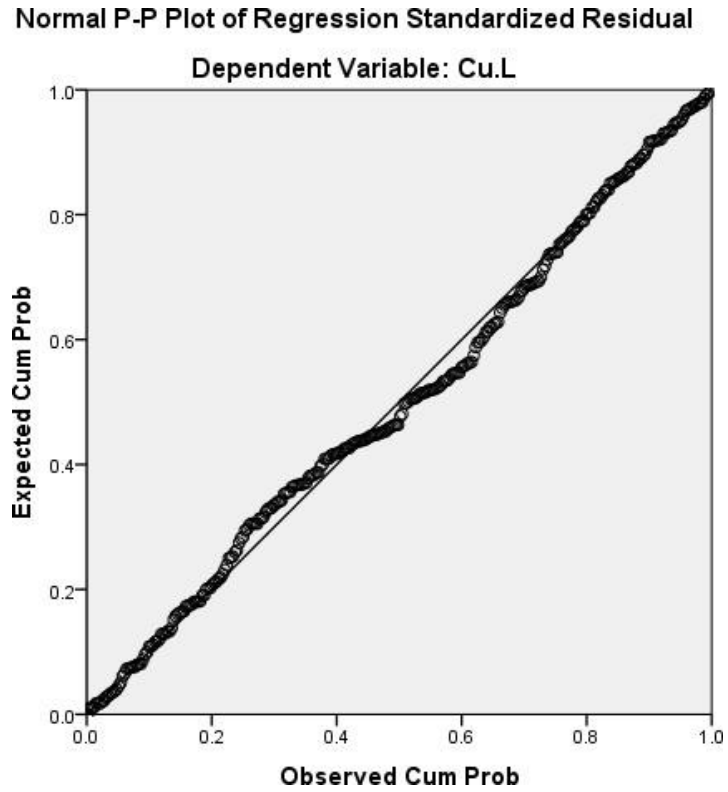


Figure 2: Normal P-P plot Source: analysis of survey data 2020, using SPSS 24
Result from the table 4. Shows that there so no high correlation between the independent variables (trust, commitment, communication, conflict handling, shared value, empathy, reciprocity) and dependent variable customer loyalty.

4.4.2. Homoscedasticity

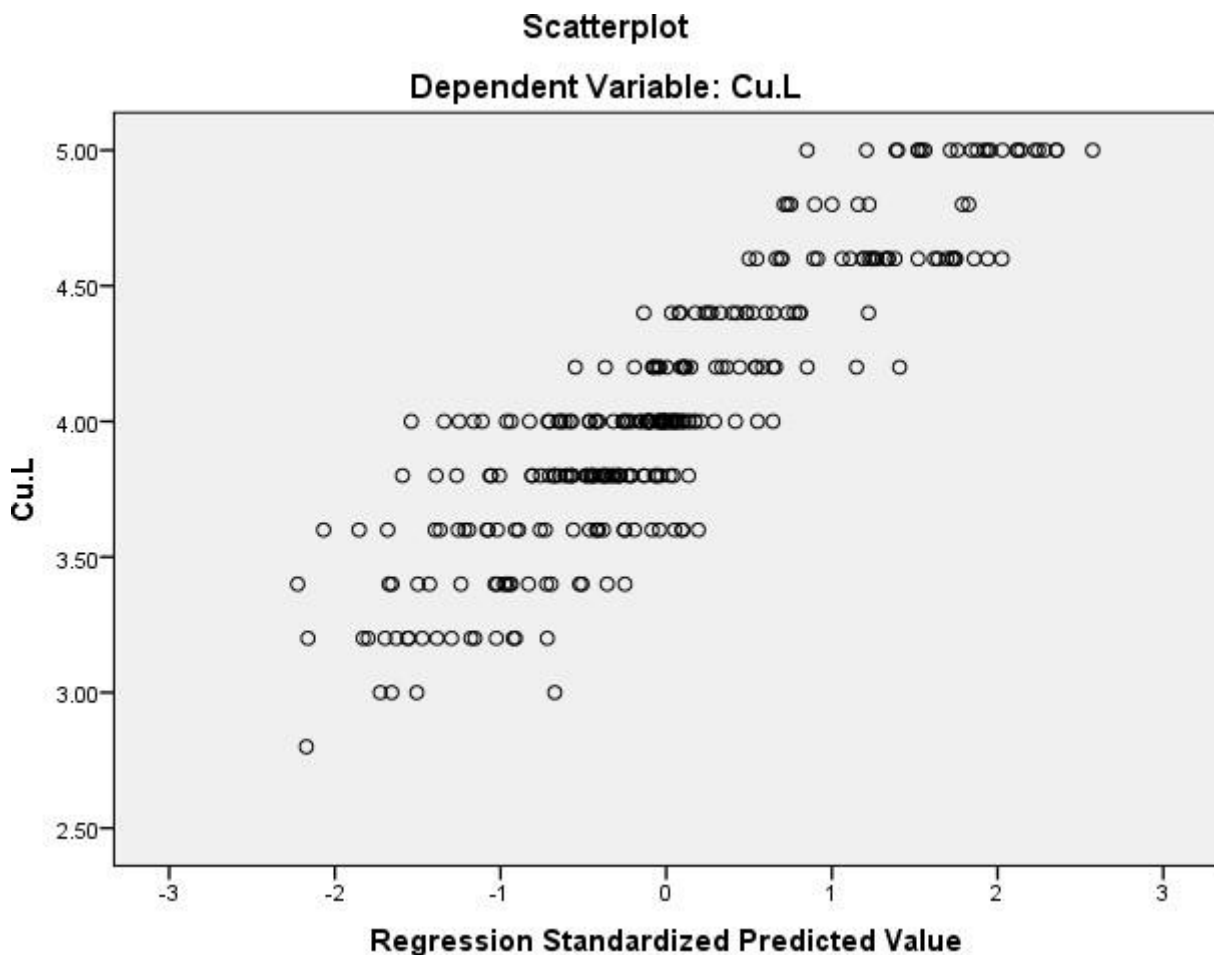


Figure 3: Scatter plot

From the plot of standardize fitted values against the standardized residuals (in figure 3) we observed that the spread of the residuals are the same throughout the plot (i.e. there is no any systematic patterns). This non-systematic of random pattern indicates the non-existence of hetroscedastic problems or no outliers.

4.4.3. Multicollinearity

Coefficients ^a			
Model		Collinearity Statistics	
		Tolerance	VIF
1	Tr	.229	4.361
	Comt	.446	2.244
	Comn	.347	2.878
	Conf	.461	2.171
	Sh.V	.199	5.021
	Emp	.381	2.628
	Reci	.722	1.385

a. Dependent Variable: Cu.L

Collinearity Diagnostics ^a											
Model	Dimension	Eigen value	Condition Index	Variance Proportions							
				(Constant)	Tr	Comt	Comn	Conf	Sh. V	Emp	Reci
1	1	7.946	1.000	.00	.00	.00	.00	.00	.00	.00	.00
	2	.018	20.897	.00	.00	.01	.06	.01	.00	.00	.69
	3	.011	26.750	.19	.02	.02	.32	.01	.01	.01	.09
	4	.010	28.765	.21	.04	.13	.00	.17	.02	.00	.01
	5	.005	38.340	.07	.07	.52	.06	.00	.03	.25	.06
	6	.005	40.697	.02	.07	.24	.17	.00	.04	.57	.06
	7	.003	49.586	.46	.03	.07	.32	.78	.00	.15	.07
	8	.001	73.391	.05	.76	.00	.07	.02	.90	.01	.01

a. Dependent Variable: Cu.L

Table 4.10 Multicollinearity

Multicollinearity refers to when the predictor variables are highly correlated with each other. This is an issue, as our regression model will not be able to accurately associate variance in our outcome variable with the correct predictor variable, leading to muddled results and incorrect inferences. Some of the most common methods used for detecting multicollinearity can be checked using two ways: VIF and correlation

coefficients. To check it using correlation coefficients, simply throw all our predictor variables into a correlation matrix and look for the coefficients with magnitudes of 0.8 or higher. If the predictor is multicollinear, they will be strongly correlated. However an easier way to check is the VIF (Variance inflation factor) quantifies how much the variance is inflated, which is just the inverse of the Tolerance value (1 divided by Tolerance). VIF values above 10 would be a concern here, indicating multicollinearity. The result from table 4.10 shows the VIF is below ten and the tolerance result didn't exceed 0.10. Hence, there is no multicollinearity problem.

4.5. Goodness of Model

Model summary				
Model	R	R square	Adjusted R Square	Std. error of the Estimate
1	.889*	.790	.785	.22991
. Predictors: (Constant), Reci, Conf, Comt, Tr, Emp, Comn, Sh.V				

Source: analysis of survey data 2020, using

SPSS 24 Table 4.11 Model summary

R-squared is statistical measure of how close the data are to the fitted the regression line. The most common interpretation of R-squared is how well the regression model fits the observed data. The result summary table 4.11 shows that the value of R=0.889, R Square 0.790 and adjusted R Square =.785 reveals that 79% of the data fit the regression model. Which implies that about 79% of variation in customer loyalty is explained by all explanatory variables the remaining 21% of the variation independent variable is not explained. So the overall goodness of the model is satisfying or good fit model.

ANOVA						
Model		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	59.185	7	8.455	159.950	.000 ^b
	Residual	15.752	289	0.053		
	Total	74.938	305			
a. Dependent Variable: Customer Loyalty						
b. Predictors: (Constant), Trust, Commitment, Communication, Conflict handling, shared value, Empathy, Reciprocity.						

Table 4.11 ANOVA table

Source: analysis of survey data 2020, using SPSS 24

The table above shows that the output of the ANOVA analysis and whether there is a statistically significant difference between our group means. We can see that the significance value is 0.00 (i.e. $P=0.00$), which is below 0.05. Thus, the combination of the variables significantly predicts the dependent variable ($F=159.950$; $p < 0.05$). Therefore, the overall regression model is significant.

4.6. Interpretation of the regression

Coefficients					
	Un Standardized		Standardized		Sig.
	Coefficients		Coefficients		
Model	B	Std. Error	Beta	t	
Constant	-.511	0.156		-3.274	0.001
Trust	0.255	0.061	0.233	4.2	0
commitment	0.175	0.042	0.165	4.146	0
Communication	0.105	0.037	0.128	2.841	0.005
Conflict handling	0.105	0.047	0.134	3.436	0.001
Shared value	0.337	0.068	0.296	4.966	0
Empathy	0.018	0.044	0.018	0.42	0.675
Reciprocity	0.102	0.025	0.128	4.094	0
a. Dependent Variable: Loyalty					

Table 4.12 Coefficients and P value Source: analysis of survey data 2020, using SPSS 24

The above table shows that the P- value and standardized Beta Coefficients in regression analysis that work together to tell the model are statistically significant and the nature of those relationships. The regression output shows that Trust, commitment, Communication, Conflict handling and shared value predictor variable are statistically significant because their p-values are less than 0.05. On the other hand empathy is not statistically significant because p value (0.675) is greater than the usual significance level. So except empathy, the remaining independent variables were interpreted.

The coefficient of trust was 0.255 this value expressed about, if trust is increased by one percent, the customer loyalty is improved by 25.5%. The coefficient of commitment was 0.175 this value expressed about, if commitment is increased by one percent, the customer loyalty is improved by 17.5%. The coefficient of communication was 0.105 this value expressed about, if communication is increased by one percent, the customer loyalty is improved by 10.5%. The coefficient of conflict handling was 0.160 this value expressed about, if conflict handling is increased by one percent, the customer loyalty is improved by 16.0%. The coefficient of shared value was 0.337 this value expressed about, if shared value is increased by one percent, the customer loyalty is improved by 33.7%. The coefficient of reciprocity was 0.102 this value expressed about, if reciprocity is increased by one percent, the customer loyalty is improved by 10.2%.

To express the dependent variable (customer loyalty) and independent variable (relationship marketing; trust, commitment, communication, conflict handling, shared value, empathy, reciprocity) in mathematical equation,

Let:

Y= customer loyalty,

X1= trust

X2= commitment

X3= communication

X4= conflict handling

X5= shared value

X6= empathy

X7= reciprocity

Therefore, the general relationship is written mathematically as follow:

$$Y_i = -0.511 + 0.255X_{1i} + 0.175X_{2i} + 0.102X_{3i} + 0.160X_{4i} + 0.337X_{5i} + 0.018X_{6i} + 0.105X_{7i}$$

Based on the above regression analysis except empathy all dimensions of relationship marketing were accepted to affect customer loyalty in Bank of Abyssinia in different branch customers at Addis Ababa. So that empathy dimension has not significantly affected customer's loyalty.

On the other hand trust and shared value dimension affects customer loyalty at a higher magnitude because its beta value are relatively high. This means the bank managers focused on trust and shared value dimension customers to achieve bank goals. The others remaining dimensions result were in good manner so that the bank managers emphasized those variables next to trust and shared value dimension it will be significant effect on customer's loyalty.

4.7. Hypothesis test

This study illustrates that the influence of customer relationship marketing on organization performance of the bank. From this multiple regression coefficient results, the proposed hypotheses for this study were tested as follows:-

H1- customers Trust has a positive and significant effect on customer loyalty of BOA.

As show in coefficients table 4.12 indicate that Trust on BOA has a positive influence on customer loyalty having a beta value of ($\beta=0.255$, P-value=.000) this shows that there is a positive and significant effect on customer loyalty. Thus, the above proposed hypothesis is accepted.

H2- commitment has positive and significant relationship with customer loyalty.

Coefficients table 4.12 indicate that commitment has a positive influence on customer loyalty having a beta value of ($\beta=0.175$, P-value=.000) this shows that there is a positive and significant effect on customer loyalty. Thus, the above proposed hypothesis is accepted.

H3- communication and customer loyalty have significant positive relationship

As show in coefficients table 4.12 indicate that communication has a positive influence on customer loyalty having a beta value of ($\beta=0.105$, P-value=.005) this shows that there is a positive and significant effect on customer loyalty. Thus, the above proposed hypothesis is accepted.

H4- conflict handling has significant and positive relationship with customer loyalty.

As show in coefficients table 4.12 indicate that conflict handling has a positive influence on customer loyalty having a beta value of ($\beta=0.105$, P-value=.001) this shows that there is a positive and significant effect on customer loyalty. Thus, the above proposed hypothesis is accepted.

H5 - Shared value has significant and positive relationship with customer loyalty.

The result of multiple regression analysis as show in coefficients table 4.12 indicate that Shared value has a positive influence on customer loyalty having a beta value of ($\beta=0.337$, P-value=.000) this shows that there is a positive and significant effect on customer loyalty. Thus, the above proposed hypothesis is accepted.

H6- There is a positive relationship between empathy and customer loyalty but the effect is insignificant.

The result of multiple regression analysis as show in coefficients table 4.12 indicate that empathy has a positive relationship with customer loyalty having a beta value of $\beta=0.018$, but P-value=0.675). This shows that there is a positive but insignificant effect between empathy customer loyalties. Thus, the above proposed hypothesis is rejected.

H7- Reciprocity has a significant and positive relationship with customer's loyalty.

The result of multiple regression analysis as show in coefficients table 4.12 indicate that Reciprocity has a positive influence on customer loyalty having a beta value of ($\beta=0.102$, P-value=.000) this shows that there is a positive and significant effect between Reciprocity and customer loyalty. Thus, the above proposed hypothesis is accepted.

Hypothesis summary

Number	Hypothesis	Accepted/rejected
H1	customers Trust has a positive and significant effect on customer loyalty	Accepted
H2	commitment has positive and significant relationship with customer loyalty	Accepted
H3	communication and customer loyalty have significant positive relationship	Accepted
H4	Conflict handling has significant and positive relationship with customer loyalty.	Accepted
H5	Shared value has significant and positive relationship with customer loyalty.	Accepted
H6	There is a positive relationship between empathy and customer loyalty but the effect is insignificant.	Rejected
H7	Reciprocity has a significant and positive relationship with customer's loyalty.	Accepted

Table 4.13 hypothesis summary

CHAPTER FIVE

SUMMARY, CONCLUSION, RECOMMENDATION AND DIRECTION OF FUTURE RESEARCH

5.1 Summary

The main purpose of this study is to analyze factors that influence customer relationships marketing with customer loyalty among Bank of Abyssinia in different branch customers at Addis Ababa.

Specific objectives of the study are to:

- To measure the association between relationship marketing dimensions and customers loyalty.
- To explore the individual and cumulative effects of relationship marketing dimensions on customers loyalty.
- To find out the most and least important RM dimensions which have stronger influence on customer's loyalty

This study was conducted at bank of Abyssinia. The participants of this study were customers of Bank of Abyssinia which are found in Addis Ababa. The questionnaire was administered to 384 respondents and the analysis was made using 306 respondents because some questionnaire papers were not completely and appropriately filled. The data was analyzed using explanatory and inferential statistics such as percentage, correlation and multiple regression analysis.

The correlation between customer loyalty and the dimensions of trust, commitment, communication, conflict handling, shared values and empathy, were strong and positive. Whereas, the correlation between customer loyalty and reciprocity were moderate and positive.

5.2 Conclusion

In the current scenario, the importance of Relationship Marketing is increasing day by day. Banks need to maintain relations with the loyal customers. In this study, the researcher investigated the effect of relationship marketing with customer loyalty among Bank of Abyssinia in different branch customers at Addis Ababa.

According to result of testing Pearson correlation show that there are strong relationship between dimensions of relationship marketing (trust, commitment, communication, shared value, empathy) and customer loyalty. While conflict handling and reciprocity had moderate relationship with customer loyalty

Result of regression test show that all of dimensions of relationship marketing except empathy in study have significant effect on customer loyalty and 79% of the independent variables can predict the dependent variable changes. So that, results indicate that independent variables have got a direct and meaningful relationship with the loyalty of customers in Bank of Abyssinia in different branch customers at Addis Ababa.

From the hypothesis test all variables are accepted, except empathy. Based on this study, empathy has an insignificant p- value and rejected.

5.3 Recommendation

Bank managers to pay attention to potential customers of their innovative services characterized in this study, and customize the services for better customer loyalty. It might be important to develop a marketing strategy for relationship marketing; however, banks need to closely demonstrate concern for shared values, trust, commitment, conflict handling communication, and reciprocity respectively.

To be specific, the results indicate that shared value and trust dimension is more important for banking services followed by commitment. So that, Abyssinian Bank Managers or other banking managers more focus or attentions on relationship marketing to build customer loyalty.

In order to increase customer loyalty the bank enhance through meeting customers' desired RM level, dealing effectively with dissatisfied customers, taking customer complaints positively as an input for future improvements and recognizing loyal customers.

To follow customer's status of loyalty, the bank will own Relationship Marketing departments in each branch. And the departments will be proactive and informative about their services to their customers.

5.4 Limitation and Directions for Future Researches

This study has been some limitations. Few of them were; the study limited to only on Bank of Abyssinia, the research sample limited only in Bank of Abyssinia Addis Ababa branch customers and employees are not included.

Another limitation lies in the use of convenience sampling technique and the limited number of variables that were focused upon in this research.

This research considers on the effect of relationship marketing on customer loyalty in Bank of Abyssinia Addis Ababa branch. Based on this study seven variables were mentioned to know about customer loyalty of Bank of Abyssinia Addis Ababa branch. Almost 21 percent of the variable were unknown so that, future research should identify other unknown factors.

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Websites

- <https://www.bankofabyssinia.com/index.php/profile/company-profile.html>
- www.nbe.gov.et

Appendix



ST. MARY'S UNIVERSITY SCHOOL OF GRADUATE STUDIES
Department of Marketing Management

QUESTIONNAIRE

Dear respondent, first of all I would like to say thank you for your willingness to fill this questionnaire. The purpose of this research is to collect information on the effect of relationship marketing (RM) on customers loyalty in Bank of Abyssinia in Addis Ababa

The information that will be gathered by way of this questionnaire will only be used for the purpose of a research being conducted in partial fulfillment of the Master's Degree in Marketing Management from St. Mary's University. The information you provide will always be kept confidential; it will not be used for any other purpose other than this research.

Dear respondents please read each questions and respond the correct answer by doing so you have contributed a lot to the success of this research. With this I would like to thank you for your time. Put a cross (X or √) on your choice of answer.

Enideg Atinafu 0911776037

Part I. Demographic question

1. Gender: Male Female
2. Age: below 25 25-35 35 -50 >50
3. Occupation: student Government employee
NGO private business
4. Level of education: Secondary school and below Diploma Degree
Masters and above
5. How much your monthly income?: Below 1,500 1,501-3,000 3,001- 7,000
7,001-10,000 more than 10,000

6. How long have you been a customer of the bank?:_ Less than 2 years 2-5 years

5-8 years more than 8 year

Part II

The following standards to measure the effect of relationship marketing (RM) on customers loyalty are followed by responses ranging from „strong disagreement“ to „strong agreement“. As the numbers increase, the degree of your agreement with the statement /expression provided. Please put a cross (X or √) on your choice of answer

Statement		Degree of disagreement / agreement				
		1	2	3	4	5
		Strongly Disagree	disagree	neutral	agree	Strongly agree
I. Trust						
1	The bank is very concern with security for my transactions					
2	The bank is consistent in providing quality services					
3	Employees of the bank show respect to customers					
4	The bank fulfills its obligation to customers					
5	I have confidence in the banks services					
6	The bank has an accurate records & transactions					
7	The bank has competent staff who deliver the services					
8	I find it necessary to be cautious in dealing with my bank					
II. Commitment		Strongly Disagree	disagree	neutral	agree	Strongly agree
1	The bank makes adjustment to suit my needs					
2	The bank offers personalized services to meet customers need					
3	The bank is flexible when its services are changed					

4	The bank is flexible in serving my needs					
5	I would be willing to pay a higher prices for using the service of my bank over other banks					
6	The bank respect the customer needs					
7	The bank contacts the customers to verify that they are satisfied					
8	The bank contacts customers to remind them of the future services					
9	The bank offers price reduction for existing customers					
10	The bank offers free consultancy for existing customers					
11	The bank offers daily progress reports					
III. Communication		Strongly Disagree	disagree	neutral	agree	Strongly agree
1	The bank provide reliable and timely information					
2	The bank provide information on new services and promises					
3	The bank provides meaningful information					
4	The bank take cares about accuracy in information					
IV. Conflict Handling		Strongly Disagree	disagree	neutral	agree	Strongly agree
1	The bank tries to avoid potential conflict					
2	The bank tries to solve manifest conflicts before they create problems					
3	The bank has the ability to openly discuss solutions when problem arise					
4	The bank is responsiveness to my complaints					
5	The service provider shows a sincere interest in solving customer problem					
6	Customers complaints are handled carefully by those responsible for it					
7	The bank undertakes corrective actions to avoid situation					

	that have originated complaints					
8	The bank ability to handle the complaints is efficient and fast					
9	The bank do maximum efforts to maintain relationship with customers					
10	Regular meetings for the bank to revise the complaints and find solutions					
V. Shared values		Strongly Disagree	disagree	neutral	agree	Strongly agree
1	Services of the bank are in line with our social values					
2	Services of the bank are consistent with my personal values					
3	Services of the bank are consistent with my life goals					
4	Service of the bank contributed to the welfare of the society					
5	Employees of the bank deal honestly in providing services for customers					
6	Employees of the bank keep their promises when they provide services for customers.					
VI. Empathy		Strongly Disagree	disagree	neutral	agree	Strongly agree
1	Employees of the bank deal with the customer in caring fashion					
2	Bank employees give individualized attention to the customers					
3	The employees of the bank understand your specific needs					
4	Bank employees have the customer's best interest at heart					
5	Bank has operating hours convenient to all its customers					
6	Bank employees have efficient social skills in dealing with customers					
VII. Reciprocity		Strongly Disagree	disagree	neutral	agree	Strongly agree
1	The bank helps me to solve difficulties, so I am responsible to repay their kindness					
2	I always regard "never forget a good turn" as something I					

	hold dear and I owe the bank one					
3	The bank keeps its promises					

Part III.

	Customer's loyalty:	Strongly Disagree	disagree	neutral	agree	Strongly agree
1	Considering the bank as first choice among other banks in the area ; and the bank that first comes to my mind when making purchases decisions on bank services					
2	If I had to do it over again, I would still choose to use the bank					
3	I don't like to change to another bank because I appreciate the selected bank					
4	I am a loyal customer to my bank					
5	I would always recommend my bank to someone who seeks my advice					